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www.mittel.it

Half-yearly financial report

(1 October 2012 - 31 March 2013)

128th company year

Contents

This is a translation of the Italian Half-Yearly Financial Report at 31 March 2013 prepared solely for the convenience of international readers. In the event of any ambiguity the italian text will prevail.

Corporate bodies

Board of Directors

Chairman

Franco Dalla Sega

Deputy Chairman

Romain C. Zaleski (b)

Chief Executive Officer

Arnaldo Borghesi (b)

Directors

Enrico Benaglio (d) (e)

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

Maria Teresa Bernelli

Simone Del Bianco

Alternate auditors

Roberta Crespi

Giulio Tedeschi

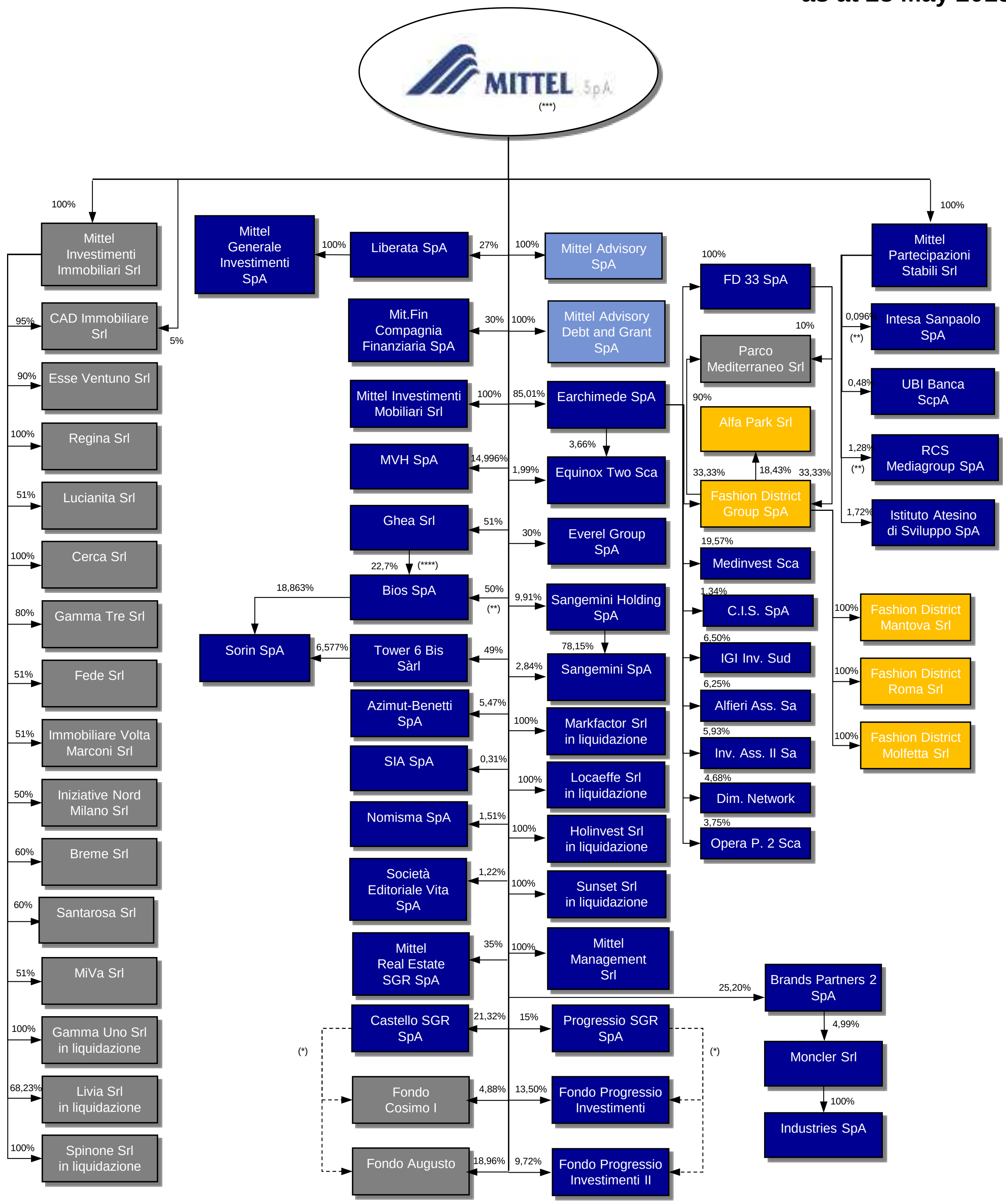
Independent Auditors

Deloitte & Touche S.p.A.

(a) Independent Director
(b) Member of the Executive Committee
(c) Member of the Internal Control Committee
(d) Member of the Remuneration Committee
(e) Director co-opted on 29 April 2013

The duration of the company shall be until 31 December 2020, as stated in art. 4 of the Articles of Association.

Corporate structure
as at 28 May 2013



Real Estate

Investments and Private Equity

Advisory services and Grants Finance

Outlet

(*) - - -► Asset Management services

(**) on Ordinary Share Capital

(***) holds 0,594% of treasury shares

(****) On Total Share Capital including preferred shares

Introduction

Changes in the classification format and criteria adopted for the drafting of the consolidated condensed half-yearly financial statements as at 31 March 2013 and comparative data as at 31 March 2012

As a result of the significant change in the Group's operating profile following the transfer of control of Mittel Generale Investimenti S.p.A., which took place in July 2012, together with the increase in the Group's interest in the Outlet sector, it was deemed necessary to adopt, starting from the year ended 30 September 2012, new guidelines as regards the form and contents of the company's financial statements, moving from financial statements prepared in accordance with the Provision of the Bank of Italy dated 16 December 2009 and subsequent update to financial statements drafted according to the provisions set out in IAS 1.
The new presentation format adopted adequately provides the most important information for financial statement users, is highly likely to be used in the future and, at the same time, permits historical comparisons between accounting information. This involved the arrangement of new layouts for the statement of financial position, income statement, statement of changes in shareholders' equity and the cash flow statement, whose guidelines are better detailed in the explanatory notes. Items were also identified which, in observance of the structure and content of the minimum information to be shown in the financial statements, are sufficiently different in nature or function to warrant separate presentation.

In compliance with the general requirement of uniformity of presentation in the financial statements, an entity must retain the presentation and classification of items in the financial statements from one year to the next, unless it is evident that, following a significant change in the nature of an entity's transactions or a review of the financial statements, another presentation or classification would be more appropriate, taking into account the criteria for the selection and application of the accounting standards defined in IAS 1.

The revision of the form and content of the financial statements involved, starting from the year ended 30 September 2012, the arrangement of new layouts for the tables in the statement of financial position, income statement, statement of changes in shareholders' equity and the cash flow statement, which was adopted on the basis of reference guidelines that are better detailed in the explanatory notes.

Therefore, due to the needs for relevance and uniformity of presentation of the information on the statement of financial position, economic result and on changes to the financial structure and, at the same time, to avoid drafting criteria and techniques that are not homogeneous for the purposes of preparation of the consolidated financial statements as at 30 September 2012 and the consolidated condensed half-yearly financial statements as at 31 March 2013, owing to the significance of the equity and financial items and of the economic result of the subsidiary Mittel Generale Investimenti S.p.A. for the consolidated results of the Group headed up by Mittel S.p.A., also for the drafting of the consolidated condensed half-yearly financial statements of Mittel S.p.A., in the past it was deemed appropriate to adopt financial statement layouts, classification and information criteria for the explanatory notes compliant with the provisions of the Bank of Italy set out to regulate the application of IAS/IFRS and adopted, as mandatory, by the subsidiary Mittel Generale Investimenti S.p.A., given a monitored financial intermediary.
The change which occurred in the structure and classification criteria adopted for the preparation of the consolidated condensed half-yearly financial statements as at 31 March 2013 entailed the need to present three comparative statement of financial position tables which relate to:

- the close of the half as at 31 March 2013;
- the close of the previous year (30 September 2012) and
- the start of the first comparative year (1 October 2011).

The reconciliation of the consolidated statement of financial position is attached to these consolidated condensed half-yearly financial statements, with reference to the close of the respective previous half, as well as the reconciliation of the consolidated income statement for the half closed as at 31 March 2012.

Furthermore, it should be pointed out that, pursuant to IFRS 5 ("Non-current assets held for sale and discontinued operations"), the transfer of Mittel Generale Investimenti S.p.A.'s business was represented as discontinued operations in the consolidated financial statements as at 30 September 2012. For the purposes of drafting of the consolidated condensed half-yearly financial statements as at 31 March 2013, as regards the income statement as at 31 March 2012, cost and revenue items relating to discontinued operations were classified under the item Income (loss) from discontinued operations in the income statement.

Directors' Report on Operations

Group performance

In terms of the consolidated economic result, in the first half of the year, 1 October 2012 - 30 September 2013 (128th year since the foundation of Mittel S.p.A.), the Mittel Group posted a consolidated loss of EUR 9,2 million, compared to a consolidated profit of EUR 13,7 million in the corresponding period in the previous year and a consolidated loss of EUR 17,9 million recorded as at 30 September 2012.

Group shareholders' equity amounted to EUR 343,1 million, marking an increase compared to EUR 342,0 million as at 30 September 2012, despite a loss of EUR 9,2 million which was absorbed mainly by the use of treasury shares for EUR 3,4 million in respect of the purchase of the financial consultancy company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) and the increase deriving from the higher value of the asset Sorin, amounting to EUR 12,9 million, held through investees Tower 6 Bis S.à.r.l and Bios S.p.A.; shareholders' equity pertaining to non controlling interests stood at EUR 56,6 million, compared to EUR 55,5 million as at 30 September 2012. Total shareholders' equity amounted to EUR 399,6 million, registering an increase over EUR 397,5 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 consolidated half-yearly financial report contains some financial ratios, 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 consolidated financial statements, as with the presence of comments and evaluations, also help to better qualify the trends in the different values.

Main economic, financial and equity figures of the Group

(Thousands of Euro)	31.03.2013	31.03.2012	30.09.2012
Revenues	**29.558**	**34.941**	**66.077**
Purchases, provision of services, sundry costs	(27.118)	(31.254)	(58.491)
Personnel costs	(4.850)	(4.342)	(9.625)
Operating costs	**(31.968)**	**(35.596)**	**(68.116)**
Income (expenses) from investments	1.932	4.306	6.240
Operating margin (EBITDA)	**(478)**	**3.652**	**4.201**
EBITDA %	*(1,62)%*	*10,45%*	*6,36%*
Amortisation/depreciation, allocations and adjustments to non-current assets	(7.004)	(7.001)	(22.756)
Value adjustments to financial assets and investments	(1.723)	(4.993)	(9.826)
Share of income (loss) of investments	(5)	16.914	18.076
Operating result (EBIT)	**(9.211)**	**8.572**	**(10.305)**
EBIT %	*(31,16)%*	*24,53%*	*(15,59)%*
Income (loss) from financial management	9	(2.118)	(4.519)
Income (loss) from trading of financial assets	(1.462)	5	(1.750)
Income (loss) before taxes	(10.664)	6.458	(16.574)
Taxes	(275)	1.541	214
Income (loss) from continuing operations	**(10.939)**	**7.999**	**(16.360)**
Income (loss) from discontinued operations	290	3.906	(5.748)
Net income (loss) for the year	**(10.648)**	**11.905**	**(22.108)**
Income (loss) pertainig to non controlling interests	1.402	1.751	4.187
Income (loss) pertainig to the Group	**(9.247)**	**13.656**	**(17.921)**

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

- Revenues: EUR 29,6 million compared to EUR 34,9 million in the corresponding period in the previous year, marking a decrease of EUR 5,4 million, equal to 15,47%, attributable to the decrease in revenues from property sales (EUR 5,0 million), the fall in other revenue and income (EUR 1,1 million), the decrease in rental revenues (EUR 0,9 million), in contrast to an increase in property inventories of EUR 1,6 million;

- Operating costs: EUR 32,0 million compared to EUR 35,6 million in the corresponding period in the previous year, marking a decrease of EUR 3,6 million, equal to 10,11%, mainly attributable to the decrease in costs for purchases and costs for services, down EUR 2,0 million and EUR 0,4 million respectively, and a decrease in other costs of EUR 1,7 million, in contrast to a rise in personnel costs (EUR 0,5 million);

- Gross operating margin (EBITDA): a negative EUR 0,5 million, compared to a positive EUR 3,7 million, marking a decrease of EUR 4,1 million compared to the figure in the corresponding period of the previous year;

- Operating result (EBIT): a negative EUR 9,2 million, compared to a positive EUR 8,6 million, marking a decrease of EUR 17,8 million compared to the figure in the corresponding period of the previous year;

- Income (loss) from assets held for sale or discontinued operations: a positive EUR 0,3 million, compared to a positive EUR 3,9 million, a decrease of EUR 3,6 million over the figure in the corresponding period of the previous year;

Main financial and equity figures of the Group

(Thousands of Euro)	31.03.2013	31.03.2012	30.09.2012
Intangible assets	29.889	26.546	21.751
Property, plant and equipment	143.613	154.388	147.376
Investments	52.577	19.969	39.099
Non-current financial assets	253.554	359.662	300.220
Non-current assets (liabilities) held for sale	-	-	2.356
Provisions for risks, employee severance indemnity and employee benefits	(4.465)	(5.770)	(6.011)
Other non-current assets (liabilities)	(1.853)	(1.673)	(1.570)
Tax assets (liabilities)	(9.963)	(13.131)	(9.701)
Net working capital (*)	112.607	94.269	100.869
Net invested capital	**575.959**	**634.260**	**594.389**
Shareholders' equity	(343.065)	(356.232)	(342.009)
Non controlling interests	(56.584)	(61.139)	(55.525)
Total shareholders' equity	**(399.649)**	**(417.371)**	**(397.534)**
Net financial position (**)	**(176.310)**	**(216.889)**	**(196.855)**

(*) comprised of the sum of Property inventories, Sundry receivables (payables) and other current assets (liabilities)
(**)net financial position figure at 31 March 2012 has been restated in comparison with the figure published in the Half-yearly consolidated financial report of Mittel Group as at 31 March 2012, to take into account the different definition of net financial position resulting from the no longer prevailing financial feature of the current activity.

Intangible assets amounted to EUR 29,9 million, registering an increase of EUR 8,1 million in the half; the change is attributable to the provisional allocation of goodwill (EUR 8,0 million) generated by the purchase, completed on 11 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 4.750.000 in cash, at the closing of the transaction, and of 2,5 million Mittel S.p.A. shares.

Property, plant and equipment totalled EUR 143,6 million, marking a decrease in the half of EUR 3,8 million, attributable primarily to the change in the item concerning the Fashion District Group, which included EUR 6,6 million relating to the half-yearly share of depreciation of the properties owned in the Mantua and Molfetta outlets, and increases relating to plants and investment properties (EUR 2,7 million).

Investments amounted to EUR 52,6 million, marking an increase of EUR 13,5 million in the half. The increase is primarily attributable to the higher value of the Bios S.p.A. investment (EUR 18,7 million), marking an increase of EUR 9,2 million, Tower 6 Bis S.à r.l. (EUR 21,0 million), up by EUR 3,7 million (both increases reflect the higher value of the asset Sorin S.p.A. held by the two companies), and the effect of the change in the area of consolidation resulting from the transfer of 65% of the share capital of Mittel Real Estate SGR S.p.A..
This company, previously 100%-owned and recorded under the item assets held for sale, was transferred on 8 March 2013. Subsequently, the residual value of the investment was recorded, amounting to EUR 0,9 million.

Non-current financial assets amounted to EUR 253,6 million, marking a decrease of EUR 46,7 million in the half. The decrease is essentially due to the accounting of certain non-current receivables relating to loans under the net financial position as their contractual expiry will soon be less than 12 months.

Other assets held for sale, not present as at 31 March 2013, recorded a decrease of EUR 2,4 million in the half. The elimination of said item is due to the transfer of the 65% stake in Mittel Real Estate SGR S.p.A.. The item represented the total amount of assets of the investee Mittel Real Estate SGR S.p.A.. For more details on said transaction, please refer to the section “Significant events in the half” in these consolidated condensed half-yearly financial statements.

Provisions for risks, employee severance indemnity and employee benefits totalled EUR 4,5 million, marking a decrease in the half of EUR 1,6 million, due to the settlement of tax liabilities with the Italian Inland Revenue as per the settlement report dated 23 January 2013, signed with the Direzione Provinciale I di Milano (Milan Provincial Tax Commission) regarding the tax assessment notices issued to Mittel Generale Investimenti S.p.A. for the 2004-2005 and 2005-2006 tax years. This settlement involved the recognition of the liability settled under the item Sundry payables and other current liabilities which, in the present reclassification, appear under net working capital.

The item Other net non-current liabilities amounted to EUR 1,9 million, marking an increase of EUR 0,3 million in the half. The item includes the advance received for the transfer of a piece of land in the municipality of Naples and the increase is attributable to the elimination of other assets, which partly offset the item in the period of comparison.

The item Tax liabilities amounted to EUR 10,0 million, marking an increase of EUR 0,3 million in the half. This item is attributable to the sum of current and non-current tax assets totalling EUR 24,1 million and current and non-current tax liabilities amounting to EUR 34,1 million. Non-current prepaid tax assets, amounting to EUR 7,7 million, mainly relate to the consolidation of the Fashion District Group, while the item Current tax assets, standing at EUR 16,4 million, is mainly attributable to receivables due from the tax authorities (EUR 13,0 million) 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.. Non-current deferred tax liabilities, amounting to EUR 32,8 million, are made up of the temporary differences between the book values and the tax values of operating properties and other fixed assets (EUR 24,7 million) and an amount of EUR 8,0 million primarily relates to the valuation of financial assets and liabilities on the basis of IAS 39.

Net working capital amounted to EUR 112,6 million, marking an increase of EUR 11,7 million in the half. The item Net working capital is composed of the value of property inventories of EUR 124,7 million (EUR 117,6 million in the financial statements as at 30 September 2012) and the algebraic sum of sundry receivables and other current assets totalling EUR 22,7 million (EUR 18,2 million in the financial statements as at 30 September 2012) and sundry payables and other current liabilities amounting to EUR 34,9 million (EUR 35,0 million as at 30 September 2012).

Shareholders’ equity pertaining to the Group amounted to EUR 343,1 million, marking an increase of EUR 1,1 million in the half (EUR 342,0 million in the financial statements as at 30 September 2012), while shareholders’ equity pertaining to non controlling interests came to EUR 56,6 million, marking an increase of EUR 1,0 million (EUR 55,5 million in the financial statements as at 30 September 2012). Total shareholders’ equity amounted to EUR 399,6 million, marking an increase of EUR 2,1 million (EUR 397,5 million in the financial statements as at 30 September 2012). The increase in shareholders’ equity pertaining to the Group, despite the loss of EUR 9,2 million, is due to the higher value of the Sorin shares and to the effect of the payment through Borghesi Advisory S.r.l. treasury shares (EUR 12,9 million), via the use of treasury shares of EUR 3,2 million.
The net financial position amounted to a negative EUR 176,3 million, marking an increase of EUR 20,5 million in the half. In particular, payables due to the banking system fell by EUR 4,6 million, against an increase of EUR 20,1 million in current financial receivables.

Statement relating to the net financial position

(Thousands of Euro)	31.03.2013	30.09.2012	Variation
Cash	73	14	59
Other cash equivalents	22.216	25.678	(3.462)
Securities held for trading	6	-	6
Current liquidity	**22.295**	**25.692**	**(3.397)**
Current financial receivables	**57.903**	**37.819**	**20.085**
			-
Bank payables	(231.852)	(236.405)	4.553
Other financial payables	(24.656)	(23.961)	(696)
Financial debt	**(256.508)**	**(260.366)**	**3.857**
Net financial position	**(176.310)**	**(196.855)**	**20.545**

The item Bank and postal deposits as at 31 March 2013 includes EUR 10,1 million in amounts owed classified under current financial receivables in the financial statements; 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 (as at 30 September 2012, this item amounted to EUR 10,9 million). The improvement in the net financial position is essentially due to the positive effect of the reclassification of certain financial receivables from non-current to current as their contractual expiry will soon be less than 12 months. In effect, as shown in the cash flow statement, operations absorbed a cash flow of EUR 16,9 million, in contrast to cash flows for net investment activities of EUR 21,9 million (including investments of around EUR 5 million and industrial investments totalling roughly EUR 3,5 million). Financial activities (reimbursement of principal and payment of interest) absorbed financial resources of EUR 7,6 million. In short, total operations absorbed cash totalling EUR 2,6 million, after having made investments totalling around EUR 8,5 million.

Group profitability ratios

To make it easier to understand the income statement and statement of financial position figures, the Group employs some widely used ratios, however, not provided for by IAS/IFRS. Given not attributable to the reference accounting standards, the definitions of the ratios used by the Group may not be homogeneous with those adopted by other companies or Groups and, therefore, may not be comparable.

Economic-financial ratios	31.03.2013	31.03.2012	30.09.2012
Value-added / Revenues	13,88%	20,37%	19,12%
Net income (loss) / Revenues	(33,82)%	30,33%	(30,57)%
Gross operating margin (EBITDA)	(478)	3.652	4.201
Operating margin / Revenues	(1,52)%	9,30%	5,81%
Financial debt / Shareholders' equity	(0,64)	(0,85)	(0,65)
Net financial position / Shareholders' equity	(0,44)	(0,52)	(0,50)
Current assets / Current liabilities	1,31	1,11	1,16
Current receivables / Current liabilities	0,55	0,64	0,44
Shareholders' equity / Invested capital	0,69	0,66	0,67
Non-current financial liabilities / Non-current assets	0,22	0,24	0,21
Shareholders' equity / Non-current assets	0,82	0,73	0,77

Income statement ratios

The Value-added / Revenues (positive income components of the gross operating margin) ratio fell to 13,88% from 19,12% in the corresponding period in the previous year, mainly due to the decrease of EUR 3,6 million in the item Dividends and similar income, (down from EUR 4,3 million as at 31 March 2012 to EUR 0,7 million as at 31 March 2013).

The gross operating margin, down EUR 4,1 million in the year (from a positive EUR 3,7 million to a negative EUR 0,7 million), was affected by the decrease in positive income components, down from EUR 39,2 million in the 2012-2013 half to EUR 31,5 million in the corresponding current period, in respect of which costs fell by EUR 32,0 million in the current period, down from EUR 35,6 million in the corresponding period in the previous year.

Statement of financial position ratios

The Financial debt / Shareholders' equity ratio remained constant in the period at 0,64 (from 0,65 previously), proof of the improvement, albeit marginal, in the capitalisation of the Group in relation to financial debt, with more than two-thirds of Net Invested Capital financed by shareholders' equity.
The Current assets / Current liabilities ratio of 1,31 (down from 1,16) improved considerably as, moreover, with the Current receivables / Current liabilities ratio, up from 0,44 as at 30 September 2012 to 0,56 as at 31 March 2012.
The Shareholders' equity / Invested capital ratio saw an increase during the year, from 0,62 to 0,69, due to essentially unchanged shareholders' equity, in contrast to a decrease in invested capital.

Performance of the Parent Company

Mittel S.p.A. closed the half as at 31 March 2013 with a net loss of EUR 8,0 million, compared to a net profit of EUR 18,6 million in the first half of the previous year (net profit of EUR 53,2 million in the financial statements as at 30 September 2012), which included mainly dividends from the partial transfer of the Moncler S.r.l. investment from Brands Partners 2 S.p.A. and Fondo Progressio Investimenti (EUR 27,3 million).
Shareholders' equity, including the net loss in the half, stood at EUR 318,8 million (EUR 327,8 million as at 30 September 2012) and includes the valuation reserve which books to shareholders' equity the change in the fair value measurement of financial instruments classified as available for sale (a negative EUR 2,8 million).
The income statement in the first half of the year 2012-2013 posted a positive gross operating margin (EBITDA) of EUR 3,2 million, marking a decrease of EUR 21,0 million compared to the corresponding period in the previous year, affected by the partial transfer of Moncler S.r.l.. The half in progress has registered dividends, also deriving from the distribution of reserves, totalling EUR 8,2 million, from Earchimede S.p.A. (EUR 4,1 million), Mittel Advisory Debt and Grant S.p.A. (EUR 3,4 million) and from Fondo Augusto (EUR 0,7 million). In respect of the dividends of the subsidiaries, represented mostly by the distribution of capital reserves, Mittel S.p.A. carried out value adjustments to investments totalling EUR 10,3 million.

EBIT amounted to a negative EUR 7,7 million, compared to a positive EUR 19,3 million in the corresponding period in the previous year. This item was shaped by value adjustments to investments totalling EUR 10,5 million.

Financial income amounted to EUR 2,8 million, compared to EUR 1,2 million in the corresponding period in the previous year. Financial expenses totalled EUR 3,1 million and are in line with the figure recorded in the corresponding period in the previous year.

As regards the statement of financial position as at 31 March 2013, non-current assets totalled EUR 375,9 million, falling by EUR 32,3 million in the half. This deviation is attributable to a reclassification of certain receivables from non-current assets to current assets, as their contractual expiry is approaching.
Current assets totalled EUR 105,1 million, increasing by EUR 20,3 million in the half. This increase is partly due to the above-mentioned reclassification, partially offset by the collection of some receivables due as at 30 September 2012.
Non-current liabilities totalled EUR 44,9 million, decreasing by EUR 5,6 million in the half. This decrease is due to a reduction in financial payables (EUR 3,3 million) and the reduction in the provision for risks and charges in favour of the item Sundry current payables (EUR 2,3 million). Current liabilities totalled EUR 117,3 million, marking an increase of EUR 0,1 million in the half, due to a reduction of EUR 1,5 million in financial payables and an increase of EUR 2,8 million in sundry payables and other liabilities. This increase is mainly attributable to the recognition under sundry current payables of the amount allocated at the end of the previous year to the provision for risks and charges concerning the tax dispute underlying the guarantee issued in favour of Liberata S.p.A. during the transfer of Mittel Generale Investimenti S.p.A..

INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

31 March 2013

Figures in millions of Euro	31 March 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	1,3	(0,8)	0,7	(0,0)	(0,1)	(1,7)	0,0	0,0	(0,2)	(0,3)	(0,4)
Advisory Sector	1,7	(2,0)	0,0	(0,1)	0,0	(0,0)	0,0	0,0	(0,2)	0,0	(0,6)
Investments and PE Sector	0,8	(6,8)	1,2	(1,2)	0,1	2,8	1,5	0,3	(1,2)	0,6	(6,2)
Outlet Sector	16,4	(13,0)	0,0	(7,4)	0,0	(1,1)	0,0	0,0	1,3	(1,7)	(2,1)
IC ELIMINATION (*)	(0,3)	0,3	0,0	0,0	0,0	0,0	0,0	0,0			
CONSOLIDATED TOTAL	19,9	(22,3)	1,9	(8,7)	0,0	(0,0)	1,5	0,3	(0,3)	(1,4)	(9,2)

31 March 2012

Figures in millions of Euro	31 March 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	6,2	(4,3)	0,4	(0,0)	0,0	(1,8)	0,0	0,0	(0,5)	(0,3)	0,5
Advisory Sector	1,2	(1,8)	0,0	(0,1)	0,0	0,0	0,0	0,0	0,1	0,0	(0,5)
Investments and PE Sector	0,9	(5,0)	3,9	(5,1)	16,9	0,6	0,0	0,0	0,3	0,5	12,1
Outlet Sector	17,4	(15,3)	0,0	(6,9)	0,0	(1,2)	0,0	0,0	1,5	(2,0)	(2,5)
Fixed Investments Sector	0,0	(1,0)	0,0	(0,0)	(0,0)	4,2	2,7	0,0	(1,9)	0,0	4,0
IFRS5 reclassification	(0,0)	1,0	(0,0)	0,0	0,0	(4,2)	(2,7)	4,1	1,9	0,0	0,0
IC ELIMINATION (*)	(0,5)	0,4	0,0	0,0	0,0	0,3	0,0	(0,2)			
CONSOLIDATED TOTAL	25,2	25,9	4,3	(12,0)	16,9	(2,1)	0,0	3,9	1,5	(1,8)	13,7

STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

31 March 2013

Figures in millions of Euro	31 March 2013								
AGGREGATE / CONSOLIDATED	Net working capital	Fixed assets	Other assets (liabilities)	*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	121,5	21,4	(0,4)		(93,8)	48,8		1,7	47,0
Advisory Sector	3,3	8,4	(0,2)		(1,6)	9,8		0,0	9,8
Investments and PE Sector	(7,1)	257,7	8,8		(9,2)	250,3		15,4	234,9
Outlet Sector	(5,1)	192,1	(24,6)		(71,7)	90,8		39,4	51,3
IC ELIMINATION (**)	0,0	0,0	0,0		0,0				
CONSOLIDATED TOTAL	112,6	479,6	(16,3)		(176,3)	399,6		56,6	343,1

30 September 2012

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

(*) Elimination of 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 sale of the investment held in Mittel Generale Investimenti S.p.A., described in detail in the report on operations of the separate financial statements for the year ended as at 30 September 2012, and, as of this position as at 31 March 2013, the amalgamation of the Fixed Investments Sector and the Investments and Private Equity sector, 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; 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 or foreign Asset Management 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:** 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.

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 (and in the half-yearly position as at 31 March 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 Mediterrraneo S.r.l. property project from the Outlet Sector to the Real Estate Sector.

It should be noted that the Operating Finance sector is no longer exposed as a result of the transfer of Mittel Generale Investimenti S.p.A., which took place on 25 July 2012.

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.; Castello S.g.r. S.p.A.; Holinvest S.r.l. in liquidazione (in liquidation); Locaeffe S.r.l. in liquidazione (in liquidation); Markfactor S.r.l. in liquidazione (in liquidation);
- Outlet Sector: Fashion District Group S.p.A., Fashion District Mantova S.r.l., Fashion District Roma S.r.l., Fashion District Molfetta S.r.l..

Performance of the Real Estate sector

Figures in EUR/000				
Real Estate Sector	mar-13	%	mar-12	%
Sales	1.306		6.216	
Gross Operating Margin	1.238		2.366	
Income (loss) before taxes	(520)		610	
Net profit	(693)		148	

Revenues in the Real Estate sector fell significantly in the first 6 months of the year 2012/13, down from EUR 6,2 million as at 31 March 2012 to EUR 1,3 million. This decrease is due to the persistent negative economic situation which concerned the construction sector in particular, already adversely impacted by the increase in taxes following the introduction of the IMU (Municipal Property Tax) 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 3,8 million in the first 6 months of the previous year. In particular, in May 2012, Esse Ventuno S.r.l. completed the sales of all property units owned in the building in Via Santa Sofia no. 21 in Milan, reaching total sales of EUR 14,6 million from its incorporation.
Revenues from property sales and rentals as at 31 March 2013 are attributable to the real estate initiatives developed by the subsidiaries CAD Immobiliare S.r.l. (EUR 1,1 million) and Fede S.r.l. (EUR 0,2 million). The revenues of Fede S.r.l. refer to a real estate initiative concerning an industrial/craft trade complex located in Vimodrone (Milan) while the revenues of Cad Immobiliare S.r.l. refer to a residential complex situated in a central location in the municipality of Paderno Dugnano, in the immediate vicinity of the railway station. The Gross operating margin (EBITDA) was positively impacted by the dividends received from the Fondo Augusto (Augusto Fund) amounting to EUR 0,7 million as at 31 March 2013, compared to EUR 0,4 million in the same half of the previous year.

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 124,7 million as at 31 March 2013, compared to EUR 117,6 million as at 30 September 2012; the increase is due entirely to the planned development of initiatives already in the portfolio, while no new property initiatives were recorded.
The net financial position in the sector worsened in the half by EUR 10,8 million, reaching a total of EUR 93,8 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	**mar-13**	**%**	**mar-12**	**%**
Mittel Advisory (3 months)	640	38%	0	0%
Mittel Debt and Grant	1.053	62%	1.048	89%
Fiduciary	0	0%	127	11%
NET REVENUES	**1.693**		**1.175**	

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.).
With reference to the latter company, in order to strengthen the Group's activities in the segment under review in the second 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 revenues were conventionally attributed from 1 January 2013.
This sector saw the loss of revenues relating to fiduciary services, present in the sector breakdown as at 31 March 2012, given that Ma-Tra Fiduciaria S.r.l., to which the revenues related as at 31 March 2012, is no longer fully consolidated as a result of the transfer of its Parent Company Mittel Generale Investimenti S.p.A., which occurred in July last year.

The sector's results are to be analysed within the market context of the Advisory Services and Grants Finance sector which remains difficult; in the merger and acquisition ("M&A") market, the only one with market statistics at global level, after the growth in volumes and values that characterised the previous two-year period, global M&A activities in 2012 registered a 13% decrease in the value of the transactions carried out compared to 2011, accompanied by a more contained fall in completed transactions (5%). At European market level, the second biggest market in terms of the number of transactions, considerably worse values were recorded, down 30% compared to 2011, against a decrease of 10% in completed transactions.
Within this context, sector revenues in the half closed as at 31 March 2013 recorded an increase of EUR 0,5 million compared to the same period in the previous year, up as a result of (i) revenues in line with the previous half for the company Mittel Advisory Debt and Grant S.p.A. (EUR 1,0 million) (ii) elimination of revenues generated by fiduciary activities, due to the Group's exit from said activities (iii) revenues of EUR 0,6 million pertaining to Mittel Advisory S.p.A.. (3 months).
The first half of 2012/2013 closed with a loss of EUR 0,6 million, essentially in line with the result in the previous year. This result is due to the slight increase in operating costs, which amounted to Euro 2,0 million, up from EUR 1,8 million, as a result of the increase in the number of professionals employed following the acquisition of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), only partially offset by the initial effects of the synergy between the companies operating in the sector.

In terms of equity, the sector witnessed a significant increase in shareholders' equity pertaining to the Group, which stood at EUR 9,8 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. (now Mittel Advisory S.p.A.).

Performance of the Private Equity and Investments sector

Figures in EUR/000		
Investments and PE Sector	**mar-13**	**mar-12**
Fixed assets	257.731	297.967
Shareholders' equity	250.295	259.925
Net financial position	(9.191)	(41.616)

With regard to sector breakdown shown in the financial statements for the year ended as at 30 September 2012 (and as at 31 March 2012) data shown do not include 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 were carried out.

Fixed assets, amounting to EUR 257,7 million as at 31 March 2013, registered a decrease of EUR 40,3 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 155,3 million (from EUR 148,4 million), financial receivables amounted to EUR 101,3 million (from EUR 148,5 million) and other assets came to EUR 1,1 million (unchanged with respect to the previous date).
The considerable decrease in non-current financial receivables (EUR 47,2 million) is due to the reclassification under the net financial position of some significant credit positions due to the Group. These relate mainly to amounts due (EUR 35,5 million) to Ghea S.r.l. from Bios S.p.A. and additional receivables for loans and relating to transfers of investments reclassified as current financial receivables as their contractual expiry is approaching (within 12 months).
Shareholders' equity of the sector recorded a total decrease of EUR 9,6 million, mainly due to the loss recorded in the period (EUR 4,8 million), the effect of the increase in share capital in the company Fashion District Group S.p.A. effected by Earchimede S.p.A. and FD 33 S.p.A. which, given not belonging to the investments sector but the Outlet sector instead, as regards the accounting breakdown by sector, reduced the shareholders' equity of the sector and, lastly, the cash acquisition (EUR 4,7 million) of the company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), also reducing shareholders' equity of the sector given it does not belong to the investments sector but the Advisory Services sector instead. These reductions were only partially offset by the increase in the value of the investments portfolio.
The net financial position recorded an improvement of EUR 32,4 due primarily to the reclassifications detailed above.

At income statement level, the sector contributed to the half-year result with a loss of EUR 5,6 million (Group + non controlling interests) deriving from the contribution from revenues of EUR 0,8 million (from EUR 0,9 million), from income and expenses from investments (positive) amounting to EUR 1,2 million (from EUR 3,9 million), from the share of income from investments amounting to a positive EUR 0,1 million (from EUR 16,9 million), from the income from financial management for a positive EUR 2,8 million (from EUR 0,6 million) and income from assets held for sale or discontinued operations (a positive EUR 0,3 million) in contrast to operating costs of EUR 6,8 million (from EUR 5,0 million), amortisation/depreciation and write-downs of EUR 1,2 million (from EUR 5,1 million), income from trading financial assets totalling a negative EUR 1,5 million and taxes of EUR 1,2 million (from a positive EUR 0,3 million).
Income from investments totalled EUR 1,2 million, relating mainly to dividends received in the half from private equity funds invested in by Earchimede S.p.A..
Income from financial management, a positive EUR 2,8 million (from a positive EUR 0,6 million), relates mainly to the contribution of Ghea S.r.l., also present in the same half of the previous year, but also to higher interest generated by Mittel S.p.A., principally as a result of credit positions held by the latter with Liberata S.p.A. and Fondo Augusto, not present at 31 March 2012.
Income from investments valued according to the equity method, amounting to EUR 0,1 million (from EUR 16,9 million) incorporated, during the same half of the previous year, the positive effects of the sale, by the investee Brands Partners 2 S.p.A., of 8,51% of the share capital of Moncler S.r.l., which took place in October 2011.
The item Amortisation/depreciation and write-downs includes amortisation/depreciation of EUR 0,2 million and adjustments and allocations of EUR 1,0 million.
Lastly, the loss from trading of financial assets amounting to EUR 1,5 million relates to the penalty paid by Earchimede S.p.A. for the cancellation of obligations deriving from the put option granted to third parties for the sale of 70% of the company Cinestar Italia S.p.A.. As regards the valuation of said right, Earchimede had already set aside a provision 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 has now been extinguished as a result of the payment of the total amount of EUR 3,2 million in April 2013 by Earchimede.

Performance of the Outlet sector

Figures in EUR/000				
Outlet Sector	**mar-13**	**%**	**mar-12**	**%**
Net revenues	16.436		17.427	
Operating costs	(13.031)		(15.296)	
Gross Operating Margin	3.405		2.131	
Net Income	(3.781)		(4.411)	

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

The initial figures on the performance of the fashion, clothing, footwear and sportswear sector recorded by Federazione Moda Italia indicate an 8% decrease for all sales channels in 2012.
Within said context, the Fashion District Group continued to develop the Industrial Plan drafted by Roland Berger Strategy Consultants and approved by the shareholders' meeting by means of resolution 12 January 2011, updated in 2012, by focusing the greatest efforts on the Molfetta Outlet, which couples considerable potential for growth with a consistently higher risk profile, in which the "Street High & Loft" initiative is at the implementation phase. This initiative makes provision, together with a more general repositioning of the outlet, for the creation of an indoor skate park alongside full-price stores connected to the innovation and technology sector, streetwear and design articles.
The unveiling of the new structure is currently expected to take place in June 2013.
As regards revenues in the first half, Fashion District also felt the effects of the fall in sales of the tenants of the three outlet centres managed (Mantua, Molfetta and Valmontone), recording a decrease in revenues, down to EUR 16,4 million from EUR 17,4 million in the first half of 2011/12), offset by a EUR 2,3 million reduction in operating costs, down from EUR 15,3 million to EUR 13,0 million, mainly due to lower adjustments made in the half within the gross operating margin.
Amortisation/depreciation in the year came to EUR 6,7 million (unchanged with respect to 31 March 2012), while allocations and adjustments contributed EUR 0,7 million (from EUR 0,1 million) and relate to the write-down of trade receivables.
The loss from financial management was EUR 1,2 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 71,6 million, compared to EUR 82,1 million as at 30 September 2012, recorded an improvement of EUR 9,5 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 financial receivables under current financial receivables, in contrast to the worsening registered 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 192,1 million from EUR 199,9 million, mainly due to the combined effect of investments and amortisation/depreciation in the period. Therefore, as at 31 March 2013, fixed assets were broken down as follows: intangible assets amounted to EUR 21,8 million, property, plant and equipment came to EUR 142,2 million (made up mainly of the Mantua and Molfetta structures), financial receivables totalled EUR 15,1 million (of which EUR 13,7 million for the deferred price of the past transfer of the Valmontone outlet), financial assets totalled EUR 13,0 million, represented by the 18,4% stake in the company Alfa Park S.r.l. (EUR 11,9 million), operating in the construction and management of theme parks ("Terra dei Giganti" in Molfetta and "Rainbow Magicland" in Valmontone).

Significant events in the first half of the year

On 12 November 2012, the extraordinary shareholders' meeting of Fashion District Group S.p.A. unanimously resolved an indivisible paid share capital increase, from EUR 1.380.000 to EUR 8.880.000, through the issuing of 7.500.000 ordinary shares with a nominal value of EUR 1,00 each, to be offered under option to shareholders in proportion to the stakes held in share capital.
The share capital increase was subscribed in full and proportionally by the three equal shareholders Earchimede S.p.A., FD33 S.p.A. - a company directly and indirectly controlled by Mittel S.p.A. through said company Earchimede S.p.A. - and Mixinvest S.p.A. through the payment of two tranches of which the first, equal to 25% of the share capital increase, on the same date as the extraordinary shareholders' meeting and the second in December 2012.
Earchimede S.p.A. and FD33 S.p.A. each paid EUR 2.500.000 corresponding to the entire share capital increase. FD33 S.p.A. subscribed its share of the increase in share capital in Fashion District Group S.p.A., financing itself from its wholly-owned subsidiary Earchimede S.p.A..

On 19 November 2012, with reference to the shareholders' agreement signed on 18 May 2011 regarding mutual relations between Mittel, 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.

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., 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 Procurator 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.) and the reasons proposed by the defendants sentenced were rejected. 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.
The next hearing at the Milan Court of Appeal has been set for 27 September 2013.

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 shareholders' 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..

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, 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 thousand.;
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.
The credibility, network and standing of the professional structure of Borghesi Advisory S.r.l. combined with the network and brand of Mittel S.p.A. (operating in the sector through the subsidiary Mittel Advisory Debt and Grant S.p.A.) will create a leading operator within the sphere of domestic advisory companies, with a solid track record (over 100 contracts in the last 5 years) and a qualified team of more than 20 professionals, able to offer services in all areas of financial consultancy: M&A and corporate restructurings, consultancy on strategic matters and corporate governance, consultancy on IPO (Initial Public Offering) transactions and debt raising, and grant finance, i.e. specialist and highly differentiated consultancy for the obtainment of grants for research, development and other investments.
The acquisition is consistent with Mittel's strategic objective to strengthen less capital-intensive activities, characterised by high and recurring returns and considerable potential for synergies with respect to investment holding activities, performed directly and indirectly by the Group (private equity funds).
In consideration of the office of Chief Executive Officer of Mittel S.p.A. held by said Mr. Borghesi, the transaction qualifies as a related party transaction pursuant to Mittel S.p.A.'s related party procedure. Therefore, the transaction was subject to prior examination by the Related Party Committee which, at the meeting of the Board of Directors of the Parent Company, held last 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 relevance threshold, 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 Jun 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. In line with this objective, in July 2012 Mittel S.p.A. already transferred its majority stake in Mittel Generale Investimenti S.p.A.. The current financial profile of the Group, in a "deleveraging" context, dictated the strategic decision to shift the hub of activity to less capital intensive business.

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 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: and relating to the 2004-2005 and 2005-2006 tax years. 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 will amount to around EUR 1,2 million.
It should be noted that said decision was not taken on the basis of the recognition, including partial, of the unfavourable position of the Revenue Agency, but solely to avoid the risk of bankruptcy relating to pending judicial disputes.
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.

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 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 subjects are backed 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%.

Subsequent to the notarial deed of 16 January 2013, the split 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 agreements and the cooperation agreement were signed by Castello SGR S.p.A..

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.

On 20 February 2013, the extraordinary shareholders’ meeting of Mittel Corporate Finance S.p.A. resolved: i) the coverage of 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. This reduction in share capital is attributable to the refocusing of the company business solely on providing customers with support in obtaining grant finance for research, development or other initiatives, hence concentrating advisory activities on another Group company; iii) the change of the company name to Mittel Advisory Debt and Grant 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.. (MiRe 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 MiRe SGR S.p.A. and of 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.

On 15 March 2013, the shareholders’ meeting of Mittel, held on second call, resolved: i) the approval of 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) the non-distribution of 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 articles 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 will be around EUR 50 million, which can be increased to roughly EUR 100 million.
The OPSC will involve 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 will involve 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.
The issuing of a bond allows Mittel to increase its diversification of sources of financing by using a listed and liquid debt instrument. The size of the additional net debt, represented essentially by the bond component in service of the OPSC, does not change the objective of reducing net financial debt during the three-year period of the strategic plan.
Shareholders who subscribe to the OPSC have the opportunity to carry out a part of their investment at values exceeding the average prices observed on the market for the Mittel share and receive a listed bond instrument with a pre-established return in exchange. The market value of the bonds offered in exchange may differ from their nominal value as it is affected by various factors, including the interest rate on bonds with respect to the interest rate on comparable bonds, fluctuation in market interest rates, the creditworthiness of the Issuer and the right of early redemption of said bonds. Through the OPSC, the Issuer purchases treasury shares at a price lower than the corresponding shareholders' equity value.
The promotion and completion of the OPSC, subject to the adoption, by the shareholders' meeting, of the resolution authorising the purchase of treasury shares for a maximum amount of 17.059.155 ordinary shares involved in the OPSC, as with the OPSO, are expected by September 2013.

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 acquirer 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.

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:

- *Financial 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 with 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*: difficult economic phase in the Mergers and Acquisitions market;
- *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

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.
There is also the risk that the Group may not be able to meet its payment commitments due to the difficulties in raising funds (funding liquidity risk) or liquidate assets on the market (asset liquidity risk), with 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 places 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.

As regards the breakdown of bank payables as at 31 March 2013 totalling EUR 231,8 million, these are made up mainly of the current and non-current bank payables of the Fashion District Group (EUR 66,91 million), Mittel S.p.A., (EUR 104,6 million), Mittel Investimenti Immobiliari S.r.l. (EUR 47,6 million) and from Mittel Partecipazioni Stabili S.r.l. (EUR 12,3 million).
As regards the bank payables of the Mittel Group, please refer to the explanatory notes in this Half-yearly financial report.

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 regards the bank debt of the company Fashion District Group S.p.A., for each debt position, contracts were stipulated involving fixed and/or variable rate IRSs within pre-established ranges as shown in the section Risk of default and debt covenants.

Credit risk

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.

Risks related to management
The Group's success depends largely on certain key management figures who have made a significant contribution to business development. The loss of these 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
These relate to the risk of the Group having to cover liabilities / reputational damages resulting from various type of legal dispute, 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.
As regards the Snia, GE Capital/Tellus disputes, apart from the postponement of the first hearing of the Snia case from 21 May 2013 to 5 November 2014, there are no new developments to report with respect to those shown in the Directors' Report, in the paragraph "Significant events in the year" of the financial statements for the year ended as at 30 September 2012, 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.

Significant events after 31 March 2013
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.

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. 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; iii) the formation of a guarantee consortium to ensure the full subscription of the share capital increase. The pro-rata exercise of option rights and the subscription of the share capital increase would lead to a disbursement of around EUR 5 million.

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 paragraph, 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, parag. 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 paragraph.

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 17 May 2013, with reference to the voluntary partial public exchange offer promoted by Mittel S.p.A. pursuant to articles 102 et seq. of Legislative Decree no. 58/1998, involving a maximum of 17.059.155 ordinary Mittel shares, pursuant to art. 102, parag. 3 of the Consolidated Law on Finance (TUF) and art. 37-ter of Consob Regulation no. 11971/1999, the company filed the associated offer documentation at Consob.
Mittel S.p.A. also presented Consob with a request for the issuing, in relation to the exemption from the obligation to publish a bid prospectus and the listing of the bonds offered in exchange, pursuant to and in accordance with articles 34-ter, parag. 1, letter j) and art. 57, parag. 1, letter c) of the Issuers' Regulation, of a judgment of equivalence of the information contained in the bid document destined for publication with respect to that contained in the prospectus set forth by regulation no. 809/2004/EC.
In relation to the public subscription offer for a maximum of 57.059.155 bonds with a unit nominal value of EUR 1,75, for a total maximum value of EUR 99.853.521,25 deriving from the "Mittel S.p.A. 2013 - 2019" bond, on 17 May 2013, Mittel S.p.A. deposited a prospectus at Consob for admittance to listing of the aforementioned bonds 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 23 May 2013, with reference to the offer document destined for publication, deposited at Consob on 17 May 2013, and the relative voluntary partial public exchange offer promoted by Mittel S.p.A. pursuant to articles 102 et seq. of Legislative Decree no. 58/1998, involving a maximum of 17.059.155 ordinary Mittel shares, Mittel S.p.A. communicates that, on 23 May 2013, Consob notified the market of the suspension of the terms of the preliminary phase pursuant to art. 102, parag. 4 of Legislative Decree no. 58/1998. The market will be promptly informed of the restart of the terms of the preliminary phase.
This suspension of the terms of the preliminary phase was necessary for Consob to acquire additional information, including data contained in Mittel's half-yearly financial report as at 31 March 2013 which will be subject to approval by Mittel's Board of Directors at the meeting on 28 May 2013.

As regards the Snia, GE Capital/Tellus and Rizzoli disputes, apart from the postponement of the first hearing of the aforementioned Snia case from 21 May 2013 to 5 November 2013, there are no new developments to report with respect to those shown in the Directors' Report, in the paragraph "Significant events in the year" of the financial statements for the year ended as at 30 September 2012, to which reference should be made.

Business outlook for the year

The company continues to implement the strategic guidelines approved in January 2013, which envisage a return to consolidated profit in the year 2013/2014. This objective, assuming an unchanged current investment portfolio, excludes potential extraordinary transactions, disposals and/or acquisitions, and also value adjustments to investments or receivables, all elements which make up Mittel's core business but, which are, by definition, unforeseeable. The objective is based on expectations for 2013 which, on the whole, will still be in a recession, and on an economic recovery in 2014, in the assumption that said recovery will have a positive impact on all areas of Group business and, more specifically, on real estate, a sector which has been, up until now, adversely impacted by the persistence of strict conditions on the granting of mortgages to households and businesses, and increases in taxes whose reduction is now under discussion, on the outlet sector, heavily dependent on spending, and on a fully operational new advisory structure.

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 Group did not carry out atypical and/or unusual transactions during the first half of the year 2012-2013, 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 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 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 transaction was realised 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 Chief Executive Officer of Mittel S.p.A. held by said Mr. Borghesi, the transaction qualifies as a related party transaction pursuant to Mittel S.p.A.'s related party procedure. Therefore, the transaction was subject to prior examination by the Related Party Committee which, at the meeting of the Board of Directors of the Parent Company, held last 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 relevance threshold, 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 Jun 2010).

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

- 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 the 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
On 30 January 2013, in execution of the favourable resolution adopted by the shareholders meeting on 18 January 2013, Earchimede S.p.A. carried out the distribution of 3.555.003 ordinary Mittel S.p.A. shares.
Each Earchimede S.p.A. shareholder received 0,43889 Mittel S.p.A. shares for every Earchimede S.p.A. share held.
In execution of the above, Mittel S.p.A. was assigned 3.022.248 Mittel S.p.A. shares, of which 2.500.000 were delivered to the Chief Executive Officer Mr. Arnaldo Borghesi, in execution of the contract for the purchase of 100% of the share capital of Borghesi Advisory S.r.l. signed on 11 January 2013, as better detailed in this Half-yearly financial report in the paragraph "Significant events in the first half of the year".
As at 31 March 2013, via Mittel S.p.A., the Group holds 522.248 ordinary Mittel S.p.A. shares.

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

Milan, 28 May 2013

On behalf of the Board of Directors

The Chairman

(Franco Dalla Sega)

Statement of reconciliation of shareholders' equity and profit for the period

The reconciliation between shareholders' equity and profit for the period of the Parent Company, as shown in the financial statements as at 31 March 2013, and the shareholders' equity and profit for the year of the Group, as reported in the consolidated condensed half-yearly financial statements as at the same date, is as follows:

(amounts in thousands of Euro)	31 March 2013		30 September 2012	
	Shareholders' equity	Income (loss) for the year	Shareholders' equity	Income (loss) for the year
Shareholders' equity and income (loss) of the Parent Company	**318.831**	**(7.995)**	**327.761**	**53.191**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(184.614)		(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 shareholders' equity of consolidated companies	155.421		162.132	
Results achieved by fully consolidated companies		(2.567)		(37.078)
Cancellation of write-downs of investments	70.495	10.492	60.148	55.986
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets	41.594	(509)	41.218	(657)
Adjustments for pro-rata results of investments valued according to the equity method	27.819	379	17.113	19.302
Elimination of effects of transactions carried out between consolidated companies:				
Net intercompany income capitalised in consolidated companies	(78.518)		(76.136)	(41.004)
Elimination of intercompany dividends:				
Dividends distributed by fully consolidated companies		(9.047)		(51.418)
Dividends distributed by associates				(16.243)
Taxes:				
Adjustment of tax rates				
Other adjustments				
Shareholders' equity and income (loss) for the year pertaining to the Group	**343.065**	**(9.247)**	**342.009**	**(17.921)**
Non controlling interests	56.584	(1.402)	55.525	(4.187)
Consolidated shareholders' equity and income (loss)	**399.649**	**(10.649)**	**397.534**	**(22.108)**

Consolidated statement of financial position (*)

Amounts in thousands of Euro

	note	31.03.2013	30.09.2012	31.03.2012	01.10.2011
Non-current assets					
Intangible assets	5	29.889	21.751	26.546	26.448
Property, plant and equipment	6	143.613	147.376	154.388	162.232
Investments accounted for using the equity method	7	52.577	39.099	19.969	29.519
Financial receivables	8	117.924	156.971	214.909	214.894
Other financial assets	9	135.630	143.249	144.753	143.920
Sundry receivables and other assets	10	253	330	227	331
Prepaid tax assets	11	7.742	9.456	7.829	7.687
Total non-current assets		**487.628**	**518.232**	**568.621**	**585.031**
Current assets					
Property inventories	12	124.722	117.641	109.048	103.654
Financial receivables	13	67.977	48.621	151.416	174.662
Other financial assets	14	6	-	15.116	41.342
Tax assets	15	16.436	16.581	16.725	17.630
Sundry receivables and other assets	16	22.738	18.214	19.704	9.511
Cash and cash equivalents	17	12.215	14.890	18.584	64.656
Total current assets		**244.094**	**215.947**	**330.593**	**411.455**
Assets held for sale	18	-	2.550	-	1.004
Total assets		**731.722**	**736.729**	**899.214**	**997.490**
Shareholders' equity					
Share capital		87.907	87.907	87.907	70.505
Share premium		53.716	53.716	53.716	53.716
Treasury shares		(1.452)	(9.875)	(9.875)	-
Reserves		212.140	228.182	210.827	221.569
Profit (loss) for the year		(9.247)	(17.921)	13.657	(51.996)
Shareholders' equity pertaining to the Group	19	**343.065**	**342.009**	**356.232**	**293.794**
Non controlling interests	20	56.584	55.525	61.139	187.537
Total shareholders' equity		**399.649**	**397.534**	**417.371**	**481.331**
Non-current liabilities					
Financial payables	21	106.927	109.923	138.821	134.139
Other financial liabilities	22	83	402	402	4.721
Provisions for personnel	23	2.171	1.501	1.802	1.616
Deferred tax liabilities	24	32.849	34.998	36.946	38.427
Provisions for risks and charges	25	2.294	4.510	3.968	6.215
Sundry payables and other liabilities	26	2.106	1.900	1.900	1.900
Total non-current liabilities		**146.430**	**153.234**	**183.839**	**187.018**
Current liabilities					
Financial payables	27	141.338	142.992	257.384	299.929
Other financial liabilities	28	8.160	7.049	5.398	861
Tax liabilities	29	1.291	740	739	684
Sundry payables and other liabilities	30	34.852	34.985	34.483	27.667
Total current liabilities		**185.641**	**185.766**	**298.004**	**329.141**
Liabilities held for sale	31	-	195	-	-
Total shareholders' equity and liabilities		**731.722**	**736.729**	**899.214**	**997.490**

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

Consolidated income statement (*)

Amounts in thousands of Euro

		31.03.2013	31.03.2012	30.09.2012
Revenues	32	19.898	25.211	47.071
Other income	33	1.595	3.269	3.908
Variations in property inventories	34	8.065	6.462	15.098
Costs for purchases	35	(7.544)	(9.580)	(19.937)
Costs for services	36	(16.090)	(16.531)	(32.044)
Personnel costs	37	(4.850)	(4.342)	(9.625)
Other costs	38	(3.484)	(5.143)	(6.510)
Dividends	39	736	4.306	6.081
Profit (loss) from management of financial activities and investments	40	1.196	-	159
Gross operating margin (EBITDA)		**(478)**	**3.652**	**4.201**
Amortisation and value adjustments to intangible assets	41	(6.979)	(7.001)	(18.899)
Allocations to the provision for risks	42	(25)	-	(3.857)
Value adjustments to financial assets and investments	43	(1.723)	(4.993)	(9.826)
Share of income (loss) of investments accounted for using the equity method	44	(5)	16.914	18.076
Operating result (EBIT)		**(9.211)**	**8.572**	**(10.305)**
Financial income	45	5.936	4.914	9.075
Financial expenses	46	(5.927)	(7.032)	(13.594)
Profit (loss) from trading of financial assets	47	(1.462)	5	(1.750)
Income (loss) before taxes		**(10.664)**	**6.458**	**(16.574)**
Income taxes	48	(275)	1.541	214
Income (loss) from continuing operations		**(10.939)**	**7.999**	**(16.360)**
Income (loss) from assets held for sale	49	290	3.906	(5.748)
Profit (loss) for the year		**(10.648)**	**11.905**	**(22.108)**
Attributable to:				
Income (loss) pertaining to non controlling interests	50	1.402	1.751	4.187
Income (loss) pertaining to the Group		**(9.247)**	**13.656**	**(17.921)**

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

Consolidated statement of comprehensive income

Amounts in thousands of Euro

Amounts in EUR	Notes	01.10.2012 31.03.2013	01.10.2011 31.03.2012
Profit (loss) for the year (A)		**(10.648)**	**11.907**
Effective part of the profits/(losses) on cash flow hedges	19	706	231
Profits/(losses) from the redetermination of available-for-sale financial assets	19	(4.523)	537
Profits/(losses) from the transfer of available-for-sale financial assets	19	(780)	-
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	19		-
Profits/(losses) of companies valued using the equity method	19	12.950	(10.981)
Tax effect relating to other profits/(losses)	-	(140)	438
Total other profits/(losses), net of taxes (B)		**8.214**	**(9.775)**
Total other profits/(losses), net of taxes (B), which will be not subsequently reclassified to profit or (loss) (C)		-	-
Total comprehensive profit/(loss) (A) + (B) + (C)		**(2.434)**	**2.132**
Total comprehensive profit/(loss) attributable to:			
Non controlling interests		(1.386)	(1.811)
Income (loss) pertaining to the Group		(1.048)	3.943

Statement of changes in consolidated shareholders' equity for the period ended as at 31 March 2013

Amounts in thousands of Euro

	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	**70.505**	**-**	**53.716**	**155.264**	**(468)**	**3.855**	**10.922**	**187.537**	**481.331**
Increase in share capital	17.402	-	-	-	-	-	-	-	**17.402**
Effects of merger by incorporation of Hopa SpA	-	(9.875)	-	8.394	-	-	-	(1.481)	**(2.962)**
Effect of changes in the area of consolidation	-	-	-	44.564	(1.237)	(5.481)	4.728	(118.641)	**(76.067)**
Other changes	-	-	-	-	-	-	-	-	**-**
Dividends distributed	-	-	-	-	-	-	-	(4.465)	**(4.465)**
Total comprehensive profit/(loss)	-	-	-	13.657	131	1.136	(10.981)	(1.811)	**2.132**
Balance as at 31 march 2012	**87.907**	**(9.875)**	**53.716**	**221.879**	**(1.574)**	**(490)**	**4.669**	**61.139**	**417.371**
Balance as at 1 october 2012	**87.907**	**(9.875)**	**53.716**	**191.394**	**(1.428)**	**4.999**	**15.296**	**55.525**	**397.534**
Effect of changes in the area of consolidation	-	-	-	-	-	-	-	8	**8**
Business Combination with share-based payment	-	8.423	-	(8.376)	-	-	-	-	**47**
Other changes	-	-	-	2.056	-	-	-	2.608	**4.664**
Dividends distributed	-	-	-	-	-	-	-	(171)	**(171)**
Total comprehensive profit/(loss)	-	-	-	(9.246)	290	(5.042)	12.950	(1.386)	**(2.434)**
Balance as at 31 march 2013	**87.907**	**(1.452)**	**53.716**	**175.828**	**(1.138)**	**(43)**	**28.246**	**56.584**	**399.649**

Consolidated cash flow statement

Amounts in thousands of Euro

	Notes	31.03.2013	31.03.2012
OPERATING ACTIVITIES			
Net income (loss) for the year pertaining to the Parent Company and non controlling interests		**(10.648)**	**11.905**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		848	1.805
Deferred taxes		(611)	(1.480)
Amortisation of property plant and equipment		6.929	6.967
Amortisation of intangible assets and write-downs		50	34
Dividends received		(736)	(4.306)
Financial income		(5.936)	(4.914)
Financial expenses		5.927	7.033
Allocations to provisions for risks and charges		25	13
Provisions for employee severance indemnity		263	262
Other non-monetary net income		(341)	-
Capital loss from net discontinued operations		-	-
Profits/(losses) of investments valued according to the equity method		5	(16.913)
Write-downs (write-backs) of receivables		1.040	2.743
Capital gains (losses) from transfer of investments		(290)	(50)
Write-downs (write-backs) of available-for-sale financial assets		610	1.721
Write-downs (write-backs) of investments		-	-
Cash flows from operating activities before changes in working capital		**(2.865)**	**4.820**
Increase/(decrease) in property inventories		(7.081)	(5.396)
Increase/(decrease) in other current assets		(3.073)	(14.649)
Increase/(decrease) in trade payables and other current liabilities		(1.779)	(459)
Cash and cash equivalents generated (absorbed) by operating activities		**(14.798)**	**(15.685)**
Change in current financial assets		(6)	701
Uses of provisions for risks and charges		(2.241)	(29)
Payments of employee severance indemnity		(17)	(47)
Change in tax receivables		145	-
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(16.916)**	**(15.061)**
INVESTMENT ACTIVITIES			
Dividends received from subsidiaries and associates		-	14.692
Dividends received on financial assets		736	4.306
Investments in interests for:			
Acquisitions		(627)	(37.517)
Recapitalisations of associates net of specific loans		-	(29)
Cash flow connected to business combinations	3	(4.298)	-
Increase in available-for-sale financial assets		(591)	(4.896)
Other investments (property, plant and equipment and intangible assets)		(3.456)	(877)
Realisation from disposal of:			
Equity instruments available for sale		2.921	6.622
Net cash flow connected with assets held for sale		-	96
Net cash flow connected with discontinued operations		1.785	-
Other non-current assets (Property, plant and equipment, intangible assets and other)		118	-
Increase (decrease) in financial receivables due from customers and financial institutions		19.353	21.271
Interest collected		5.936	5.155
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**21.878**	**8.822**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(4.039)	(27.823)
Interest paid		(5.927)	(7.060)
Increase in paid-up capital to non controlling interests		2.500	-
Payment of dividends		(171)	(4.465)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(7.636)**	**(39.348)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(2.675)**	**(45.586)**
OPENING CASH AND CASH EQUIVALENTS (E)		14.890	64.656
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)		**12.215**	**19.070**

NET CASH AND CASH EQUIVALENTS AT THE START OF THE SEMESTER			
Cash and cash equivalents		14.890	64.656
Bank overdrafts and cash repaid on demand		10.802	-
CURRENT LIQUIDITY AT THE START OF THE SEMESTER		**25.692**	**64.656**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER			
Cash and cash equivalents		12.215	19.070
Bank overdrafts and cash repaid on demand		10.074	-
CURRENT LIQUIDITY AT THE END OF THE SEMESTER		**22.289**	**19.070**

Note:

The item “current liquidity” as at 31 March 2013 includes EUR 10,1 million in amounts owed classified under current financial receivables in the financial statements; 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 (as at 30 September 2012, this item amounted to EUR 10,9 million).

Consolidated statement of financial position pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in thousands of Euro

	Note	31.03.2013	of which related parties	% incidence	30.09.2012	of which related parties	% incidence
Non-current assets							
Intangible assets	5	29.889	-		21.751	-	
Property, plant and equipment	6	143.613	-		147.376	-	
Investments accounted for using the equity method	7	52.577	-		39.099	-	
Financial receivables	8	117.924	68.475	58,1%	156.971	104.616	66,6%
Other financial assets	9	135.630	-		143.249	-	
Sundry receivables and other assets	10	253	-		330	-	
Prepaid tax assets	11	7.742	-		9.456	-	
Total non current assets		**487.627**	**68.475**	**14,0%**	**518.232**	**104.616**	**20,2%**
Current assets							
Property inventories	12	124.722	-		117.641	-	
Financial receivables	13	67.977	51.496	75,8%	48.621	11.696	24,1%
Other financial assets	14	6	-		-	-	
Tax assets	15	16.436	-		16.581	-	
Sundry receivables and other assets	16	22.738	-		18.214	-	
Cash and cash equivalents	17	12.215	-		14.890	-	
Total current assets		**244.094**	**51.496**	**21,1%**	**215.946**	**11.696**	**5,4%**
Assets held for sale	18	-	-		2.550	-	
Total assets		**731.721**	**119.971**		**736.729**	**116.312**	
Shareholders' equity							
Share capital		87.907	-		87.907	-	
Share premium		53.716	-		53.716	-	
Treasury shares		(1.452)	-		(9.875)	-	
Reserves		212.140	-		228.182	-	
Profit (loss) for the year		(9.247)	-		(17.921)	-	
Shareholders' equity pertaining to the Group	19	**343.065**	**-**		**342.009**	**-**	
Non controlling interests	20	56.584	-		55.525	-	
Total shareholders' equity		**399.649**	**-**		**397.534**	**-**	
Non-current liabilities							
Financial payables	21	106.927	-		109.923	-	
Other financial liabilities	22	83	-		402	-	
Provisions for personnel	23	2.171	-		1.501	-	
Deferred tax liabilities	24	32.849	-		34.998	-	
Provisions for risks and charges	25	2.294	-		4.510	3.650	80,9%
Sundry payables and other liabilities	26	2.106	-		1.900		
Total non-current liabilities		**146.430**	**-**		**153.234**	**3.650**	**2,4%**
Current liabilities							
Financial payables	27	141.338	7.828	5,5%	142.992	8.676	6,1%
Other financial liabilities	28	8.160	-		7.049	-	
Tax liabilities	29	1.291	-		740	-	
Sundry payables and other liabilities	30	34.852	9.023	25,9%	34.985	7.476	21,4%
Total current liabilities		**185.642**	**16.851**	**9,1%**	**185.766**	**16.152**	**8,7%**
Liabilities held for sale	31	-	-		195	-	
Total shareholders' equity and liabilities		**731.721**	**16.851**		**736.729**	**19.802**	

Consolidated income statement pursuant to Consob Resolution no. 15519 of 27 July 2006

		31.03.2013	*of which related parties*	*% incidence*	31.03.2012	*of which related parties*	*% incidence*	30.09.2012	*of which related parties*	*% incidence*
Revenues	32	19.898	167	0,8%	25.211	156	0,6%	47.071	-	
Other income	33	1.595	-		3.269	-		3.908	331	8,5%
Variations in property inventories	34	8.065	-		6.462	-		15.098	-	
Costs for purchases	35	(7.544)	-		(9.580)	-		(19.937)	-	
Costs for services	36	(16.090)	(1.856)	11,5%	(16.531)	(1.315)	8,0%	(32.044)	(1.654)	5,2%
Personnel costs	37	(4.850)	-		(4.342)	-		(9.625)	(2.234)	23,2%
Other costs	38	(3.484)	-		(5.143)	-		(6.510)	-	
Dividends	39	736	-		4.306	-		6.081	-	
Profit (loss) from management of financial activities and investments	40	1.196	-		-	-		159	-	
Gross operating margin (EBITDA)		**(478)**	-		**3.652**	-		**4.202**	-	
Amortisation and value adjustments to intangible assets	41	(6.979)	-		(7.001)	-		(18.899)	-	
Allocations to the provision for risks	42	(25)	-		-	-		(3.857)	-	
Value adjustments to financial assets and investments	43	(1.723)	-		(4.993)	-		(9.826)	-	
Share of income (loss) of investments accounted for using the equity method	44	(5)	-		16.914	-		18.076	-	
Operating result (EBIT)		**(9.211)**	-		**8.572**	-		**(10.305)**	-	
Financial income	45	5.936	1.074	18,1%	4.914	18	0,4%	9.075	5.005	55,2%
Financial expenses	46	(5.927)	(146)	2,5%	(7.032)	-		(13.594)	(117)	0,9%
Profit (loss) from trading of financial assets	47	(1.462)	-		5	-		(1.750)	-	
Income (loss) before taxes		**(10.664)**	-		**6.458**	-		**(16.574)**	-	
Income taxes	48	(275)	-		1.541	-		214	-	
Income (loss) from continuing operations		**(10.939)**	-		**7.999**	-		**(16.360)**	-	
Income (loss) from assets held for sale	49	290	290	100,0%	3.906	-		(5.748)	(5.748)	100,0%
Profit (loss) for the year		**(10.648)**	-		**11.905**	-		**(22.108)**	-	
Attributable to:			-			-			-	
Income (loss) pertaining to non controlling interests	50	1.402	-		1.751	-		4.187	-	
Income (loss) pertaining to the Group		**(9.247)**	-		**13.656**	-		**(17.921)**	-	

EXPLANATORY NOTES

1 Form and content of the financial statements for the period

As indicated in the introduction, as a result of the significant change in the Group's operating profile following the transfer of control of Mittel Generale Investimenti S.p.A., which took place in July 2012, together with the increase in the Group's interest in the Outlet sector, it was deemed necessary to adopt, starting from the year ended 30 September 2012, new guidelines as regards the form and contents of the company's financial statements, moving from financial statements prepared in accordance with the Provision of the Bank of Italy dated 16 December 2009 and subsequent update to financial statements drafted according to the provisions set out in IAS 1. The new presentation adequately provides the most important information for financial statement users, is highly likely to be used in the future and, at the same time, permits historical comparisons between accounting information.

The consolidated half-yearly financial report is composed of the statement of financial position, income statement, statement of comprehensive income, cash flow statement and statement of changes in shareholders' 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 condensed half-yearly financial statements as at 31 March 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 on 31 March 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 half-yearly financial report for the 1 October 2012 - 31 March 2013 period was drafted according to IAS 34 "Interim financial reporting". The half-yearly financial report as at 31 March 2013 does not include all the additional information required in the annual financial statements and should be read together with the annual financial statements of the Group as at 30 September 2012. The explanatory notes are also presented in accordance with the minimum information required by IAS 34, with the additions deemed useful for a better understanding of the half-yearly financial report as at 31 March 2013.

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

This chapter illustrates the general principles adopted for the drafting of the financial statements for the year ended as at 30 September 2012 and the consolidated condensed half-yearly financial statements, 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. In presenting and classifying the items, the layouts prepared by the Bank of Italy by means of the aforementioned circular are adopted.

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 or interpretation, or by layouts drafted by the Bank of Italy for the financial statements of financial intermediaries.
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..
Mittel Generale Investimenti S.p.A. (hereinafter "MGI"), is a company registered in the special list of financial intermediaries envisaged by art. 107 of Legislative Decree 385/1993 ("Consolidated Law on Banking") and is subject to monitoring by the Bank of Italy.
The transfer of MGI was carried out on 25 July 2012, in accordance with the terms and conditions set out in the investment and purchase contract signed on 24 July 2012 by Mittel, Istituto Atesino di Sviluppo, Fondazione Cassa di Risparmio di Trento e Rovereto and Liberata 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 ("Non-current assets held for sale and Discontinued Operations"), the group of MGI businesses qualifies as Discontinued Operations for the Mittel Group and has been represented as such in these 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 are 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 are 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 half-yearly financial statements as at 31 March 2013, said representation involved the reclassification of cost and revenue items relating to discontinued operations as at 31 March 2012 under the item Income (loss) from discontinued operations in the income statement.
More specifically, the individual items of the income statement relating to continuing operations and the individual detailed items of Net profit /(loss) from discontinued operations shown for comparative purposes in these consolidated condensed half-yearly financial statements are presented by considering the cancellation of intercompany transactions that occurred under continuing/discontinued operations, while the item Profit/(loss) for the year includes the overall effects of the cancellation of said transactions.
Therefore, income (loss) from discontinued operations is presented in a single amount reported in the income statement, represented by profit from continuing operations net of taxes.

For the purposes of complete information, the Group cash flow statement tables, representative of the aggregate historical balance of Mittel Generale Investimenti S.p.A.'s and the book values of MGI's assets and liabilities are presented below, as if MGI had not been part of the Mittel Group until 31 March 2012: in other words, the values included in these tables did not undergo any cancellation of relations deriving from transactions with the continuing operations of the Mittel Group.
As regards the income statement, the table shown below represents Mittel Generale Investimenti S.p.A.'s economic trend until 31 March 2012.

Income (loss) after taxes from discontinued operations

Details of the income statement values shown under discontinued operations as at 31 March 2012 are stated below:

(amounts in thousands of Euro)	31.03.2012
Revenues	12
Other income	289
Costs for services	(993)
Personnel costs	(289)
Other costs	(3)
Dividends	22
Gross operating margin (EBITDA)	**(961)**
Amortisation/depreciation	(49)
Value adjustments to financial assets	-
Operating result (EBIT)	**(1.010)**
Financial income	7.081
Financial expenses	(2.882)
Profit (loss) from trading of financial assets	2.745
Income (loss) before taxes	**5.933**
Income taxes	(1.866)
Income (loss) after taxes	**4.067**

Cash flows of discontinued operations

The cash flows resulting from discontinued operations for the 1 October 2011 - 31 March 2012 period are summarised as follows:

(amounts in thousands of Euro)	31.03.2012
Cash flows generated (absorbed) by operating activities of discontinued operations	
Net income (loss) from discontinued operations after taxes	4.067
Ammortisation	49
Profits/(losses) from disposal of non current assets and other non monetary items	-
Net value adjustments for impairment of financial assets	-
Dividends received	-
Change in provisions for risks and charges	-
Change in current and deferred taxes	178
Change in working capital	1.748
Total	**6.042**
Cash flows generated (absorbed) by investment activities of discontinued operations	
Investments in property, plant and equipment	-
Disposal of property, plant and equipment	-
Investments	-
Net change in receivables from financing activities	12.066
Change in current financial assets	2.691
Other changes	-
Total	**14.757**
Cash flows generated (absorbed) by financing activities of discontinued operations	
Net change in financial payables and other financial liabilities	(22.961)
Payment of dividends	-
Total	**(22.961)**
Net increase (decrease) in cash and cash equivalents	**(2.162)**
Opening Cash and cash equivalents	6.783
Closing Cash and cash equivalents	**4.621**

2.3 Financial statements and tables

The consolidated condensed half-yearly financial statements are composed of the income statement, statement of comprehensive income, statement of financial position, cash flow statement and statement of changes in shareholders' equity, accompanied by the explanatory notes. The income statement was 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 shareholders' equity such as:

- profits and losses from the redetermination of available-for-sale financial assets;
- the effective part of the profits and losses on cash flow hedges.

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

The variations generated by transactions with non-shareholders must be shown in a single separate table that shows the performance in the 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 shareholders' equity with respect to variations generated by transactions with shareholders.

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

The income statement is drafted according to the layout with the classification of costs by nature, showing the interim results relating to the gross operating margin (EBITDA), operating result (EBIT) and the pre-tax 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 statement of financial position 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 shareholders' equity illustrates the changes that took place in items of shareholders' equity relating to:

- allocation of the Group's profit for the period to minority shareholders;
- amounts relating to transactions with shareholders;
- each item of profit and loss net of taxes, which is booked directly to shareholders' equity or has a contra-item in a shareholders' 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 thousand of Euros.

This half-yearly consolidated financial report was authorised for publication by the Board of Directors on 28 May 2013, in accordance with IAS 10.

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 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.

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 is 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 includes 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, 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 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.

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 shareholders' 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 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 Net value adjustments for impairment of available-for-sale financial assets.
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 shareholders' 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.

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 assets are recorded in the income statement under the item Net income (loss) from trading activity.

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, 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.
It should be noted that the disappearance of an active market due to the fact that the financial instruments are no longer publicly traded is not, in itself, evidence of impairment.
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 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 shareholders' 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 objective 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 a retrospective test; the result of said test justifies 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 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 (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.
The items bank payables, payables due to customers and payables due to financial institutions include various forms of funding, both from banks and customers.
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:
- 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 shareholders' 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 shareholders' 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 acquisitions 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 and Joint Ventures 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 shareholders' 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 minority shares acquired are booked to Group shareholders' equity.
Similarly, sales of minority shares without the loss of control do not generate profits/losses in the income statement, but changes to Group shareholders' 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 shareholders' 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. The amount of the tax provision is also adjusted to cover expenses 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.

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 period attributable to shareholders of the Parent Company's ordinary shares to the weighted average number of ordinary shares outstanding at the reporting date.

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 and the fair value of financial instruments.

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 risk-free rates of return on similar investments - 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 are 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 of 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 impaired, 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 2012, 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. As at 31 March 2013 no value adjustments were made to non-current assets with the exception of available-for-sale assets.

Realisability of deferred tax assets
As at 31 March 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 period.

Non-current receivables and loans, 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 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 for the current half

- 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: Additional 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 this half-yearly financial report and on the valuation of the relative financial statement items.

Accounting standards, amendments and interpretations applied for the current half and not relevant 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 company:

  - 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.

At the date of this half-yearly financial report, the competent bodies of the European Union have still not completed the approval process necessary for the adoption of the main 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 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.

3 Area of consolidation

The consolidated financial statements are prepared on the basis of the accounting situations as at 31 March 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 31 March 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 Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.)	Milano	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
4 Mittel Investimenti Immobiliari S.r.l.	Milano	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
5 Mittel Advisory S.p.A.	Milano	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
6 Mittel Management S.r.l.	Milano	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
7 CAD Immobiliare S.r.l.	Milano	Full	Mittel S.p.A. - MII S.r.l.	100,00%	100,00%	100,00%
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 Earchimede S.p.A.	Milano	Full	Mittel S.p.A.	85,01%	85,01%	85,01%
13 Ghea S.r.l.	Milano	Full	Mittel S.p.A.	51,00%	51,00%	51,00%
Indirect subsidiaries:						
14 Cerca S.r.l.	Milano	Full	MII S.r.l.	100,00%	100,00%	100,00%
15 Spinone S.r.l. in liquidation	Milano	Full	MII S.r.l.	100,00%	100,00%	100,00%
16 Gamma Uno S.r.l. in liquidation	Milano	Full	MII S.r.l.	100,00%	100,00%	100,00%
17 Regina S.r.l.	Milano	Full	MII S.r.l.	100,00%	100,00%	100,00%
18 Esse Ventuno S.r.l.	Milano	Full	MII S.r.l.	90,00%	90,00%	90,00%
19 Gamma Tre S.r.l.	Milano	Full	MII S.r.l.	80,00%	80,00%	80,00%
20 Livia S.r.l. in liquidation	Milano	Full	MII S.r.l.	68,23%	68,23%	68,23%
21 Breme S.r.l.	Milano	Full	MII S.r.l.	60,00%	60,00%	60,00%
22 Santarosa S.r.l.	Milano	Full	MII S.r.l.	60,00%	60,00%	60,00%
23 Fede S.r.l.	Milano	Full	MII S.r.l.	51,00%	51,00%	51,00%
24 Immobiliare Volta Marconi S.r.l.	Milano	Full	MII S.r.l.	51,00%	51,00%	51,00%
25 Lucianita S.r.l.	Milano	Full	MII S.r.l.	51,00%	51,00%	51,00%
26 MiVa S.r.l.	Milano	Full	MII S.r.l.	51,00%	51,00%	51,00%
27 FD33 S.p.A.	Brescia	Full	Earchimede S.p.A.	100,00%	100,00%	85,01%
28 Fashion District Group S.p.A.	Brescia	Full	Earchimede S.p.A. - FD33 S.p.A..	66,66%	66,66%	56,67%
29 Fashion District Roma S.r.l.	Brescia	Full	Fashion District Group	100,00%	100,00%	56,67%
30 Fashion District Molfetta S.r.l.	Brescia	Full	Fashion District Group	100,00%	100,00%	56,67%
31 Fashion District Mantova S.r.l.	Brescia	Full	Fashion District Group	100,00%	100,00%	56,67%
32 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 Bios S.p.A.	Milano	Shareholders' equity (*)	Mittel S.p.A.	50,00%	50,00%	50,00%
2 Tower 6 Bis S.à r.l.	Lussemburgo	Shareholders' equity	Mittel S.p.A.	49,00%	49,00%	49,00%
3 Mittel Real Estate SGR S.p.A.	Milano	Shareholders' equity	Mittel S.p.A.	35,00%	35,00%	35,00%
4 Everel Group S.p.A.	Verona	Shareholders' equity	Mittel S.p.A.	30,00%	30,00%	30,00%
5 Mit.Fin. SpA	Milano	Shareholders' equity	Mittel S.p.A.	30,00%	30,00%	30,00%
6 Liberata S.p.A.	Milano	Shareholders' equity	Mittel S.p.A.	27,00%	27,00%	27,00%
7 Brands Partners 2 S.p.A.	Milano	Shareholders' equity	Mittel S.p.A.	25,20%	25,20%	25,20%
8 Castello SGR S.p.A.	Milano	Shareholders' equity	Mittel S.p.A.	21,32%	21,32%	21,32%
9 Chase Mittel Capital Holding II NV in liquidation	Antille Olandesi	Shareholders' equity	Mittel S.p.A.	21,00%	21,00%	21,00%
Indirect associates:						
10 Mittel Generale Investimenti SpA	Milano	Shareholders' equity	Liberata S.p.A.	100,00%	100,00%	27,00%
11 Iniziative Nord Milano S.r.l.	Milano	Shareholders' equity (*)	MII S.r.l.	50,00%	50,00%	50,00%

(*) Investment subject to joint control

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 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 31 March 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. (now Mittel Advisory S.p.A.) 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. (now Mittel Advisory S.p.A.) 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 first half of the year”. The acquisition of total control of Borghesi Advisory S.r.l., constitutes a business combination according to IFRS 3 and determined, therefore, said company’s entry to 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 condensed half-yearly financial statements as at 31 March 2013, the initial recognition of the business combination relating to the company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) was only determined provisionally given that, at the current state of play, the fair values to be assigned to the assets, liabilities and contingent liabilities of the combination are still not determinable.

The Mittel Group expects to adjust said provisional values following the completion of the initial recognition of the business combination based on the relative reference fair values within a period of twelve months from the acquisition date.

Therefore, no provision was made for the performance of an impairment test, which will be then targeted, before the end of the next year, at the definitive recognition of the combination.

In addition, 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. (now Mittel Advisory S.p.A) in the first 11 days of January 2013.

Details of net assets acquired (at book values) and the determination of the goodwill recognised are shown below:

(amounts in thousands of Euro)	**Continuity of data values**
Property, plant and equipment	54
Investments	-
Financial receivables	-
Other financial assets	4
Sundry receivables and other assets	-
Prepaid tax assets	80
Total non-current assets	**138**
Financial receivables	-
Other financial assets	2.109
Current tax assets	-
Sundry receivables and other assets	-
Cash and cash equivalents	452
Total current assets	**2.561**
Financial payables	-
Other financial liabilities	-
Provisions for personnel	(424)
Deferred tax liabilities	0
Provisions for risks and charges	0
Total non-current liabilities	**(424)**
Financial payables	(376)
Other financial liabilities	0
Sundry payables and other liabilities	(1.640)
Total current liabilities	**(2.016)**
Net assets	**259**
Capital losses from transfer	**74.741**
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
	(4.298)

From the date of acquisition Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A) contributed a loss of EUR 96 thousand to the net result of the Mittel Group and EUR 37 thousand to the consolidated gross operating margin, corresponding to the activities of the second quarter closed as at 31 March 2013.
The economic result of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A) relating to the half closed as at 31 March 2013 showed a gross operating margin of EUR 270 thousand and a net loss of EUR 12 thousand.

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 condensed half-yearly financial statements as at 31 March 2012, due to the partial transfer and subsequent loss of control and deconsolidation of the MiRe SGR investment, total net profit of EUR 269 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 shareholders' 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.

Statement of financial position - Assets

Non-current assets

5 Intangible assets

Intangible assets amounted to EUR 29,8 million, registering an increase of EUR 8,1 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 consultancy 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**	**52**	**21.751**
Changes in the year:						
- acquisitions	-	-	-	80	155	**236**
- change in scope of consolidation	7.963	-	2	1	-	**7.966**
- disposals	-	-	-	-	-	**-**
- reclassifications	-	-	-	-	(14)	**(14)**
- amortisation	-	-	(2)	(25)	(23)	**(50)**
- value adjustments	-	-	-	-	-	**-**
Total changes	**7.963**	**-**	**-**	**57**	**118**	**8.138**
Values as at 31.03.2013	**7.963**	**-**	**-**	**21.756**	**170**	**29.889**

The item “Goodwill” increased by EUR 7.963 thousand in the half 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.
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 these consolidated condensed half-yearly financial statements as at 31 March 2012, the initial recognition of the business combination relating to the acquisition of the company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) was only determined provisionally given that, at the current state of play, the fair values to be assigned to the assets, liabilities or contingent liabilities of the combination are still not determinable.
The Mittel Group expects to adjust said provisional values following the completion of the initial recognition of the business combination based on the relative reference fair values within a period of twelve months from the acquisition date. Therefore, no provision was made for the performance of an impairment test on goodwill, which will be then targeted, before the end of the next year, at the definitive recognition of the combination.
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. (now Mittel Advisory S.p.A) in the first 11 days of January 2013.

At the aforementioned reference date of the business combination, the values acquired, determined as indicated above, were as follows:

(amounts in thousands of Euro)	Continuity of data values
Property, plant and equipment	54
Investments	-
Financial receivables	-
Other financial assets	4
Sundry receivables and other assets	-
Prepaid tax assets	80
Total non-current assets	**138**
Financial receivables	-
Other financial assets	2.109
Current tax assets	-
Sundry receivables and other assets	-
Cash and cash equivalents	452
Total current assets	**2.561**
Financial payables	-
Other financial liabilities	-
Provisions for personnel	(424)
Deferred tax liabilities	0
Provisions for risks and charges	0
Total non-current liabilities	**(424)**
Financial payables	(376)
Other financial liabilities	0
Sundry payables and other liabilities	(1.640)
Total current liabilities	**(2.016)**
Net assets	**259**
Capital losses from transfer	**74.741**

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**

Impairment of other intangible assets with an indefinite life

Intangible assets include assets considered to have an indefinite life (EUR 21,8 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 Mofetta.

6 Property, plant and equipment

Property, plant and equipment totalled EUR 143,6 million, marking a decrease of EUR 3,8 million compared to 30 September 2012, attributable primarily to the change in the item concerning the Fashion District Group, which included EUR 6,6 million relating to the half-yearly share of depreciation of the properties owned in the Mantua and Molfetta outlets, and increases relating to plants and investment properties (EUR 2,7 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**	**125.971**	**401**	**396**	**1.262**	**147.376**
Changes in the year:						
- acquisitions	-	1.613	1.060	183	376	**3.232**
- change in scope of consolidation	-	-	-	-	172	**172**
- disposals	-	(114)	-	(6)	(118)	**(238)**
- reclassifications	-	-	-	-	-	**-**
- amortisation	(6)	(6.583)	(76)	(86)	(179)	**(6.929)**
- other changes	-	-	-	-	-	**-**
Total changes	**(6)**	**(5.084)**	**984**	**91**	**251**	**(3.763)**
Values as at 31.03.2013	**19.340**	**120.887**	**1.385**	**487**	**1.513**	**143.613**

The item investment property mainly relates to the value of the outlets owned by the Fashion District Group.

7 Investments consolidated using the equity method

The item is composed as follows:

	31.03.2013	**30.09.2012**
Tower 6 Bis S.a.r.l	21.019	17.325
Mit.Fin S.p.A.	277	-
Chase Mittel Capital Holding II NV	6	6
Sunset S.r.l. in liquidation	1	1
Everel Group S.p.A.	3.300	3.300
Bios S.p.A.	18.733	9.493
Liberata S.p.A. (*)	2.478	3.913
Castello SGR S.p.A.	2.758	1.807
Mttel Real Estate SGR S.p.A. - Mi Re SGR	872	-
Brands Partners 2 S.p.A.	2.445	2.452
Iniziative Nord Milano S.r.l.	689	802
	52.578	**39.099**

(*) includes Mittel Generale Investimenti S.p.A. investment

The increases in the year relate mainly to:

- the increase in the value of the investee Bios S.p.A. (EUR 9,2 million) as a result of the adjustment to the valuation of the Sorin S.p.A. investment held by the latter;
- the increase in the value of the investee Tower 6 Bis S.a.r.l. (EUR 3,7 million) as a result of the adjustment to the valuation of the Sorin S.p.A. investment held by the latter;
- the change in the scope of consolidation (EUR 0,3 million) relating to the investment in Mit. Fin S.p.A. acquired in the first quarter of the year 2012-2013;

8 Financial receivables

These amounted to EUR 117,9 million, marking a decrease of EUR 39,0 million, mainly as a result of the reclassification, based on existing contractual conditions, under current financial receivables of the receivable due to Ghea S.r.l. from Bios S.p.A. for an amount of EUR 35,5 million.

	31.03.2013	30.09.2012
Loans	100.570	140.596
Other receivables	17.354	16.375
Security deposits	-	-
	117.924	**156.971**

The item 'Loans' is composed as follows:

	31.03.2013	30.09.2012
- Loans - financial institutions	30.000	30.000
- Loans - customers	70.570	110.596
	100.570	**140.596**

The item "Loans" mainly includes:

- the vendor loan of EUR 31,3 million granted by Mittel S.p.A. to Liberata S.p.A. to purchase the Mittel Generale Investimenti S.p.A. investment;
- the mortgage loan of EUR 30,0 million due from Fondo Augusto acquired during the transfer of the Mittel Generale Investimenti S.p.A. investment;
- credit positions with third parties (EUR 24,3 million) previously held by Hopa S.p.A. (now Mittel S.p.A.);
- the non-current portion of a loan (EUR 8,5 million) totalling EUR 13,2 million payable in three equal instalments expiring on 31 July 2013, 31 July 2014 and 31 July 2015;
- a shareholders' loan granted to Liberata S.p.A. (EUR 3,6 million).
- the non-interest bearing loan (EUR 1,5 million) granted by Mittel Investimenti Immobiliari to associate Iniziative Nord Milano S.r.l.;
- shareholders' loans disbursed from Fashion District Group S.p.A. to Alfa Park S.r.l. amounting to EUR 1,4 million;

The item "other receivables" is composed mainly of the receivable deriving from the earn-out on the transfer of the Valmontone Roma outlet by Fashion District Group S.p.A. (EUR 13,7 million) and financial receivables for factoring (EUR 2,8 million) deriving from activities carried out in previous years by the subsidiary Markfactor S.r.l. in liquidazione (in liquidation).

9 Other Financial Assets

Other financial assets totalled EUR 135,6 million, down by EUR 7,6 million.
The item is composed as follows:

	31.03.2013	30.09.2012
Available-for-sale financial assets		
Equities and shares of funds	135.600	141.876
Bonds	30	535
Financial assets designated at fair value	-	838
	135.630	**143.249**

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

	31.03.2013	30.09.2012
Available-for-sale financial assets		
Equities and shares of funds:		
Azimut Benetti S.p.A.	29.187	29.187
SIA S.p.A.	1.400	1.400
Fondo Progressio Investimenti	4.280	4.588
Fondo Progressio Investimenti II	3.196	3.091
Fondo Cosimo I	4.183	4.207
Fondo Augusto	14.970	15.144
Equinox Two S.C.A.	7.709	7.709
Progressio SGR S.p.A.	650	650
M.V.H. SpA	3.089	3.089
Società Editoriale Vita S.p.A.	100	100
Microventure Investments SA Sicar	1.000	560
Nomisma SpA	100	100
MC Link S.p.A.	151	-
Intesa San Paolo S.p.A.	17.016	17.745
UBI Banca S.p.A. (ex B.L.)	12.480	12.488
RCS MediaGroup S.p.A.	8.923	12.652
Istituto Atesino di Sviluppo S.p.A.	3.313	3.313
Medinvest Sca	2.210	2.281
Opera Partecipations S.C.A.	-	712
Opera 2 Partecipations S.C.A.	1.842	2.019
Investitori Associati II S.A.	918	921
Alfieri Assicurazioni Inv. S.A.	3.271	3.935
Dimensione Network	239	242
IGI Sud	1.098	1.430
Inn. Tec S.r.l.	5	5
Isfor 2000 Scpa	3	3
C.I.S. S.p.A.	1.234	1.234
Fondo comune di investimento Pioneer	1.094	1.131
Alfa Park S.r.l.	11.936	11.936
Consorzio Polo Turistico Integrato Valmontone	4	4
Bonds:		
Bond loan A2A S.p.A.	-	505
Bond Società Editoriale Vita S.p.A.	30	30
Financial assets designated at fair value:		
AXA - MPS policy	-	838
	135.630	**143.249**

The changes in available-for-sale financial assets in the half are shown in the appropriate annex (table of available-for-sale financial assets).

10 Sundry receivables and other assets

The item “sundry receivables and other non-current assets” totalled EUR 253 thousand (EUR 330 thousand as at 30 September 2012) and is composed as follows:

	31.03.2013	30.09.2012
Tax receivables	-	-
Other receivables	223	208
Other assets	30	122
	253	**330**

11 Prepaid taxes

The item is composed as follows:

	31.03.2013	30.09.2012
Tax assets with contra-item in Income statement	5.323	7.044
Tax assets with contra-item in Shareholders' Equity	2.419	2.412
	7.742	**9.456**

	31.03.2013	30.09.2012
Prepaid taxes		
Assets/liabilities held for trading	1.373	425
Investments	-	1.254
Property, plant and equipment/intangible assets	658	663
Allocations	40	99
Other assets/liabilities	1.143	1.072
Receivables	232	2.324
Retained losses	4.288	3.614
Other	8	5
	7.742	**9.456**

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

	31.03.2013	30.09.2012
Opening Balance	**7.044**	**6.689**
Increases	**525**	**751**
Prepaid taxes recorded in the year:	**525**	**751**
- relating to previous years	-	-
- other	525	751
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(2.246)**	**(396)**
Prepaid taxes cancelled in the year:	**(2.246)**	**-**
- reversals	(235)	-
Decreases in tax rates	-	-
Other reductions	(2.011)	(396)
	5.323	**7.044**

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

	31.03.2013	30.09.2012
Opening Balance	**2.413**	**998**
Increases	**148**	**873**
Prepaid taxes recorded in the year:	**148**	**873**
- relating to previous years	-	-
- other	148	-
Increases in tax rates	-	-
Other increases	-	873
Decreases	**(778)**	**(1.074)**
Prepaid taxes cancelled in the year:	**(778)**	**(1.074)**
- reversals	(778)	(75)
Decreases in tax rates	-	-
Other reductions	-	(998)
	1.783	**798**

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

Current assets

12 Property inventories

As at 31 March 2013, the item amounted to EUR 124,7 million, an increase of EUR 7,1 million in the half. In particular, the item is composed as follows:

	31.03.2013	30.09.2012
Properties under construction	114.522	107.441
Properties under development	10.200	10.200
	124.722	**117.641**

Property inventories, which as at 30 September 2012, amounted to EUR 117,6 million, registered an increase of EUR 7,1 million, 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 headed up by the latter.

In particular, property inventories relate to the following companies:

	31.03.2013	30.09.2012
Breme S.r.l.	12.862	22.991
CAD Immobiliare S.r.l.	22.147	23.098
Fede S.r.l.	8.631	8.520
Gamma Uno S.r.l. in liquidation		153
Gamma Tre S.r.l	9.242	9.092
Immobiliare Volta Marconi S.r.l	3.835	3.802
Lucianita S.r.l.	14.627	12.389
Mittel Investimenti Immobiliari S.r.l.	15.497	14.064
MiVa S.r.l.	13.821	11.818
Regina S.r.l.	1.513	1.480
Breme S.r.l.	12.313	-
Spinone S.r.l. in liquidation	34	34
Total	**114.522**	**107.441**

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.

13 Financial receivables

As at 31 March 2013, the item amounted to EUR 68,0 million, an increase of EUR 19,4 million in the half, and is composed as follows:

	31.03.2013	30.09.2012
Loans	67.133	44.372
Other receivables	844	4.249
Security deposits	-	-
	67.977	**48.621**

The item Loans is composed as follows:

	31.03.2013	30.09.2012
Loans - financial institutions	10.074	10.802
Loans - customers	57.059	33.570
	67.133	**44.372**

The item “Loans” mainly includes:

- the value of the loan originally granted by Banco di Brescia to Bios S.p.A. (EUR 35,5 million), in respect of which Ghea S.r.l. then took over as transferee; it should be noted that said receivable, as at 30 September 2012 was classified under the item Non-current financial receivables given it had a contractual expiry of more than 12 months;
- for EUR 10,1 million, to the financial resources made available to Mittel Generale Investimenti S.p.A. by subsidiary Earchimede S.p.A..
- credit positions with third parties (EUR 8,2 million) previously held by Hopa S.p.A. (now Mittel S.p.A.);
- the short-term portion (EUR 4,5 million) of an interest-bearing loan with total principal of EUR 13,2 million, of which EUR 4,6 million expiring on 31 July 2013 and the remaining EUR 8,6 million in two instalments expiring on 31 July 2014 and 31 July 2015;
- non-interest bearing shareholders’ loans disbursed to Fashion District Group S.p.A. and relating to loans granted by said entity to Alfa Park S.r.l. amounting to EUR 4,5 million;
- for EUR 3,3 million relating to loans granted to third parties by the subsidiary Locaeffe S.r.l. in liquidazione (in liquidation);
- for EUR 0,9 million relating to loans granted to third parties by the subsidiary Markfactor S.r.l. in liquidazione (in liquidation);

The item “Other receivables” includes financial receivables for factoring (EUR 0,5 million) deriving from activities carried out in previous years by the subsidiary Markfactor S.r.l. in liquidazione (in liquidation), for EUR 0,3 million relating to receivables deriving from the residual leasing activities of Locaeffe S.r.l. in liquidazione (in liquidation), formerly F.Leasing S.p.A., a company previously active in financial leasing placed into liquidation on 11 October 2011 and which currently handles the repayment of residual income transactions.

14 Other financial assets

The item is composed as follows:

	31.03.2013	30.09.2012
Bonds	-	-
Equity instruments	-	-
Derivative financial instruments	6	-
	6	**-**

15 Tax assets

As at 31 March 2013, the item amounted to EUR 16,4 million, a decrease of EUR 0,1 million.

	31.03.2013	30.09.2012
IRES (corporate income tax)	16.173	15.954
IRAP (regional business tax)	219	149
Other taxes	44	478
	16.436	**16.581**

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:

	31.03.2013	30.09.2012
Opening balance	**16.581**	**17.630**
Increases	**347**	**13.841**
Current tax assets recorded in the year:	**347**	**2**
- relating to previous years	-	-
- other	216	2
Other increases	131	13.839
Decreases	**(492)**	**(14.890)**
Current tax assets cancelled in the year:	**(492)**	
- reimbursements	(289)	-
- Other decreases	(203)	(14.890)
	16.436	**16.581**

16 Receivables due from customers and other commercial assets

As at 31 March 2013, the item amounted to EUR 22,7 million, and is composed as follows:

	31.03.2013	30.09.2012
Trade receivables	5.635	2.397
Receivables from leases	1.604	1.801
Other tax receivables	11.523	10.670
Other receivables	1.854	1.116
Accrued income and prepaid expenses	2.120	2.230
	22.736	**18.214**

The item “Trade receivables” is comprised of amounts due from Mittel S.p.A. (EUR 0,4 million), from Mittel Advisory S.p.A. (EUR 1,9 million), Mittel Advisory Debt and Grant S.p.A. (EUR 2,6 million) and trade receivables due from Fashion District Group S.p.A. totalling EUR 0,7 million.

Receivables from leases refer to amounts due from the Fashion District Group in respect of tenants.

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

- for EUR 7,2 million, the 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;
- for EUR 1,5 million, relating to the Group VAT receivable;
- for EUR 0,5 million, relating to the Breme S.r.l. VAT receivable;
- for EUR 0,9 million, relating to the VAT receivable of the subsidiary Breme S.r.l.;
- for EUR 0,7 million, relating to the VAT receivable of the subsidiary MIVA S.r.l.;
- for EUR 0,1 million, relating to the VAT receivable of the subsidiary Santarosa S.r.l.;
- for EUR 0,3 million, relating to the VAT receivable from Fashion District Group S.p.A..

The item Other receivables is comprised of advances and payments on account to suppliers (EUR 0,9 million) and other amounts due (EUR 1,0 million) In particular, advances and payments on account from suppliers are composed of the contribution to consolidation of the parent company Mittel S.p.A. (EUR 0,6 million), the contribution from Lucianita S.r.l. (EUR 0,2 million) and the contribution from Santarosa S.r.l. (EUR 0,1 million). Other receivables refer to the contribution from Mittel S.p.A. (EUR 0,4 million), the contribution from Breme S.r.l. (EUR 0,2 million), the contribution from Lucianita S.r.l. (EUR 0,1 million), the contribution from the Fashion District Group (EUR 0,1 million) and the contribution from Mittel Management S.r.l. (EUR 0,1 million).

The item Accruals and deferrals is composed of the contribution of the Fashion District Group (EUR 1,3 million), and relates to the costs incurred by Outlet centre management companies for the marketing of commercial units through the stipulation of 8-year rental agreements for business units, the contribution to consolidation of the Parent Company Mittel S.p.A. (EUR 0,6 million) relating to the contribution from Mittel

Advisory S.p.A. (EUR 0,1 million) and the contribution from Mittel Advisory Debt & Grant S.p.A. (EUR 0,1 million).

17 Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 12,2 million (EUR 14,9 million as at 30 September 2012), include cash held by Group companies and investments in bank deposits, as follows:

	31.03.2013	**30.09.2012**
Cash	73	14
Bank and postal deposits	12.142	14.876
Others	-	-
	12.215	**14.890**

18 Assets held for sale

The item was eliminated as a result of the transfer of investee Mittel Real Estate SGR S.p.A. on 8 March 2013.

	31.03.2013	**30.09.2012**
Non-current assets held for disposal		
Investments	-	-
Other non-current assets	-	-
Disposal groups of activities		
Financial receivables	-	2.469
Investments	-	-
Intangible assets	-	27
Property, plant and equipment	-	3
Prepaid tax assets	-	49
Other assets	-	2
	-	**2.550**

Statement of financial position - Liabilities

Shareholders' equity

19 Shareholders' equity pertaining to the Group

Shareholders' equity pertaining to the Group stood at EUR 343,1 million, an increase of EUR 1,1 million over 30 September 2012.
The breakdown of shareholders' equity pertaining to the Group is shown in the following table:

	31.03.2013	**30.09.2012**
Share capital	87.907	87.907
Legal reserve	14.101	14.101
Treasury shares	(1.452)	(9.875)
Share/holding premium reserve	53.716	53.716
Valuation reserves	27.066	18.867
Other reserves	121.418	121.371
Profit (loss) of previous years	49.556	73.843
Profit (loss) for the year	(9.247)	(17.921)
Shareholders' equity	**343.065**	**342.009**

Changes in shareholders' 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
The item "treasury shares" includes 522.248 treasury shares, a total investment of EUR 1,4 million held by the Parent Company.

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		Release of reserve to the income statement for transfers of financial assets	Release of reserve to the income statement for fair value impairment	Evaluation reserve pertaining to the Group as at 31.03.2013	Share pertaining to non controlling interests as at 30.09.2012	Total evaluation reserve as at 31.03.2013
			Increases	Decreases					
							(A+B)	(A)	(B)
Available-for-sale financial assets:									
Ubi Banca S.c.p.a.	273	-	-	(9)	-	-	264	-	264
RCS MediaGroup S.p.A.	6.202	-	-	(3.569)	(78)	-	2.555	-	2.555
Istituto Atesino di Sviluppo S.p.A.	969	-	-	-	-	-	969	-	969
Fondo Progressio Investimenti	(1.382)	-	-	(206)	-	-	(1.588)	-	(1.588)
Fondo Progressio Investimenti II	(1.257)	-	70	-	-	-	(1.187)	-	(1.187)
Fondo Cosimo I	801	-	-	(16)	-	-	785	-	785
Fondo Augusto	96	-	-	(116)	-	-	(20)	-	(20)
SIA S.p.A.	1.168	-	-	-	-	-	1.168	-	1.168
Equinox II S.c.a.	(1.814)	-	-	-	-	-	(1.814)	(117)	(1.931)
CIS S.p.A.	(199)	-	-	-	-	-	(199)	(35)	(234)
IGI Sud	118	-	-	(283)	-	-	(165)	(29)	(194)
Fondo dimensione Network	160	-	-	(3)	-	-	157	28	185
Investitori Associati II (in liquidation) S.A.	469	-	-	(3)	-	-	466	82	548
Opera	597	-	-	-	(597)	-	-	-	-
Opera 2	(33)	-	-	(151)	-	-	(184)	(33)	(217)
Alfieri (in liquidation)	(1.280)	-	-	(64)	-	-	(1.344)	(237)	(1.581)
Medinvest S.c.a.	-	-	-	-	-	-	-	-	-
Fondo Pioneer	111	-	-	(17)	-	-	94	72	166
Total	**4.998**	**-**	**70**	**(4.437)**	**(676)**	**-**	**(43)**	**(268)**	**(311)**
Investments valued using the equity method:									
Tower 6 bis S.a.r.l.	14.923	-	3.733	-	-	-	18.656	-	18.656
Bios S.p.A.	296	-	9.240	-	-	-	9.536	-	9.536
Castello SGR S.p.A.	77	-	-	(23)	-	-	54	-	54
Total	**15.296**	**-**	**12.973**	**(23)**	**-**	**-**	**28.247**	**-**	**28.246**
Financial instruments for the hedging of cash flows:									
Derivative instruments for interest rate hedging	**(1.428)**	-	290	-	-	-	**(1.138)**	**(870)**	**(2.008)**
	18.867	**0**	**13.333**	**(4.460)**	**(676)**	**0**	**27.066**	**(1.138)**	**25.928**

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 31.03.2013	**01.10.2011 31.03.2012**	**01.10.2012 31.03.2013**	**01.10.2011 31.03.2012**	**01.10.2012 31.03.2013**	**01.10.2011 31.03.2012**
Profit (loss) for the year (A)	**(10.648)**	**11.907**	**(1.402)**	**(1.750)**	**(9.246)**	**13.657**
Effective part of the profits/(losses) on cash flow hedges	706	231	306	100	400	131
Profits/(losses) from the redetermination of available-for-sale financial assets	(4.523)	537	(101)	(158)	(4.421)	695
Profits/(losses) from the transfer of available-for-sale financial assets	(780)	-	(105)	-	(675)	-
Release to the income statement of losses for fair value impairment of available-for-sale financial assets		-		-		-
Profits/(losses) of companies valued using the equity	12.950	(10.981)		-	12.950	(10.981)
Tax effect relating to other profits/(losses)	(140)	438	(84)	(2)	(56)	441
Total other profits/(losses), net of taxes (B)	**8.214**	**(9.775)**	**16**	**(61)**	**8.198**	**(9.714)**
Total comprehensive profit/(loss) (A) + (B)	**(2.434)**	**2.132**	**(1.386)**	**(1.811)**	**(1.048)**	**3.943**

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

	01.10.2012 31.03.2013			**01.10.2011 31.03.2012**		
	Gross value	**expense/ benefit**	**Net value**	**Gross value**	**expense/ benefit**	**Net value**
Effective part of the profits/(losses) on cash flow hedges	706	(194)	512	231	-	231
Profits/(losses) from the redetermination of available-for-sale financial assets	(4.523)	54	(4.469)	537	438	975
Profits/(losses) from the transfer of available-for-sale financial assets	(780)		(780)	-	-	-
Release to the income statement of losses for fair value impairment of available-for-sale financial assets			-	-	-	-
Profits/(losses) of companies valued using the equity method	12.950		12.950	(10.981)		(10.981)
Other components of the statement of comprehensive income reclassified to the income statement			-			-
Total other profits/(losses)	**8.353**	**(140)**	**8.214**	**(10.213)**	**438**	**(9.775)**

20 Non controlling interests

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

	31.03.2013	**30.09.2012**
Share capital pertaining to non controlling interests	6.287	3.064
Tresury shares pertaining to non controlling interests	-	(1.480)
Other reserves pertaining to non controlling interests	52.837	59.282
Non controlling interests - Reserve from available-for-sale financial assets	(268)	(62)
Non controlling interests - Cash flow hedge reserve	(870)	(1.092)
Non controlling interests - Reserve from valuation of company according to the equity method	-	-
Profit (loss) for the year pertaining to non controlling interests	(1.402)	(4.187)
Non controlling interests	**56.584**	**55.525**

Non-current liabilities

21 Financial payables

As at 31 March 2013, the item amounted to EUR 106,9 million, a decrease of EUR 2,9 million over the previous year.

The item is composed as follows:

	31.03.2013	30.09.2012
Bank loans	101.744	105.415
Other loans	-	-
Financial leasing payables	-	-
Other financial payables	5.183	4.508
	106.927	**109.923**

The item comprises the non-current bank payables of the subsidiary Fashion District Group S.p.A. (EUR 61,1 million), the non-current bank payables of the subsidiary Mittel S.p.A. (EUR 40,5 million) and the contribution of the indirect subsidiary FD33 S.p.A. (EUR 0,1 million).

The various loans stipulated by the Fashion District Group secured by a property mortgage were granted and stated in the financial statements:

- by Interbanca S.p.A. (now GE Capital S.p.A.) for EUR 9,8 million, of which the non-current portion amounts to EUR 8,4 million, expiring on 30 June 2016. In order to reduce the risk resulting from fluctuation in interest rates, a hedge contract was entered into for a notional amount of EUR 16,9 million, expiring on 30 June 2013;
- by BNL S.p.A. for EUR 16,1 million, of which the non-current portion amounts to EUR 15,2 million, expiring on 31 December 2019, extended, as a result of the above, until 30 June 2020. In order to reduce the risk resulting from fluctuation in interest rates, a hedge contract was entered into for a notional amount of EUR 19,6 million, expiring on 30 June 2019;
- by Interbanca S.p.A. (now GE Capital S.p.A.) for EUR 9,6 million, of which the non-current portion amounts to EUR 9 million, expiring on 31 March 2021, extended, as a result of the above, until 31 March 2021. In order to reduce the risk resulting from fluctuation in interest rates, a hedge contract was entered into for a notional amount of EUR 12,5 million, expiring on 30 June 2014;
- by a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A. for EUR 13,6 million, of which the non-current portion amounts to EUR 12,7 million, expiring on 30 June 2018, extended, as a result of the above, until 1 July 2019. In order to reduce the risk resulting from fluctuation in interest rates, a hedge contract was entered into for a notional amount of EUR 17,6 million, expiring on 30 March 2018;
- by a pool of banks comprising Efibanca S.p.A. and Banco Popolare for EUR 16,8 million, of which the non-current portion amounts to EUR 16,0 million, expiring on 31 December 2019, deferred, as a result of the above, until 31 December 2020. In order to reduce the risk resulting from fluctuation in interest rates, a hedge contract was entered into for a notional amount of EUR 20,6 million, expiring on 31 December 2019.

The bank payables of the Parent Company Mittel S.p.A., amounting to EUR 40,5 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 30,3 million) for the acquisition of the Hopa S.p.A. investment. This loan was granted on 23 December 2008, expires on 23 December 2015, and is recognised together with interest accrued and calculated at a fixed annual rate of 4,875%;
- for EUR 10,2 million, by the non-current portion of a loan granted by Banco di Brescia S.p.A. totalling EUR 15 million, with the last instalment falling due on 23 October 2015, at a rate of 4%.

The item Other financial payables is comprised of third party shareholder loans received from the companies Breme S.r.l. (EUR 0,6 million), Immobiliare Volta Marconi S.r.l. (EUR 0,7 million), Gamma Tre S.r.l. in liquidazione (in liquidation) (EUR 0,3 million), Fede S.r.l. (EUR 0,3 million), Lucianita S.r.l (EUR 0,9 million), Mi.Va S.r.l. (EUR 1,7 million) and Santarosa S.r.l. (EUR 0,7 million).

22 Other financial liabilities

The item is composed as follows:

	31.03.2013	30.09.2012
Derivative financial instruments	83	402
Other financial liabilities	-	-
	83	**402**

The derivative transactions of the Mittel Group as at 31 March 2013 are detailed below:

Derivative financial instruments

	Type of underlying asset					
	Interest rates	Currencies	Equities	Other	31.03.2013	30.09.2012
"Over the counter" derivative financial instruments						
Interest Rate Swap	83				83	402
Equity Linked Swap					0	0
Options					0	0
Other derivative financial instruments						
Interest Rate Swap					0	0
Equity Linked Swap					0	0
Options					0	0
					83	**402**

23 Provisions for personnel

The item is composed as follows:

	31.03.2013	30.09.2012
Employee severance indemnity	2.171	1.501
	2.171	**1.501**

As regards the actuarial valuations of the Provision for Employee Severance Indemnity as at 30 September 2012, the euroswap rates were used, increased by a part of the spread between the rates of Italian Government bonds and the euroswap rates at the various expiries (rate of 3,4%). This construction led, as at 30 September, to a curve with highly similar returns to that of the A-rated EUR Composite rates. For the valuation as at 31 March 2013, AA-rated EUR Composite rates were used (rate of 2,85%). The effects of the change of rate on the Employee Severance Indemnity Provision as at 31 March 2013 are marginal.
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 Group 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, 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.
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 2,85% to 3,14%) involves, on the whole, a reduction of around 2,79% in the amount of the provision - TFR on an IAS basis - for companies as at 31 March 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 1,59% in the amount of the provision for Group companies as at 31 March 2013.

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

	31.03.2013	**30.09.2012**
Opening balances	**1.501**	**1.616**
Increases:		
- Allocation in the year	251	396
- Increase due to business combination	368	-
- Other increases	69	363
Decreases:		
- Liquidations carried out	(6)	(217)
- Other decreases	(12)	(657)
	2.171	**1.501**

24 Deferred tax liabilities

These amounted to EUR 32,8 million and include deferred taxes calculated on the basis of temporary differences which emerge between the values of assets and liabilities in the financial statements and the corresponding values relevant for tax purposes.

The item is composed as follows:

	31.03.2013	**30.09.2012**
Tax liabilities whit contra-item in income statement	7.256	9.412
Tax liabilities with contra-item in shareholders' equity	25.593	25.586
	32.849	**34.998**

	31.03.2013	**30.09.2012**

Deffered liabilities		
Receivables	7.961	9.396
Assets/liabilities held for sale		18
Investments	-	-
Property, plant and equipment/intangibles assets	24.650	25.467
Other assets/liabilities	238	117
Other	-	-
	32.849	**34.998**

The item derives mainly from the contribution to consolidation of the Fashion District Group, through which deferred taxes were consolidated relating to temporary differences between the book values and the tax values of operating properties and other fixed assets (EUR 24,7 million) and an amount of EUR 8,0 million primarily relates to the valuation of financial assets and liabilities on the basis of IAS 39.
Changes in the item tax liabilities with a contra-item in the income statement are as follows:

	31.03.2013	**30.09.2012**
Opening balance	**9.412**	**8.191**
Increases	**742**	**3.271**
Deferred taxes recorded in the year:	**742**	**1.324**
- relating to previous years	-	-
- other	742	1.324
Increases in tax rates	-	-
Other increases	-	1.947
Decreases	**(2.898)**	**(2.050)**
Deferred taxes cancelled in the year:	**(2.898)**	**-**
- reversals	(824)	-
Decreases in tax rates	-	-
Other reductions	(2.074)	(2.050)
	7.256	**9.412**

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

	31.03.2013	**30.09.2012**
Opening balance	**25.586**	**30.235**
Increases	**7**	**93**
Deferred taxes recorded in the year:	**-**	**93**
- relating to previous years	-	-
- other	-	93
Increases in tax rates	-	-
Other increases	7	-
Decreases	**-**	**(4.742)**
Deferred taxes cancelled in the year:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other reductions	-	(4.742)
	25.593	**25.586**

25 Provisions for risks and charges

The item is composed as follows:

	31.03.2013	30.09.2012
Provision for risks:		
Tax disputes	1.294	3.650
Other disputes	146	-
Other provisions:		
Expenses for personnel	-	-
Other expenses	854	860
	2.294	**4.510**

The item saw the following changes:

	31.03.2013	30.09.2012
Opening balance	**4.510**	**6.215**
increases:		
Allocation in the year	-	3.857
Other increases	146	578
Decreases:		
Use in the year	(393)	(28)
Other decreases	(1.969)	(6.112)
	2.294	**4.510**

The item is made up of the allocation (EUR 1,3 million) for contractual disputes set aside to cover potential losses. At the date of these interim financial statements, the amounts and date of occurrence were still undetermined. This amount mainly relates to the allocation made in the previous year deriving from guarantees issued at the time of signing of the contract for the transfer of Mittel Generale Investimenti S.p.A. to Liberata S.p.A. on 25 July 2012. This provision decreased by EUR 1,9 million in the half due to the settlement of tax liabilities with the Italian Inland Revenue on 23 January 2013, i.e. with the Direzione Provinciale I di Milano (Milan Provincial Tax Commission) regarding the tax assessment notices issued to Mittel Generale Investimenti S.p.A. for the 2004-2005 and 2005-2006 tax years.

26 Sundry payables and other non-current liabilities

The item amounted to EUR 2,1 million, down EUR 0,2 million in the half and refers to the advance received (EUR 1,9 million) from the company Espansione Mediterranea S.r.l. relating to the preliminary sale agreement for a piece of land in Naples.

Current liabilities

27 Financial payables

Financial payables totalled EUR 141,3 million as at 31 March 2013, down by EUR 1,6 million in the half.
The item is composed as follows:

	31.03.2013	30.09.2012
Bank loans	125.495	120.408
Current portion of medium/long-term bank loans	4.612	10.583
Other loans	11.199	8.676
Other financial payables	32	3.325
	141.338	**142.992**

The item bank loans is composed of the current bank payables of Mittel S.p.A. (EUR 64,1 million), Mittel Investimenti Immobiliari S.r.l (EUR 47,6 million), Mittel Partecipazioni Stabili S.r.l. (EUR 12,3 million), the Fashion District Group (EUR 0,7 million), FD33 S.p.A (EUR 0,4 million) and Mittel Advisory S.p.A. (EUR 0,4 million).

In particular, the bank loans of Mittel S.p.A. are composed of the current portion (EUR 4,8 million) of the loan totalling EUR 15 million disbursed by Banco di Brescia S.p.A., expiring on 23 October 2015, at a rate of 4%, and the remainder (EUR 59,1 million) is composed of hot money granted by the leading banks, regulated at rates indexed to the 1-3 month Euribor and expiring in four months.

The loans of Mittel Partecipazioni Stabili S.r.l. are composed of a partially used credit line totalling EUR 15 million, in respect of which a guarantee is in place on a portfolio of shares which, at 31 March 2013, included 14.900.000 Intesa Sanpaolo S.p.A. shares and 2.342.263 Ubi Banca S.c.p.A. shares. The loans of Mittel Investimenti Immobiliari S.r.l. are composed of hot money granted by the leading banks, regulated at rates indexed to the 1-3 month Euribor and expiring in four months.

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 4,6 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 indirect investee Mittel Generale Investimenti S.p.A. to the companies Breme S.r.l. (EUR 4,1 million), Mittel Corporate Finance S.p.A. (EUR 0,6 million), Mittel Investimenti Immobiliari S.r.l. (EUR 2,9 million) and Parco Mediterraneo S.r.l. (EUR 3,3 million).

28 Other financial liabilities

Other financial payables totalled EUR 8,2 million as at 31 March 2013, up by EUR 1,2 million in the half. The item is composed as follows:

	31.03.2013	30.09.2012
Derivative financial instruments	4.910	7.049
Other financial liabilities	3.250	-
	8.160	**7.049**

The item other liabilities is composed of the payable recorded by Earchimede S.p.A. following the signing of an agreement on 28 March 2013, for the cancellation of obligations deriving from the put option granted in 2011 in relation to a stake of 70% in Cinestar Italia S.p.A.. The agreement took effect on 11 April with the payment of the agreed amount of EUR 3,250 million by Earchimede.

Derivative financial instruments

	Type of underlying asset					
	Interest rates	Currencies	Equities	Other	31.03.2013	30.09.2012
"Over the counter" derivative financial instruments						
Interest Rate Swap	4.588				4.588	5.291
Equity Linked Swap					0	0
Options			322		322	1.758
Other derivative financial instruments						
Interes rate swap					0	0
Equity Linked Swap					0	0
Options					0	0
					4.910	**7.049**

The derivative transactions of the Mittel Group as at 31 March 2013 are detailed below:

Cash flow hedge derivatives

Amounts in thousands of Euro			Mark to market (clean price)		
Desciption	**Outcome of "hedging" tests**	**Original nominal value amount**	**Non-current portion**	**Current portion**	**Total**
IRS operation performed by Fashion District Group SpA, subscribed on 01/07/2008 expiring on 30/06/2013 on the GE Capital mortgage loan, notional EUR 19.675.682, with which the fixed interest rate of 4,99% was transformed to a variable 3-month Euribor rate.	Effective hedge relationship	19.676	(83)	(368)	(451)
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.	Ineffective hedge relationship	23.315	-	(1.544)	(1.544)
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.	Effective hedge relationship	13.708	-	(76)	(76)
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	-	(1.293)	(1.293)
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	-	(1.307)	(1.307)
Total cash flow hedge derivatives		**98.306**	**(83)**	**(4.588)**	**(4.671)**

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.

The hedging of cash flows guaranteed by derivative instruments designated in cash flow hedges deemed effective involved, as at 31 March 2013:
- the recognition of unrealised net profits of EUR 0,4 million to shareholders' equity;
- the release from shareholders' equity to the income statement of net expenses from tax adjustments of EUR 0,1 million.

It should be noted that, as at 31 March 2013, the total net loss of hedging instruments which remains high in shareholders' equity, amounted to EUR 2 million.

29 Tax liabilities

As at 31 March 2013, the item amounted to EUR 1,3 million, an increase of EUR 0,6 million.

	31.03.2013	**30.09.2012**
IRES (corporate income tax)	701	309
IRAP (regional business tax)	546	431
Other	44	-
	1.291	**740**

The item showed the following changes:

	31.03.2013	30.09.2012
Opening balance	**740**	**684**
Increases	**870**	**1.504**
Current tax liabilities recorded in the year:	**870**	**1.504**
- relating to previous years	-	-
- other	773	1.504
Other increases	97	-
Decreases	**(319)**	**(1.448)**
Current tax liabilities cancelled in the year:	**(319)**	**-**
- reimbursements	(191)	-
- Other decreases	(128)	(1.448)
	1.291	**740**

30 Sundry payables and other liabilities

As at 31 March 2013, the item amounted to EUR 34,8 million, a decrease of EUR 0,2 million compared to the previous year. The item is composed as follows:

	31.03.2013	30.09.2012
Trade payables	13.707	14.610
Tax payables	463	505
Payables relating to employees	1.080	1.442
Payables relating to other personnel	92	-
Payables due to directors and statutory auditors	695	276
Payables due to social security institutions	247	157
Disputed	-	-
Other payables	17.594	17.129
Accrued expenses and deferred income	974	866
	34.852	**34.985**

The item trade payables mainly includes the payables recorded by Fashion District Group S.p.A. (EUR 7,3 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 3,0 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, for EUR 5,2 million, the payables recorded by the Parent Company Mittel S.p.A., payables recorded by Fashion District Group S.p.A. (EUR 1,2 million), payables recorded by Earchimede S.p.A. (EUR 1,2 million) and earnest money (EUR 2,3 million) from real estate sub-holding Mittel Investimenti Immobiliari S.r.l..

31 Liabilities held for sale

	31.03.2013	30.09.2012
Liability disposal groups		
Tax liabilities	-	33
Other financial liabilities	-	152
Employee severance indemnity	-	10
	-	**195**

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32 Revenues

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

	31.03.2013	31.03.2012	30.09.2012
Revenues from property sales	1.010	5.989	10.142
Revenues from rent	16.549	17.437	34.372
Other revenues	2.339	1.785	2.557
	19.898	**25.211**	**47.071**

The item revenues from property sales is composed of revenues from sales of properties, down compared to the corresponding period in the previous year, mainly due to the negative economic situation which affected the construction sector in particular, already adversely impacted by the increase in taxes following the introduction of the IMU (Municipal Property Tax).

The item revenues for rent is made up mainly of the turnover registered by Fashion District Group S.p.A., and derives from the marketing of outlet spaces; the item recorded a decrease of EUR 0,9 million compared to the same figure in the corresponding period of the previous year.

Other revenues are composed of services provided by Mittel Advisory Debt and Grant S.p.A. - formerly Mittel Corporate Finance S.p.A. - (EUR 1,1 million), by Mittel Advisory S.p.A. - formerly Borghesi Advisory S.r.l. - (EUR 0,6 million) and by Mittel S.p.A.. (EUR 0,6 million). The item other revenues registered a decrease of EUR 0,1 million compared to the figure in the corresponding period of the previous year.

33 Other income

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

	31.03.2013	31.03.2012	30.09.2012
Recoveries of various expenses	13	44	111
Contingent assets	445	1.485	2.641
Income from elimination of liabilities	-	-	-
Other revenues and income	1.137	1.740	1.156
	1.595	**3.269**	**3.908**

34 Variations in property inventories

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

	31.03.2013	31.03.2012	30.09.2012
Increases in property inventories	9.016	6.462	19.092
Decreases in property inventories	(951)	-	(3.994)
Write-downs in property inventories	-	-	-
	8.065	**6.462**	**15.098**

The main real estate companies that recorded increases due to projects under construction are: Lucianita S.r.l. for EUR 2,6 million, Miva S.r.l. for EUR 2,3 million, Santarosa S.r.l. for EUR 0,5 million, Breme S.r.l. for EUR 1,8 million and Mittel Investimenti Immobiliari S.r.l. for EUR 1,5 million.

35 Costs for purchases

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

	31.03.2013	31.03.2012	30.09.2012
Purchases and property increases	(7.376)	(9.196)	(19.423)
Provision of services and consultancy	(105)	(179)	(361)
Urbanisation expenses	-	(1)	(1)
Registration tax	-	(120)	(120)
Insurance	(12)	(13)	(5)
Maintenance	(13)	(10)	-
Other	(38)	(61)	(27)
	(7.544)	**(9.580)**	**(19.937)**

36 Costs for services

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

	31.03.2013	31.03.2012	30.09.2012
Legal consultancy	(1.119)	(1.769)	(2.573)
Notary consultancy	(31)	(36)	(268)
Other consultancy	(1.652)	(1.312)	(2.871)
Commission and advisory expenses	-	-	-
General services and maintenance	(1.981)	(2.008)	(3.679)
Administrative, organisational and audit services	(270)	(286)	(281)
Project-based partner costs	(51)	(106)	(154)
Directors' fees	(1.227)	(963)	(2.126)
Board of Statutory Auditors’ fees	(240)	(352)	(562)
Supervisory Body’s fees	(68)	(82)	(149)
Fees for prosecutors and Manager in charge	(35)	(35)	(70)
Rentals	(6.905)	(6.619)	(13.402)
Leases	(356)	(377)	(654)
Insurance	(359)	(211)	(609)
Utilities	(586)	(490)	(1.051)
Advertising	(1.152)	(1.057)	(2.037)
Commercial services	(58)	(831)	(1.558)
	(16.090)	**(16.531)**	**(32.044)**

The item “Leases”, amounting to EUR 6,9 million, relates mostly to the rent of the Valmontone outlet managed by the Fashion District Group but not owned by the latter.

The item “Directors’ fees”, amounting to EUR 1,2 million, recorded an increase of EUR 0,3 million compared to the corresponding period in the previous year given that Arnaldo Borghesi was appointed Chief Executive Officer on 4 April 2012, a figure not present up until that point.

37 Personnel costs

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

	31.03.2013	31.03.2012	30.09.2012
Wages and salaries	(3.313)	(3.062)	(5.968)
Social security costs	(1.101)	(1.020)	(2.021)
Allocation to employee severance indemnity	(263)	(231)	(444)
Payments to external supplementary pension funds	(1)	(3)	(5)
Other personnel costs	(172)	(26)	(1.187)
	(4.850)	**(4.342)**	**(9.625)**

The increase in personnel costs is essentially due to the full consolidation, as of 1 January 2013, of Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.) and the personnel strengthening within Mittel S.p.A..

Numero medio dei dipendenti del Gruppo per categoria:

	Exact number 31 marzo 2013	Average in half-year 2012/2013	Average in half-year 2011/2012
Managers	17	15	10
Officials	27	27	16
Employees	94	94	86
Total	**138**	**136**	**112**

38 Other costs

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

	31.03.2013	31.03.2012	30.09.2012
Taxes and duties	(1.751)	(816)	(3.463)
Capital losses from transfer of receivables	(222)	(13)	-
Adjustment to deferred price - Fashion District Group	(783)	(2.931)	(1.546)
Losses on receivables	(186)	-	(18)
Capital losses from transfer of property, plant and equipment	(1)	(11)	(6)
Extraordinary contingent liabilities	(75)	(684)	(606)
Other sundry operating expenses	(466)	(688)	(871)
	(3.484)	**(5.143)**	**(6.510)**

The item “Capital losses from transfer of receivables” amounting to EUR 0,2 million was recorded by Mittel Advisory Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.). In September 2010, the company signed an agreement for the purchase by ECPI Group S.p.A. of shares in ECPI S.r.l. and ECP International S.A. (a Luxembourg company). This purchase required payment of part of the price, EUR 1.855.056,80, to be deferred: i) EUR 1.276.445,40 to 31 December 2012 and ii) EUR 578.611,40 to 30 September 2013, with the accrual of interest at the 6-month Euribor rate plus a spread of 0,5%. An ECP Group S.p.A. shareholder, that expressed an interest in acquiring from Mittel Advisory Debt and Grant S.p.A., in full settlement with a lump-sum payment at the time of signing of the agreement, the non-recourse receivable at a price of EUR 1.702.000.

39 Dividends and similar income

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

	31.03.2013	31.03.2012	30.09.2012
Dividends from financial assets held for trading	-		-
Dividends from available-for-sale financial assets	736	4.306	6.081
Dividends from investments	-		-
Other	-	-	-
	736	**4.306**	**6.081**

The item “Dividends from financial assets held for sale” refers to dividends distributed by the Fondo Augusto (Augusto Fund), a closed-end real estate fund reserved to qualified investors and managed by the associate Castello SGR S.p.A..
The decrease of EUR 3,6 million compared to 31 March 2012 is due, for EUR 2,6 million, to the elimination of the distribution of dividends by Fondo Progressio Investimenti (Progressio Investimenti Fund), as a result of the partial transfer of the Moncler S.r.l. investment.

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

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

	31.03.2013	31.03.2012	30.09.2012
Available-for-sale financial assets			
Capital gains	99	-	109
Other income	712	-	50
Write-backs of investments	**385**	**-**	**-**
	1.196	**-**	**159**

41 Amortisation/depreciation

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

	31.03.2013	31.03.2012	30.09.2012
Intangible assets			
Amortisation	(50)	(34)	(67)
Adjustments for impairment	-	-	(4.741)
Property, plant and equipment			
Amortisation of investment property	(6.582)	(6.728)	(13.150)
Amortisation of other assets owned	(347)	(239)	(941)
	(6.979)	**(7.001)**	**(18.899)**

The item “Depreciation of investment property” refers to the portion of half-yearly depreciation on properties owned by the Fashion District Group (Mantua and Molfetta outlets).

42 Allocations to the provision for risks

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

	31.03.2013	31.03.2012	30.09.2012
Provisions for ongoing disputes:			
for legal disputes	-	-	-
for expenses for personnel	-	-	-
	-	-	-
Provision for contractual disputes	-	-	(3.650)
Provision for restructuring expenses	-	-	-
Other provisions	(25)	-	(207)
	(25)	**-**	**(3.857)**

43 Value adjustments to financial assets and receivables

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

	31.03.2013	31.03.2012	30.09.2012
Write-downs of financial receivables	(342)	(3.113)	(5.724)
Write-downs of other receivables	(698)	(123)	(1.123)
Write-downs of available-for-sale financial assets	(683)	-	-
Write-downs of investments		(1.757)	(67)
Write-downs of non-current assets held for sale	-	-	(3.183)
Write-backs of financial assets	-	-	272
	(1.723)	**(4.993)**	**(9.826)**

Write-downs of financial receivables are due:

- for EUR 0,1 million, to the value adjustment effected by Mittel S.p.A. 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 EUR 0,2 million to adjustments to the credit portfolio made by Locaeffe S.r.l. in liquidazione (in liquidation).

Write-downs of other receivables refer to the Fashion District Group (EUR 0,7 million) and to trade receivables.

Write-downs of available-for-sale financial assets mainly concern the value adjustment (EUR 0,6 million) made by Mittel Partecipazioni Stabili S.r.l. to Intesa Sanpaolo S.p.A. shares, to adjust them to fair value as at 31 March 2013.

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

The item includes:

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

The item is composed as follows:

	31.03.2013	31.03.2012	30.09.2012
Pro-rata profits			
Brands Partners 2 Spa	-	16.243-	16.517
Castello SGR Spa	148	185	422
Iniziative Nord Milano Srl	-	25	-
Liberata Spa	-	-	714
Mittel Real Estate SGR S.p.A. - Mi Re SGR	12	-	-
	160	**16.452**	**17.652**
Pro-rata losses	-	-	-
Iniziative Nord Milano Srl	(59)	-	(37)
Tower 6 Bis Sarl	(37)	(92)	(166)
Brands Partners 2 S.p.A.	(7)	-	-
Liberata S.p.A.	(53)	-	-
Mit.Fin S.p.A.	(9)	(41)	-
	(165)	**(133)**	**(203)**
Capital gains (losses) from transfer	**-**	**-**	**-**
BH Holding Spa in liquidation	-	-	31
Vimercati Spa	-	594	594
	-	**-**	
	(5)	**16.914**	**18.076**

45 Financial income

The item is composed as follows:

	31.03.2013	31.03.2012	30.09.2012
Bank interest income	26	668	652
Interest income on financial receivables	3.400	2.170	3.960
Other interest income	163	16	161
Other financial income	2.348	2.060	4.302
	-	-	-
	5.937	**4.914**	**9.075**

The item “Other financial income” is primarily composed of interest (EUR 2,2 million) on the loan granted by Ghea S.r.l., who replaced Banco di Brescia S.p.A. as transferee.

46 Financial expenses

The item is composed as follows:

	31.03.2013	31.03.2012	30.09.2012
Interest expense on bond loan	-	-	-
Interest expense on bank current accounts	(32)	(69)	(79)
Interest expense on bank loans	(4.923)	(5.868)	(10.806)
Interest expense on other loans	(249)	(190)	(170)
Other interest expenses	(182)	(185)	(279)
Other financial expenses	(347)	(333)	(1.512)
Hedging activities			
Fair value hedging derivatives	(194)	(387)	(748)
Assets hedged (Fair value hedges)	-	-	-
Liabilities hedged (Fair value hedges)	-	-	-
Cash flow hedging derivatives	-	-	-
Other	-	-	-
Exchange losses	-	-	-
	(5.927)	**(7.032)**	**(13.594)**

47 Profit (loss) from trading of financial assets

The item is composed as follows:

	31.03.2013	31.03.2012	30.09.2012
Financial assets designated at fair value			
Equity instruments:			
Profits from trading	52	-	-
Profits from fair value measurement	(14)	(5)	-
Bonds:			
Capital losses	-	-	-
Derivative financial instruments	(1.500)	-	(1.750)
Credit derivatives	-	-	-
	(1.462)	**(5)**	**(1.750)**

48 Income taxes

The amount is composed as follows:

	31.03.2013	31.03.2012	30.09.2012
IRES (corporate income tax)	(300)	689	(50)
IRAP (regional business tax)	(322)	(1.063)	(1.914)
	-	383	(143)
Total current taxes	**(622)**	**9**	**(2.106)**
Deferred tax liabilities	82	1.088	(1.180)
Prepaid income taxes	303	444	3.732
Total deferred taxes	**385**	**1.532**	**2.552**
Other taxes	(38)	-	(232)
Total income taxes	**(275)**	**1.541**	**214**

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

The item is broken down below and saw the following changes:

(amounts in thousands of Euro)	31.03.2013	31.03.2012	30.09.2012
Profit (loss) achieved from MGI activities in the year	-	4.067	2.095
Capital loss deriving from the disposal of MGI activities	-	-	(7.745)
Profit (loss) achieved from MI.Real Estate SGR S.p.A. activities in the year	103		
Capital gain deriving from the disposal of MI.Real Estate SGR S.p.A. activities	187		-
Total capital loss deriving from the disposal of MGI activities	290	4.067	(5.650)
Group consolidation adjustments on MGI's income statement	-	(161)	(239)
Income (loss) from discontinued operations	**290**	**3.906**	**(5.889)**
Income (loss) from assets held for sale	**-**	**-**	**140**
Income (loss) from assets held for sale and discontinued operations	**290**	**3.906**	**(5.749)**

In the previous year, the Group completed the transfer of the company Mittel Generale Investimenti S.p.A. ("MGI"), which mainly performs all operating finance activities. The transfer was completed on 25 July 2012, the date on which control of Mittel Generale Investimenti S.p.A. was transferred to the acquirer.
Therefore, pursuant to IFRS 5 ("Non-current assets held for sale and Discontinued Operations"), the group of MGI businesses qualifies as Discontinued Operations for the Mittel Group and has been represented as such in the consolidated financial statements for the previous year ended as at 30 September 2012.
A discontinued operation is defined as a group of transactions and cash flows that can be clearly distinguished, both operationally, and for financial statement purposes, from the rest of the entity that has been disposed and represents an independent branch of activity within a single coordinated disposal programme.

From a methodological point of view, it should be noted that, with reference to the presentation of discontinued operations envisaged under IFRS 5, the income statement figures of the same 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 are determined by effecting the necessary cancellations of economic and financial transactions under continuing operations and discontinued operations.
Based on said presentation, in the consolidated condensed financial statements as at 31 March 2013, as regards the comparative data for the half as at 31 March 2012, cost and revenue items relating to discontinued operations represented by the collection of MGI businesses were classified under the item Income (loss) from discontinued operations in the income statement.
More specifically, the items in the income statement as at 31 March 2012 relating to continuing operations and the individual detailed items of Net profit /(loss) from discontinued operations shown in these consolidated condensed half-yearly financial statements are presented by considering the cancellation of intercompany transactions that occurred under continuing/discontinued operations, while the item Profit/(loss) for the year includes the overall effects of the cancellation of said transactions.
Therefore, income (loss) from discontinued operations is presented in a single amount reported in the income statement, represented by profit from continuing operations net of taxes.

Details of the income statement values shown under discontinued operations representative of the result for the first half of the previous year achieved by MGI's discontinued operations, restated under income (loss) from discontinued operations, are stated below:

(amounts in thousands of Euro)	31.03.2012
Revenues	12
Other income	289
Costs for services	(993)
Personnel costs	(289)
Other costs	(3)
Dividends	22
Gross operating margin (EBITDA)	**(961)**
Amortisation/depreciation	(49)
Value adjustments to financial assets	-
Operating result (EBIT)	**(1.010)**
Financial income	7.081
Financial expenses	(2.882)
Profit (loss) from trading of financial assets	2.745
Income (loss) before taxes	**5.933**
Income taxes	(1.866)
Income (loss) after taxes	**4.067**

In addition, the item "Income (loss) from discontinued operations" includes a total profit of EUR 269 thousand deriving from the partial transfer and subsequent loss of control and consolidation of the investment in Mittel Real Estate SGR S.p.A., whose assets and liabilities were represented as Discontinued operations pursuant to IFRS 5 in the previous year.
On 8 March 2013, Mittel S.p.A. completed the transfer of the 65% stake in subsidiary Mittel Real Estate SGR S.p.A. to 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%.

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 condensed half-yearly financial statements as at 31 March 2012, due to the partial transfer and subsequent loss of control and deconsolidation of the Mittel Real Estate SGR S.p.A investment, a consolidated net capital gain of EUR 165 thousand was recorded, which was stated in the income statement under income from discontinued operations.

For the purposes of information deriving from the full deconsolidation of MiRe SGR activities in respect of the Group, the main information on the asset and liability situation as at 8 March 2013 is shown below, as well as the consolidated capital gain recorded following the partial transfer of the interest in said MiRe SGR:

(amounts in thousands of Euro)		**% pro-rata subject to sale (65%)**
Intangible assets	3	
Property, plant and equipment	15	
Prepaid tax assets	-	
Total non-current assets	**18**	
Sundry receivables and other assets	275	
Cash and cash equivalents	2.350	
Total current assets	**2.625**	
Financial payables	-	
Provisions for risks and charges	-	
Total non-current liabilities	**-**	
Financial payables	-	
Sundry payables and other liabilities	(185)	
Total current liabilities	**(185)**	
Net assets	**2.458**	**1.598**
Capital gain on disposal		**187**
Compensation agreed on disposal of 65% of MI.Re sgr as at 08.03.2013		**1.785**
So paid:		
Cash		1.785
		1.785
Net cash flow arising from the sale:		
Cash		1.785
Cash and cash equivalents trasferred		(2.350)
		(565)

In addition, the item “Income (loss) from discontinued operations” includes a profit of EUR 103 thousand representing the result achieved by the Discontinued operations of MI.Re SGR up until the date of the partial transfer (8 March) and subsequent loss of control of the investment whose income statement figures are shown below:

(amounts in thousands of Euro)	08.03.2013
Revenues	426
Other income	0
Costs for services	(115)
Personnel costs	(135)
Other costs	0
Dividends	0
Gross operating margin (EBITDA)	**176**
Amortisation/depreciation	(5)
Value adjustments to financial assets	-
Operating result (EBIT)	**171**
Financial income	0
Financial expenses	0
Profit (loss) from trading of financial assets	0
Income (loss) before taxes	**171**
Income taxes	(68)
Income (loss) after taxes	**103**

50 Income (loss) pertaining to non controlling interests

The item is composed as follows:

	31.03.2013	30.09.2012
Profit (loss) for the year pertaining to non controlling interests	(1.402)	(4.187)
	(1.402)	**(4.187)**

51 Basic and diluted earnings (loss) per share

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

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

- *Basic earnings or loss per share:*
  Basic earnings or loss per share is determined by dividing the net profit attributable to holders of ordinary equity instruments of the Parent Company Mittel S.p.A. by the weighted average of ordinary shares outstanding during the period.
- *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.

With reference to the change in the weighted average number of shares outstanding in the half, it should be noted that, on 11 January 2013, Mittel S.p.A. acquired 100% of the share capital of the financial consultancy company Borghesi Advisory S.r.l..
Borghesi Advisory S.r.l. was acquired for a total consideration of EUR 11.625 thousand, paid jointly to the sellers for a value determined at EUR 4.750.000, with payment in cash and through the assignment of: 2.500.000 Mittel shares at a unit price of EUR 2,78 each.
On 18 February 2013, Mittel S.p.A. delivered 2,5 million ordinary Mittel S.p.A. shares which, therefore, as of said date, changed the number of ordinary shares outstanding considered for the purposes of calculating the weighted average of ordinary shares outstanding in the half.

Basic and diluted earnings or loss per share attributable to the Parent Company as at 31 March 2013, compared with the corresponding half in the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	31.03.2013	31.03.2012
From income statement:		
- Basic	(0,114)	0,117
- Diluted	(0,114)	0,117
From comprehensive income:		
- Basic	(0,013)	0,051
- Diluted	(0,013)	0,051

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of basic earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 31 March 2013, compared with the corresponding half in the previous year, is as follows:

Basic earnings/(loss) per share attributable to the Parent Company	**31.03.2013**	**31.03.2012**
(no. ordinary shares)		
No. of shares at start of the year	83.294.876	70.504.505
Average weighted number of ordinary shares subscribed in the year		8.178.230
No. of shares at start of the year	(2.612.830)	-
Average weighted number of treasury shares acquired in the year	-	(1.669.717)
Average weighted number of treasury shares sold in the year	371.343	-
Average weighted number of shares outstanding at the end of the year	**81.053.389**	**77.013.017**
Thousands of Euro		
Net profit/(loss) attributable to the Parent Company	**(9.247)**	**13.657**
EUR		
Basic earnings/(loss) per share attributable to the Parent Company	**(0,114)**	**0,177**
Thousands of Euro		
Total net profit/(loss) attributable to the Parent Company	**(1.048)**	**3.943**
EUR		
Total basic earnings/(loss) per share attributable to the Parent Company	**(0,013)**	**0,051**

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 31 March 2013, compared with the corresponding half in the previous year, is as follows:

Diluted earnings / (loss) per share	31.03.2013	31.03.2012
(no. ordinary shares)		
Average weighted number of shares outstanding at the end of the year	81.053.389	77.013.017
plus shares necessary for:		
subscription of shares	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the year	**81.053.389**	**77.013.017**
Thousands of Euro		
Net profit/(loss) attributable to the Parent Company	(9.247)	13.657
Effect of subscriptions of potential new shares	-	-
Net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(9.247)**	**13.657**
EUR		
Diluted earnings / (loss) per share	**(0,114)**	**0,177**
Thousands of Euro		
Net profit/(loss) attributable to the Parent Company	(1.048)	3.943
Effect of subscriptions of potential new shares	-	-
Total net profit/(loss) available for ordinary shareholders plus assumed subscription	**(1.048)**	**3.943**
EUR		
Total diluted earnings/(loss) per share attributable to the Parent Company	**(0,013)**	**0,051**

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

Basic earnings/(loss) per share attributable to the Parent Company	31.03.2013	31.03.2012
From assets transferred and disposed:		
- Basic	0,004	0,051
- Diluted	0,004	0,051

52 Consolidated net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with the Recommendation of CESR dated 10 February 2005 “Recommendations for the consistent implementation of the regulation of the European Commission on prospectuses”, it should be noted that the net position of the Mittel Group as at 31 March 2013 was a negative EUR 176,3 million, as shown in the table below:

(Thousands of Euro)	**31.03.2013**	**30.09.2012**
Cash	73	14
Other cash equivalents	22.216	25.678
Securities held for trading	6	-
Current liquidity	**22.295**	**25.692**
Current financial receivables	**57.903**	**37.819**
Current bank payables	(125.495)	(120.408)
Current portion of medium/long-term bank loans	(4.612)	(10.583)
Other current financial payables	(19.390)	(19.050)
Current financial debt	**(149.498)**	**(150.041)**
Net current financial debt	**(69.299)**	**(86.530)**
Non-current bank payables	(101.744)	(105.415)
- Bank payables expiring in the medium-term	(101.744)	(105.415)
- Bank payables expiring in the long-term	-	-
Bonds issued	-	-
Other financial payables	(5.266)	(4.910)
Non-current financial debt	**(107.010)**	**(110.325)**
Net financial position	**(176.310)**	**(196.855)**

The item “Bank and postal deposits” as at 31 March 2013 includes EUR 10,1 million in amounts owed classified under current financial receivables in the financial statements; 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 (as at 30 September 2012, this item amounted to EUR 10,9 million). The improvement in the net financial position is essentially due to the positive effect of the reclassification of certain financial receivables from non-current to current as their contractual expiry will soon be less than 12 months. In effect, as shown in the cash flow statement, operations absorbed a cash flow of EUR 16,9 million, in contrast to cash flows for investment activities of EUR 21,9 million (including investments of around EUR 5 million and industrial investments totalling roughly EUR 3,5 million). Financial activities (reimbursement of principal and payment of interest) absorbed financial resources of EUR 7,6 million. In short, total operations absorbed cash totalling EUR 2,6 million, after having made investments totalling around EUR 8,5 million.

53 Commitments and guarantees

As at 31 March 2013, guarantees were given, summarised in the following table:

	31.03.2013	30.09.2012
Guarantees:		
financial	3.700	5.220
commercial	41.360	53.562
assets pledged as collateral for third party bonds	15.000	15.000
Commitments:		
disbursement of funds	24.909	25.893
other irrevocable commitments	6.788	13.284
	91.757	**112.959**

Financial guarantees are composed of the securities of Parco Mediterraneo S.r.l. (EUR 3,7 million) pledged to Mittel Generale Investimenti S.p.A. for a loan granted by the same.

Commercial guarantees refer to the sureties in favour of the Italian Inland Revenue for VAT for which a refund was requested (EUR 3,9 million), a bank guarantee relating to the residual contractual payable connected with the “Bernardi S.p.A.” tax dispute (EUR 1,9 million), the guarantee in favour of Liberata

S.p.A. (EUR 20 million) issued to secure the shareholders' equity of Mittel Generale Investimenti S.p.A. against risks on credit, labour law and tax losses, guarantees issued by the companies Mittel Investimenti Immobiliari S.r.l., Spinone S.r.l. and Gamma Tre S.r.l. (EUR 4,4 million) connected to their real estate activities and commercial guarantees of the Fashion District Group (EUR 10,8 million), of which EUR 3,1 million for the VAT refund and EUR 7,7 million for a surety issued in favour of Unicredit S.p.A. in the interest of REEF Investment Gmbh.

The assets pledged in respect of third-party bonds are composed of a partially used credit line totalling EUR 15 million, in respect of which a guarantee is in place on a portfolio of shares which, at 31 March 2013, included 14.900.000 Intesa Sanpaolo S.p.A. shares and 2.342.263 UBI Banca S.c.p.A. shares.

Commitments to disburse funds refer to the commitments for payments to be made into investment funds.

The item other irrevocable commitments refers to 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..

54 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, as at 31 March 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	-	38.475	30.000	**68.475**
Current assets				
Financial receivables	-	51.496	-	**51.496**
Assets held for sale	-	-	-	
Current liabilities				
Financial payables	-	7.828	-	**7.828**
Sundry payables and other liabilities	695	8.328	-	**9.023**
Liabilities held for sale	-	-	-	
Revenues	-	167	-	**167**
Other income	-	-	-	**0**
Costs for services	1.856	-	-	**1.856**
Financial income	-	3.264	-	**3.264**
Financial expenses	-	146	-	**146**
Income (loss) from assets held for sale	-	290	-	**290**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Liberata S.p.A. (EUR 34,8 million), from Mittel Investimenti Immobiliari S.r.l. to Iniziative Nord Milano S.r.l. (EUR 1,5 million) to the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 1,4 million) and by Mittel S.p.A. to Everel Group S.p.A. (EUR 0,7 million). Receivables due from other related parties (EUR 30 million) relate to the loan granted by Mittel Generale Investimenti S.p.A. to 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..

- Current financial receivables refer to loans granted by Mittel S.p.A. to Everel Group S.p.A. (EUR 1 million), and to the loan granted to Liberata S.p.A. (EUR 0,2 million), the loan from Ghea S.r.l. to Bios S.p.A. (EUR 35,5 million), to the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 4,5 million), and funds provided to Mittel Generale Investimenti S.p.A. by Earchimede S.p.A. (EUR 10,1 million).

- The item Financial payables refers to loans obtained by Mittel Investimenti Immobiliari S.p.A. (EUR 3,0 million), by Breme S.r.l. (EUR 4,2 million) and by Mittel Advisory Debt & Grant S.p.A. (EUR 0,6 million), disbursed by associate Mittel Generale Investimenti S.p.A.. For a more complete description of this transaction, please refer to the report on operations of these financial statements.

- The item sundry payables and other current liabilities refers to the amount due to directors for fees accrued but still to be paid and to the amount due to investee 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 0,2 million) of services administered and direct debit services provided to third parties.

- The item costs for services refers to directors' fees (EUR 1,2 million), and the remainder (EUR 0,6 million) relates to fees paid to the Board of Statutory Auditors and to prosecutors and key managers of Mittel S.p.A..

- The item financial income refers to the yield on category B shares (EUR 2,2 million) subscribed by Ghea S.r.l. in the share capital of Bios S.p.A., interest income of EUR 0,9 million accrued by Mittel from Liberata and interest income of EUR 0,2 million accrued by Earchimede from Mittel Generale Investimenti S.p.A.

- The item financial expenses refers to interest expenses accrued by the companies Breme S.r.l., Mittel Corporate Finance S.p.A. and Mittel Investimenti Immobiliari S.r.l. in respect of Mittel Generale Investimenti S.p.A. for loans granted in the period.

- The item income (loss) from assets held for sale or discontinued operations refers to the results of the activities of Mittel Real Estate S.G.R. S.p.A..

55 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.

55.1 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:

(Thousands of Euro)

	IAS 39 CATEGORIES				
Financial assets at 31 March 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	-	-	-	135.600	135.600
Bonds	-	-	-	30	30
Other financial assets	-	-	-	-	-
Non-current receivables:					
Financial receivables	-	-	117.924	-	117.924
Sundry receivables	-	-	223	-	223
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	22.736	-	22.736
Current financial assets:					
Financial receivables	-	-	67.977	-	67.977
Sundry receivables	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Non-hedge derivatives	-	-	-	-	-
Cash and cash equivalents					
Bank and postal deposits	-	-	12.142	-	12.142
TOTAL FINANCIAL ASSETS	**-**	**-**	**221.002**	**135.630**	**356.632**

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

Financial liabilities as at 31 March 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	-	101.744	-	-	**101.744**
Other financial liabilities	-	5.183	-	-	**5.183**
Sundry payables and other liabilities	-	2.106			**2.106**
Current liabilities:					
Payables due to banks and other lenders	-	141.338	-	-	**141.338**
Trade payables	-	13.707	-	-	**13.707**
Sundry payables	-	17.594	-	-	**17.594**
Other financial liabilities:					
Hedging derivatives	4.671	-	-	-	**4.671**
Non-hedge derivatives	3.572	-	-	-	**3.572**
TOTAL FINANCIAL LIABILITIES	**8.243**	**281.672**	**-**	**-**	**289.915**

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:

(Thousands of Euro)

Categorie IAS 39 al 31 marzo 2013	From interest	From fair value changes	Write-downs for impairment	shareholders' equity reserve	From capital losses/gains	From other income/expenses	Exchange gains/losses	Net profits/losses
Financial instruments held for trading	-	(14)	-	-	52	-	-	38
Liabilities at amortised cost	(5.387)	-	-	-	-	(348)	-	(5.735)
Available-for-sale financial instruments and equity securities	-	-	(683)	-	-	-	-	(683)
Loans and receivables	5.937	-	(1.040)	-	-	-	-	4.897
Derivative hedging instruments	-	(194)	-	-	-	-	-	(194)
Derivative trading instruments	-	(1.500)	-	-	-	-	-	(1.500)
	550	**(1.708)**	**(1.723)**	**-**	**52**	**(348)**	**-**	**(3.177)**

55.2. 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:
Derivative financial instruments
All derivative instruments included under financial assets and liabilities held for trading relate to Over the counter derivative instruments. These 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 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 31 March 2013, 43,2% (41,3% as at 30 September 2012) 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).
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).
Equity interests maintained at cost are of a marginal amount.

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.

In particular, bonds are measured using the method of discounting future cash flows set out in the contractual plan of the security, adjusted to take account of the issuer's credit risk.
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 31 March 2013 and 30 September 2012, by hierarchical level of fair value measurement:

(Thousands of Euro)	31 March 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	838
- available-for-sale assets (AFS)	39.664	37.310	58.657	135.630	44.520	39.603	58.288	142.411
- hedging derivatives	-	-	-	-				-
- loans and receivables	-	-	-	-				-
TOTAL	**39.664**	**37.310**	**58.657**	**135.630**	**44.520**	**39.603**	**59.126**	**143.249**
Financial liabilities:								
- at fair value through profit or loss	-	-	-	-				-
- hedging derivatives	-	(4.671)	-	(4.671)		(5.694)		(5.694)
- trading derivatives	(322)	-	-	(322)	(8)		(1.750)	(1.758)
- financial guarantees issued	-	-	-	-				-
TOTAL	**(322)**	**(4.671)**	**-**	**(4.993)**	**(8)**	**(5.694)**	**(1.750)**	**(7.451)**

Transfer between portfolios and reclassifications of financial assets
The Group did not carry out any portfolio reclassifications in the half ended as at 31 March 2013.

Annual variations to financial assets designated at fair value level 3
No transfers from level 3 to other levels and vice-versa were effected during the year, deriving from changes to significant input variables of observable valuation techniques.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the year, including profits/(losses) booked to the income statement, are shown below:

(Thousands of Euro)	Financial assets:			Financial liabilities:	
	At fair value through profit and loss (FVTPL)	Available for sale assets (AFS)	Derivative instruments	At fair value through profit and loss	Derivative instruments
Values as at 1 October 2012	**838**	**58.288**	**-**	**-**	**(1.750)**
Profits/losses in the year:					
- in the income statement	-	-	-	-	-
- in the statement of comprehensive income	-	(71)	-	-	-
Other changes:					
Purchases	-	440	-	-	-
Transfers	-	-	-	-	-
Reimbursements	(838)	-	-	-	-
Accounting eliminations and reclassifications	-	-	-	-	1.750
Reclassifications to other levels of the fair value hierarchy	-	-	-	-	-
Values as at 31 March 2013	**-**	**58.657**	**-**	**-**	**-**

Available-for-sale financial assets refer mainly to the shares held in Azimut Benetti S.p.A. (EUR 29,2 million), shares held in Alfa Park S.r.l. (EUR 11,9 million), shares held in Equinox Two ScA (EUR 7,7 million), shares held by MVH S.p.A. (EUR 3,0 million) and shares held in Medinvest S.c.A. (EUR 2,2 million).

55.3. 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 sector, buys and sells proprietary securities and, through the company MGI, control of which was transferred during the year, provides customer loans.
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.
Therefore, the portfolio must be subject to collective impairment testing in order to determine any adjustments for homogeneous risk categories.
This analysis did not highlight any impairment of expected cash flows, given that said receivables are monitored by a system of direct and indirect guarantees, as specified below.
For each of the above-mentioned sectors, the Board of Directors, as the part of the strategies of the company and of the Group, sets specific quantitative and qualitative limits for operations, defining the limits on the assumption of risks, and procedures for risk management and control.
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.

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

Portfolios/quality	Receivables written down due to non-collectability	Restructured exposures	Past due exposures	Other assets	Total
Financial assets designated at fair value	-	-	-	-	-
Available-for-sale financial assets	-	-	-	30	30
Financial assets held to maturity	-	-	-	-	-
Receivables due from banks	-	-	-	12.142	12.142
Receivables due from financial institutions	-	-	-	40.074	40.074
Receivables due from customers	7.267	3.739	-	127.629	138.634
Total as at 31 March 2013	**7.267**	**3.739**	**-**	**179.875**	**190.880**
Total as at 30 September 2012	**7.389**	**3.739**	**-**	**210.713**	**221.841**

Credit exposures

Credit exposures: gross and net values

The situation as regards financial receivables due from private companies, prevalently in the real estate and services sectors, are shown in detail below.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:				
- Exposures written down	24.492	(17.225)	-	7.267
- Restructured exposures	3.802	(63)	-	3.739
	28.294	**(17.288)**	**-**	**11.005**
Performing exposures				
- Past due exposures	-	-	-	-
- Other exposures	177.424	(2.528)	-	174.896
	177.424	**(2.528)**	**-**	**174.896**
Total as at 31 March 2013	**205.718**	**(19.817)**	**-**	**185.901**
Total as at 30 September 2012	**225.105**	**(19.514)**	**-**	**205.591**

Details of trade receivables as at 31 March 2013 compared with the previous year 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 thousands of Euro

	31.03.2013			**30.09.2012**		
	Nominal value	Write-downs	Net value	Nominal value	Write-downs	Net value
Falling due	5.692	(100)	5.592	2.552	(265)	2.286
0-180 days	2.264	(1.093)	1.171	1.740	-	1.740
180-360 days	288	(133)	155	753	(725)	28
After 360 days	3.649	(3.328)	321	3.185	(3.041)	144
	11.893	**(4.654)**	**7.239**	**8.230**	**(4.031)**	**4.198**

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 12.215 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 highcreditstanding.

In this regard, it should be noted that, as at 31 March, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given

The condensed financial statement values as at 31 March 2013 compared with the previous year relating to the financial and commercial guarantees issued, assets pledged as collateral in favour of third parties for financial liabilities and irrevocable commitments are shown below:

	31.03.2013	30.09.2012
Guarantees:		
financial	3.700	5.220
commercial	41.360	53.562
assets pledged as collateral for third party bonds	15.000	15.000
Commitments:		
disbursement of funds	24.909	25.893
other irrevocable commitments	6.788	13.284
	91.757	**112.959**

With reference to the guarantee of EUR 20 million 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 million, limited to losses relating to the credit portfolio existing at the date of the transfer and an absolute excess of EUR 50 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, 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.

In relation to information on the financial assets used as collateral for liabilities, set forth in paragraph 14 of IFRS 7, it should be noted that 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, used entirely as at 31 March 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 financial statements.

Derivative financial instruments hedging interest rate risk

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

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

Hedge accounting is carried out from the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate report (so-called hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness.
In particular, the “cash flow hedge” method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of shareholders’ equity, adjusting the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary prospective tests.
Hedge accounting is carried out from the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate report (so-called hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness. In particular, the “cash flow hedge” method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of shareholders’ 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 shareholders’ equity as at 31 March 2013 with reference to said derivative instruments totalled a negative EUR 2,0 million, of which EUR 60 thousand is the non-current part, net of the relative prepaid taxes.
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 31 March 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.
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 BNL 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 the contracts signed with Efibanca and attributable to specific loans for given implementation phases of the Mantua outlet. In addition, in the current year, the derivative contract entered into with Unicredit S.p.A. and relating to the financing of an implementation phase of the Molfetta outlet was ineffective. For more details, please refer to previous note 22 which contains an analysis of the economic effect of derivative financial instruments.

Quantitative information

The table below identifies the book value of the interest-bearing financial assets and liabilities as at 31 March 2013:

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	-	-	68.875	2.250	44.494	1.500	**117.119**
Current financial receivables	28.422	39.966	-	-	-	-	**68.389**
Available-for-sale financial assets	-	-	1.094	-	-	-	**1.094**
Financial assets designated at fair value	-	-	-	-	-	-	**-**
	28.422	**39.966**	**69.999**	**2.250**	**44.494**	**1.500**	**186.632**
Liabilities							
Non-current bank loans	-	-	(29.458)	(51.939)	(20.347)	-	**(101.744)**
Current bank loans	(120.380)	(9.727)	-	-	-	-	**(130.107)**
Other financial payables due to related parties	(14.481)	-	-	-	-	(5.183)	**(19.664)**
	(134.861)	**(9.727)**	**(29.458)**	**(51.939)**	**(20.347)**	**(5.183)**	**(251.515)**
Financial derivatives							
Hedging derivatives	(4.309)	(89)	(189)	(83)	-	-	**(4.671)**
Trading derivatives	(322)	-	-	-	-	-	**(322)**
	(4.631)	**(89)**	**(189)**	**(83)**	**-**	**-**	**(4.993)**
	(111.070)	**30.150**	**40.352**	**(49.773)**	**24.147**	**(3.683)**	**(69.877)**

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.

Price risk

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 shareholders’ 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 half-yearly condensed financial statement values as at 31 March 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 shareholders’ 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 shareholders' 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 financial statement 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 0,4 million compared to 31 March 2013;
  - downward interest rate scenario (decrease of 100 basis points): negative mark to market value of the IRSs increases by EUR 0,4 million compared to 31 March 2013.
- in relation to the variation in interest rates: if, at 31 March 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 around 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.

In the preparation of these tables, account is taken of the nominal value of reimbursement/use and, as regards financial assets, of the intrinsic nature (financial characteristics and duration) of the transactions considered, rather than solely the contractually defined conditions.

Amounts in thousands of Euro		**31 March 2013**			**30 September 2012**	
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank loans	30.271	201.580	**231.851**	28.826	207.581	236.406
Other financial liabilities	-	11.881	**11.881**	-	11.969	11.969
Total	**30.271**	**213.461**	**243.732**	**28.826**	**219.550**	**248.376**

Amounts in thousands of Euro		**31 March 2013**			**30 September 2012**	
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Financial receivables	53.335	100.027	**153.362**	63.883	115.495	179.378
Other financial assets	1.124		**1.124**	1.373	-	1.373
Total	**54.459**	**100.027**	**154.486**	**65.256**	**115.495**	**180.751**

The tables indicated above do not include the value of non-interest bearing receivables and payables.

Effective interest rate

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

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

Amounts in thousands of Euro

	31 March 2013	
	Adjusted book value	Effective interest rate (%)
Deposits and cash	11.146	0,4%
Other financial assets	185.931	3,7%
Total	**197.077**	**3,47%**

Amounts in thousands of Euro

	31 March 2013	
	Adjusted book value	Effective interest rate (%)
Bank loans	201.580	(4,23)%
Other financial liabilities	11.881	(3,16)%
Total	**213.461**	**(4,17)%**

As regards the management of market risks by using derivative financial instruments, please see previous note 22 “Other financial liabilities”.

Currency risk - Sensitivity analysis
As at 31 March 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 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 31 March 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 10,9% of gross non-current financial debt as at 31 March 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 31 March 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 thousands of Euro	expiring within 30.9 of the year:				
	2013	**2014**	**2015**	**After 2015**	**Total**
Bank loans	138.143	15.483	19.913	80.353	253.892
Other loans	7.949	-	-	5.183	13.132
Other financial liabilities	3.250	-	-	-	3.250
Derivative financial instruments	4.720	190	83	-	4.993
Total	**154.063**	**15.673**	**19.996**	**85.535**	**275.267**

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 31 March 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.

Amounts in thousands of Euro	expiring within 30.9 of the year:				
	2013	**2014**	**2015**	**After 2015**	**Total**
Non-current bank loans					
Portion of capital	-	13.041	16.417	72.287	101.744
Portion of interest	3.554	2.443	3.497	8.066	17.559
Current bank loans					
Portion of capital	130.107	-	-	-	130.107
Portion of interest	4.482	-	-	-	4.482
Non-current financial liabilities					
Portion of capital	7.828	-	-	5.183	13.010
Portion of interest	122	-	-	-	122
Current financial liabilities					
Portion of capital	3.250	-	-	-	3.250
Portion of interest	-	-	-	-	-
Total financial liabilities					
Portion of capital	141.185	13.041	16.417	77.469	248.112
Portion of interest	8.158	2.443	3.497	8.066	22.163

Derivatives instruments on financial liabilities - Analysis of expected flows of interest

Amounts in thousands of Euro	expiring within 30.9 of the year:				
	2013	**2014**	**2015**	**After 2015**	**Total**
Hedging derivatives - net disbursement (collections)	4.398	190	83		4.671
Non-hedge derivatives - net disbursements (collections)	322				322
Total	**4.720**	**190**	**83**	**-**	**4.993**

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, used entirely as at 31 March 2013.

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 (shareholders' equity/debt) and profit ratios (rents collected/debt).
It should be noted that non-compliance with covenants would involve the acceleration clause.
As at 31 March 2013, these covenants were respected.

4 Information on covenants and negative pledges

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 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 (shareholders' 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 2012, 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 credit line granted by Banca Monte dei Paschi di Siena S.p.A., which makes provision for compliance, on a half-yearly basis, with the following parameters:

a) ratio of (x) net financial debt to (y) shareholders' equity (net of any distributable profits) no higher than 65%;
b) shareholders' 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 31 March 2013, this covenant was respected.

5 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 both profitability for shareholders and to retain an efficient capital structure.

57. ONGOING DISPUTES

It should be noted that certain Group companies have disputes in progress. The main legal proceedings in progress (i.e. Snia S.p.A. in amministrazione straordinaria - "in extraordinary administration") are detailed in the report on operations as at 30 September 2012. 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.

Tabella A

Statement of changes in investments accounted for using the equity method

Name	% interest	Balances 01/10/2012	Purchases and subscriptions	Sales	Dividends distributed	Profit (loss) pro-rata	Change in area of consolidation	Adjustments to valuation reserve	Other changes	Closing balances 31/03/2013
Investments										
Tower 6 bis S.a.r.l.	49,00%	17.325				(37)		3.733	(3)	21.019
Chase Mittel Capital Holding II NV	27,55%	6								6
Brands Partners 2 S.p.A.	25,20%	2.452				(7)				2.445
Liberata S.p.A.	27,00%	3.913			(1.258)	(53)	(123)			2.478
Mit.Fin S.p.A.	30,00%	-	150			(9)	136			277
Castello Sgr SpA	21,32%	1.807	477			148	(656)	(15)	997	2.758
Mittel Real Estate SGR S.p.A. - Mi Re S.p.A.	35,00%	-				12	875		(14)	872
Iniziative Nord Milano S.r.l.	50,00%	802				(59)			(54)	689
Sunset Srl in liquidazione (in liquidation)	100,00%	1								1
Everel Group Spa	30,00%	3.300								3.300
Bios Spa	50,00%	9.493						9.240		18.733
		39.099	**627**	**-**	**(1.258)**	**(5)**	**232**	**12.958**	**926**	**52.578**

Table B

Statement of available-for-sale financial assets

Name/company name	Amounts as at 01/10/2012	Purchases	Transfers	Write-downs for impairment	Dividends	Value as at 31/03/2013
Equities and shares of funds:						
Azimut - Benetti S.p.A.	29.187	-	-	-	-	29.187
SIA - SSB S.p.A.	1.400	-	-	-	-	1.400
Fondo Progressio Investimenti	4.588	-	-	(308)	-	4.280
Fondo Progressio Investimenti II	3.091	-	-	105	-	3.196
Fondo Cosimo	4.207	-	-	(24)	-	4.183
Fondo Augusto	15.144	-	-	(173)	-	14.971
Equinox Two S.c.a. Mittel	7.709	-	-	-	-	7.709
Progressio SGR S.p.A.	650	-	-	-	-	650
Micro Ventures S.p.A.	3.089	-	-	-	-	3.089
Società Editoriale Vita S.p.A.	100	-	-	-	-	100
Micro Ventures Investments S.c.a. Sicar	560	440	-	-	-	1.000
Nomisma S.p.A.	100	-	-	-	-	100
Mc Link S.p.A.	-	151	-	-	-	151
Intesa San Paolo S.p.A.	17.745	-	118	-	(611)	17.016
UBI Banca - Unione di Banche Italiane S.c.p.a.	12.488	-	-	(9)	-	12.479
RCS Media Group S.p.A.	12.652	-	160	(3.569)	-	8.923
Istituto Atesino di Sviluppo S.p.A.	3.313	-	-	-	-	3.313
Medinvest International S.A.	2.281	-	-	-	(71)	2.210
Opera Participations S.C.A.	712	-	712	-	-	0
Opera 2 Participations S.C.A.	2.019	-	-	(177)	-	1.842
Investitori Associati II S.A.	921	-	-	(4)	-	917
Alfieri Ass. Inv. S.A.	3.935	-	588	(76)	-	3.271
Dimensioni Network	242	-	-	(3)	-	239
IGI Sud	1.430	-	-	(333)	-	1.097
Inn. Tec S.r.l.	5	-	-	-	-	5
Isfor 2000 S.c.p.a.	3	-	-	-	-	3
CIS S.p.A.	1.234	-	-	-	-	1.234
Pioneer - Fondo comune di investimento	1.131	-	-	(36)	-	1.095
Alfa Park S.r.l.	11.936	-	-	-	-	11.936
Consorzio Polo Turistico	4	-	-	-	-	4
Bonds:						
A2A S.p.A. (Bonds)	505	-	505	-	-	-
Editoriale Vita S.p.A. (Bonds)	30	-	-	-	-	30
Financial assets designated at fair value:						
AXA policy	838	-	838	-	-	-
	143.249	**591**	**2.921**	**(4.608)**	**(682)**	**135.630**

STATEMENT OF RECONCILIATION BETWEEN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO IAS/IFRS AND THE POSITION IN ACCORDANCE WITH LEGISLATIVE DECREE 87/92 AS AT 31 MARCH 2012

Amounts in thousands of EUR

	IAS/IFRS	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Non-current financial receivables	Other non-current financial assets	Sundry receivables and other non-current assets	Prepaid tax assets	Property inventories	Financial receivables	Other financial assets	Current tax assets	Sundry receivables and other assets	Cash and cash equivalents
IAS /IFRS for Legislative Decree 87/92														
ASSETS														
10. CASH AND CASH EQUIVALENTS	40	-	-	-	-	-	-	-	-	-	-	-	-	40
20. FINANCIAL ASSETS HELD FOR TRADING	15.116	-	-	-	-	-	-	-	-	-	15.116	-	-	-
30. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	2.237	-	-	-	-	2.237	-	-	-	-	-	-	-	-
40. AVAILABLE-FOR-SALE FINANCIAL ASSETS	142.516	-	-	-	-	142.516	-	-	-	-	-	-	-	-
60. RECEIVABLES DUE FROM BANKS	18.544	-	-	-	-	-	-	-	-	-	-	-	-	18.544
65. RECEIVABLES DUE FROM FINANCIAL INSTITUTIONS	57.283	-	-	-	55.378	-	-	-	-	1.905	-	-	-	-
70. RECEIVABLES DUE FROM CUSTOMERS	311.497	-	-	-	159.531	-	-	-	-	149.511	-	-	2.455	-
90. INVESTMENTS	19.969	-	-	19.969	-	-	-	-	-	-	-	-	-	-
100. PROPERTY, PLANT AND EQUIPMENT	153.850	-	153.850	-	-	-	-	-	-	-	-	-	-	-
110. INTANGIBLE ASSETS	26.546	26.546	-	-	-	-	-	-	-	-	-	-	-	-
120. TAX ASSETS														
a) current	16.725	-	-	-	-	-	-	-	-	-	-	16.725	-	-
b) deferred	7.829	-	-	-	-	-	-	7.829	-	-	-	-	-	-
130. NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140. OTHER ASSETS	18.014	-	538	-	-	-	227	-	-	-	-	-	17.249	-
150. PROPERTY INVENTORIES	109.048	-	-	-	-	-	-	-	109.048	-	-	-	-	-
TOTAL ASSETS	**899.214**	**26.546**	**154.388**	**19.969**	**214.909**	**144.753**	**227**	**7.829**	**109.048**	**151.416**	**15.116**	**16.725**	**19.704**	**18.584**

	IAS/IFRS	Share capital	Share premium	Treasury shares	Reserves	Profit (loss) for the year	Shareholders' equity pertaining to non controlling interests	Non-current financial payables	Other non-current financial liabilities	Provisions for personnel	Deferred tax liabilities	Provisions for risks and charges	Sundry payables and other non-current liabilities	Financial payables	Other financial liabilities	Tax liabilities	Sundry payables and other liabilities
IAS /IFRS for Legislative Decree 87/92																	
LIABILITIES																	
10. PAYABLES DUE TO BANKS	390.532	-	-	-	-	-	-	134.199	-	-	-	-	-	256.333	-	-	-
15. PAYABLES DUE TO FINANCIAL INSTITUTIONS	1.814	-	-	-	-	-	-	-	-	-	-	-	-	198	-	-	1.616
20. PAYABLES DUE TO CUSTOMERS	7.668	-	-	-	-	-	-	4.622	-	-	-	-	-	853	-	-	2.193
40. LIABILITIES HELD FOR TRADING	149	-	-	-	-	-	-	-	-	-	-	-	-	-	149	-	-
50. HEDGING DERIVATIVES	5.651	-	-	-	-	-	-	-	402	-	-	-	-	-	5.249	-	-
70. TAX LIABILITIES																	
a) current	739	-	-	-	-	-	-	-	-	-	-	-	-	-	-	739	
b) deferred	36.946	-	-	-	-	-	-	-	-	-	36.946	-	-	-	-	-	-
90. OTHER LIABILITIES	32.574	-	-	-	-	-	-	-	-	-	-	-	1.900	-	-	-	30.674
100. EMPLOYEE SEVERANCE INDEMNITY	1.802	-	-	-	-	-	-	-	-	1.802	-	-	-	-	-	-	-
110. PROVISIONS FOR RISKS AND CHARGES																	
a) retirement and similar obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) other provisions	3.968	-	-	-	-	-	-	-	-	-	-	3.968	-	-	-	-	-
TOTAL LIABILITIES	**481.843**	**-**	**-**	**-**	**-**	**-**	**-**	**138.821**	**402**	**1.802**	**36.946**	**3.968**	**1.900**	**257.384**	**5.398**	**739**	**34.483**
120. SHARE CAPITAL	87.907	87.907	-	-	-	-	-	-	-	-	-	-	-	-	-		-
150. SHARE PREMIUM	53.716	-	53.716	-	-	-	-	-	-	-	-	-	-	-	-		-
160. RESERVES	198.347	-	-	(9.875)	208.222	-	-	-	-	-	-	-	-	-	-		-
170. VALUATION RESERVES	2.605	-	-	-	2.605	-	-	-	-	-	-	-	-	-	-		-
180. PROFIT (LOSS) FOR THE YEAR	13.657	-	-	-	-	13.657	-	-	-	-	-	-	-	-	-		-
190. SHAREHOLDERS' EQUITY PERTAINING TO NON CONTROLLING INTERESTS	61.139	-	-	-	-	-	61.139	-	-	-	-	-	-	-	-		
TOTAL SHAREHOLDERS' EQUITY	**417.371**	**87.907**	**53.716**	**(9.875)**	**210.827**	**13.657**	**61.139**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**899.214**	**87.907**	**53.716**	**(9.875)**	**210.827**	**13.657**	**61.139**	**138.821**	**402**	**1.802**	**36.946**	**3.968**	**1.900**	**257.384**	**5.398**	**739**	**34.483**

STATEMENT OF RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT PURSUANT TO IAS/IFRS AND THE CONSOLIDATED INCOME STATEMENT IN ACCORDANCE WITH LEGISLATIVE DECREE 87/92 AS AT 31 MARCH 2012

Thousands of Euro

	IAS /IFRS	Revenues	Other income	Variations in property inventories	Costs for purchases	Costs for services	Personnel costs	Other costs	Dividends	Amortisation and value adjustments to intangible assets	Allocations to the provision for risks	Value adjustments to financial assets and investments	Share of income (loss) of investments accounted for using the equity method	Financial income	Financial expenses	Profit (loss) from trading of financial assets	Income taxes	Income (loss) from assets held for sale	Income (loss) pertaining to non controlling interests
IAS /IFRS for Legislative Decree 87/92																			
10. INTEREST AND SIMILAR INCOME	11.541		-	-	-	-	-	-	-	-	-	-	-	4.914	5	-	-	6.622	-
20. INTEREST AND SIMILAR EXPENSES	(9.003)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.343)	-	-	(2.660)	-
INTEREST MARGIN	**2.538**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.914**	**(6.338)**	**-**	**-**	**3.962**	**-**
30. COMMISSION INCOME	1.603	1.178	413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-
40. COMMISSION EXPENSE	(366)	-	-	-	-	(94)	-	-	-	-	-	-	-	-	(257)	-	-	(15)	-
NET COMMISSIONS	**1.237**	**1.178**	**413**	**-**	**-**	**(94)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(257)**	**-**	**-**	**(3)**	**-**
50. DIVIDENDS AND SIMILAR INCOME	4.329	-	-	-	-	-	-	-	4.307	-	-	-	-	-	-	-	-	22	-
60. NET INCOME (LOSS) FROM TRADING ACTIVITY	2.179	-	-	-	-	-	-	-	-	-	-	-	-	-		4	-	2.175	-
70. NET INCOME (LOSS) FROM HEDGING ACTIVITY	(387)	-	-	-	-	-	-	-	-	-	-	-	-	-	(387)	-	-	-	-
80. NET INCOME (LOSS) FROM FINANCIAL LIABILITIES DESIGNATED AT FAIR VALU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
90. PROFIT (LOSS) FROM PURCHASES OR REPURCHASES OF																			
a) financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERMEDIATION MARGIN	**9.896**	**1.178**	**413**	**-**	**-**	**(94)**	**-**	**-**	**4.307**	**-**	**-**	**-**	**-**	**4.914**	**(6.982)**	**4**	**-**	**6.156**	**-**
100. VALUE ADJUSTMENTS/WRITE-BACKS FOR IMPAIRMENT OF:																			
a) financial assets	(4.464)	-	-	-	-	-	-	-	-	-	-	(4.957)	-	-	-	-	-	493	-
b) financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS) FROM FINANCIAL MANAGEMENT	**5.432**	**1.178**	**413**	**-**	**-**	**(94)**	**-**	**-**	**4.307**	**-**	**-**	**(4.957)**	**-**	**4.914**	**(6.982)**	**4**	**-**	**6.649**	**-**
101. REVENUES FROM PROPERTY SALES AND SERVICES	6.011	6.011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
102. OTHER REVENUES	17.497	17.497	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
103. VARIATIONS IN PROPERTY INVENTORIES	6.463	-	-	6.463	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
104. COSTS FOR RAW MATERIALS AND SERVICES	(9.579)	-	-	-	(9.579)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS) FROM FINANCIAL AND PROPERTY MANAGEMENT	**25.824**	**24.686**	**413**	**6.463**	**(9.579)**	**(94)**	**-**	**-**	**4.307**	**-**	**-**	**(4.957)**	**-**	**4.914**	**(6.982)**	**4**	**-**	**6.649**	**-**
110. ADMINISTRATIVE EXPENSES																			
a) personnel expenses	(6.533)	-	-	-	-	(1.498)	(4.342)	-	-	-	-	-	-	-	-	-	-	(693)	-
b) other administrative expenses	(15.912)	-	-	-	-	(14.939)	-	(644)	-	-	-	-	-	-	-	-	-	(329)	-
120. NET VALUE ADJUSTMENTS/WRITE-BACKS TO PROPERTY, PLANT AND EQUIPM	(6.909)	-	-	-	-	-	-	-	-	(6.861)	-	-	-	-		-	-	(48)	-
130. NET VALUE ADJUSTMENTS/WRITE-BACKS TO INTANGIBLE ASSETS	(34)	-	-	-	-	-	-	-	-	(34)	-	-	-	-	-	-	-	-	-
150. NET ALLOCATIONS TO PROVISIONS FOR RISKS AND CHARGES	-	-	-				-	-	-	-	-	-	-	-	-	-	-	-	-
160. OTHER OPERATING INCOME AND EXPENSES	(1.083)	525	2.855	-	-	-	-	(4.499)	-	(106)	-	-	-	-	(51)	-	-	193	-
INCOME (LOSS) FROM OPERATIONS	**(4.647)**	**25.211**	**3.268**	**6.463**	**(9.579)**	**(16.531)**	**(4.342)**	**(5.143)**	**4.307**	**(7.001)**	**-**	**(4.957)**	**-**	**4.914**	**(7.033)**	**4**	**-**	**5.772**	**-**
170. PROFIT (LOSS) OF INVESTMENTS	16.879	-	-	-	-	-	-	-	-	-	-	(35)	16.914	-	-	-	-	-	-
175. VALUE ADJUSTMENTS TO GOODWILL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180. PROFIT (LOSS) FROM TRANSFER OF INVESTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT (LOSS) FROM CURRENT OPERATIONS BEFORE TAXES	**12.232**	**25.211**	**3.268**	**6.463**	**(9.579)**	**(16.531)**	**(4.342)**	**(5.143)**	**4.307**	**(7.001)**	**-**	**(4.992)**	**16.914**	**4.914**	**(7.033)**	**4**	**-**	**5.772**	**-**
210. INCOME TAXES FOR THE YEAR ON CURRENT OPERATIONS	(325)	-	-	-	-	-	-	-	-	-	-	-	-		-	-	1.541	(1.866)	-
PROFIT (LOSS) FROM CURRENT OPERATIONS AFTER TAXES	**11.907**	**25.211**	**3.268**	**6.463**	**(9.579)**	**(16.531)**	**(4.342)**	**(5.143)**	**4.307**	**(7.001)**	**-**	**(4.992)**	**16.914**	**4.914**	**(7.033)**	**4**	**1.541**	**3.906**	**-**
220. PROFIT (LOSS) FROM NON-CURRENT ASSETS HELD FOR SALE AFTER TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
PROFIT (LOSS) FOR THE YEAR	**11.907**	**25.211**	**3.268**	**6.463**	**(9.579)**	**(16.531)**	**(4.342)**	**(5.143)**	**4.307**	**(7.001)**	**-**	**(4.992)**	**16.914**	**4.914**	**(7.033)**	**4**	**1.541**	**3.906**	**-**
PROFIT (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS	1.750	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	1.750
PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE PARENT COMPANY	**13.657**	**25.211**	**3.268**	**6.463**	**(9.579)**	**(16.531)**	**(4.342)**	**(5.143)**	**4.307**	**(7.001)**	**-**	**(4.992)**	**16.914**	**4.914**	**(7.033)**	**4**	**1.541**	**3.906**	**1.750**

Certification of the consolidated condensed half-yearly financial statements as at 31 March 2013 pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Arnaldo Borghesi, Chief Executive Officer and Pietro Santicoli, the Manager responsible for preparing the company financial reports of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, attest to the adequacy of the characteristics of the company and the effective application of administrative and accounting procedures for the preparation of the consolidated condensed half-yearly financial statements for the year ended as at 31 March 2012.

It is also certified that the consolidated condensed half-yearly financial statements for the year ended as at 31 March 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 interim report on operations includes a reliable analysis of the references to significant events which occurred in the first six months of the year and to their incidence on the consolidated condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 28 May 2013

The Chief Executive Officer

Mr. Arnaldo Borghesi

Manager responsible for preparing the Company's financial reports

Mr. Pietro Santicoli

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

To the Shareholders of
MITTEL S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements of Mittel S.p.A. and subsidiaries (the "Mittel Group"), which comprise the statement of financial position as of March 31, 2013, and the income statement, statement of comprehensive income, statement of changes in shareholders'equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

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

   The half-year condensed consolidated financial statements present for comparative purposes the corresponding figures of the previous year. As explained in the notes, the Directors have reclassified certain comparative data related to the prior half-year's condensed consolidated financial statements with respect to the data previously reported and reviewed by us, on which we issued our auditors' review report dated May 29, 2012. This reclassification was necessary because of a change in the financial statements structure and in accordance with the provisions of IFRS 5 – "Non-current Assets Held for Sale and Discontinued Operations". These revisions to comparative data and related disclousures have been examined by us for the purpose of issuing our review report on the half-year condensed consolidated financial statements as of March 31, 2013. For the opinion on the prior year's consolidated financial statements reference should be made to our auditors' report issued on January 28, 2013.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Parma Palermo Roma Torino Treviso Verona

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 – R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of Mittel Group as of March 31, 2013 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milan, Italy
May 29, 2013

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