Gruppo MITTEL

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

Reports and Financial Statements

as at 30 September 2014

129th company year

Contents

"THIS IS A TRANSLATION OF THE ITALIAN CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014 PREPARED SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS. IN THE EVENT OF ANY AMBIGUITY THE ITALIAN TEXT WILL PREVAIL."

Board of Directors

Chairman

Franco Dalla Sega

Deputy Chairman

Giorgio Franceschi (b)

Directors

Maria Vittoria Bruno (a) (c) (e)

Marco Colacicco (b)

Stefano Gianotti (b)

Michele Iori (b)

Marco Merler (a) (c) (d)

Giuseppe Pasini (b)

Duccio Regoli (a) (c) (e) (d)

Carla Sora (a) (d)

Michela Zeme (a) (e)

General Manager

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

Deputy Chairman

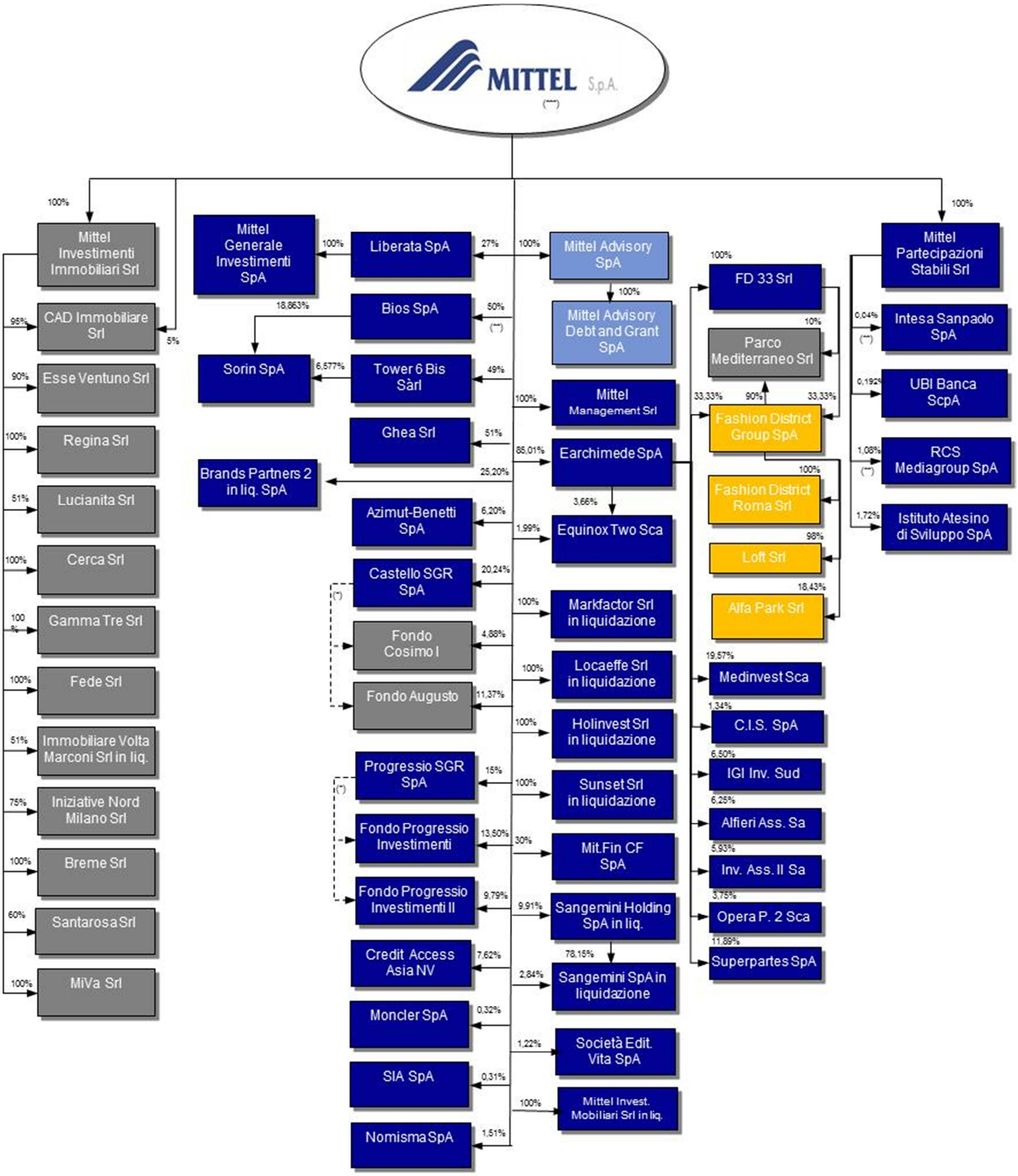
Independent Auditors

Deloitte & Touche S.p.A.

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

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

Group Structure
as at 19 January 2015



Real Estate
Investments and Private Equity
Advisory and Grant Finance Services
Outlet

(*) - - -► management relationship
(**) of ordinary share capital
(***) it holds 17,414% of treasury shares

Group Performance

Dear Shareholders,

in an economic context which continues to exhibit fragility, the Mittel Group's consolidated financial statements for the year ended as at 30 September 2014 posted a loss of EUR 33,6 million, compared to a loss of EUR 38,0 million as at 30 September 2013, due essentially to lower values of the assets in the portfolio (non-controlling interests, property inventories, receivables).

The consolidated profit posted in the year 2013-2014 was mainly influenced by the following elements:

- profits deriving from the transfer of Moncler S.p.A. shares (EUR 25,8 million) by the associate Brands Partners 2 S.p.A. (now in liquidation);
- losses from write-downs of investments, receivables and intangible assets for around EUR 38 million (in particular, EUR 11 million for the write-down of investments and receivables relating to Alfa Park S.r.l., a company which manages the Valmontone and Molfetta theme parks, EUR 9 million relating to Azimut Benetti S.p.A.; EUR 8 million for the total elimination of the goodwill relating to Mittel Advisory S.p.A.);
- losses from write-downs of property inventories for EUR 10,9 million, in respect of the lengthy delay in the marketing of finished properties and the modification of some development plans, both the result of the persistent weakness in the real estate market, also partially attributable to the still limited disbursement of mortgages by banks;
- extraordinary costs (EUR 3,3 million) deriving from the agreement signed with the former Chief Executive Officer, Mr. Arnaldo Borghesi, which applied the provisions of the agreement in place between the parent company and Mr. Borghesi regarding the possible early termination of the executive position without just cause, in relation to the positions of Board Member and Chief Executive Officer of Mittel S.p.A.;
- net effect on the income statement of the sale of the Bagnolo San Vito (MN) and Molfetta (BA) factory outlets and the two companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. This negative effect came to EUR 7,4 million net of non-controlling interests (EUR 13,2 million before said share).
  The transaction was completed on 18 November 2014 as a result of a binding sale agreement signed on 31 July 2014 with IDeA FIMIT SGR S.p.A., a company operating in the name and on behalf of the closed-end real estate fund known as "MOMA" (whose shares are owned by the American investor Blackstone). Therefore, the income statement fully reflects the operating loss of EUR 18,3 million accrued in the year from discontinued operations, partly due to the write-downs relating to Alfa Park S.r.l., a loss in line with previous years and a consequence of the persistent weakness of consumer demand. In the absence of improvements on this front, the sale prevents, among other things, further operating losses from being incurred. Payment of the agreed consideration, amounting to EUR 120,1 million, made in full at the closing date, brings a benefit of the same amount in terms of the Mittel Group's net financial position.

The consolidated equity of the Group amounted to EUR 280,6 million, marking a decrease compared to EUR 327,0 million as at 30 September 2013, due to both the loss during the year and the reduction in the valuation reserve. The latter decrease is mainly due to the release of EUR 20,1 million to the income statement, relating to the fair value measurement at 30 September 2013 of the Moncler S.p.A. shares subject to sale by Brands Partners 2 S.p.A. (now in liquidation). Non-controlling interests, totalling EUR 39,0 million, fell by EUR 17,4 million compared to EUR 56,4 million as at 30 September 2013, primarily due to losses pertaining to third parties derived from ordinary management, and the sale of assets by the investee Fashion District Group S.p.A.. Total equity amounted to EUR 319,6 million, compared to EUR 383,4 million as at 30 September 2013.

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 the financial statements, in order to highlight certain intermediate results and the equity and financial aggregates deemed most significant for understanding the Group's operating performances. These amounts, even though not provided for by IFRS/IAS, are supplied in compliance with the indications in

Consob Communication no. 6064293 of 28 July 2006 and CESR Recommendation dated 3 November 2005 (CESR/05-178b).

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

Main economic, financial and equity figures of the Group

(Thousands of Euro)	**30.09.2014**	**30.09.2013 (*)**
Revenues	**41.453**	**59.036**
Purchases, provision of services, sundry costs	(45.882)	(51.114)
Personnel costs	(11.675)	(11.698)
Operating costs	**(57.558)**	**(62.812)**
Income (expenses) from investments	13.571	4.295
Operating margin (EBITDA)	**(2.533)**	**518**
EBITDA %	*(6,11)%*	*0,88%*
Amortisation/depreciation, allocations and adjustments to non-current assets	(29.180)	(19.649)
Rettifiche di valore di attività finanziarie, crediti e partecipazioni	(25.963)	(28.836)
Share of income (loss) of investments	25.787	325
Income (loss) from non-recurring transactions	(13.155)	-
Operating result (EBIT)	**(45.044)**	**(47.642)**
EBIT %	*(108,66)%*	*(80,70)%*
Income (loss) from financial management	(15.200)	11.399
Income (loss) from trading of financial assets	2.426	(1.178)
Income (loss) before taxes	**(57.818)**	**(37.421)**
Taxes	5.870	(3.747)
Income (loss) from continuing operations	**(51.948)**	**(41.168)**
Income (loss) from discontinued operations	-	143
Net income (loss) for the year	**(51.948)**	**(41.025)**
Income (loss) pertainig to non controlling interests	18.358	3.013
Income (loss) pertainig to the Group	**(33.590)**	**(38.012)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1.
(**) The item is net of taxes (a positive EUR 5,2 million), due to the realignment of deferred taxes, pursuant to IAS 12, relating to the Mantua and Molfetta properties; said effect is, by contrast, classified under the item "Income taxes" in the financial statements.

The income statement figures commented on refer to the reclassified tables shown above; details on the most significant items are shown below:

- **Revenues**: these mainly comprise ordinary revenues of EUR 52,0 million (EUR 49,7 million in the previous period), other income of EUR 5,3 million (EUR 3,6 million in the previous period), and the decrease of EUR 15,9 million in property inventories (increase of EUR 5,6 million in the previous period). The decrease in the item of EUR 17,6 million is attributable to the fall in the contribution from the Real Estate sector (negative EUR 16,2 million) and the contraction in the contribution from the Advisory sector (EUR 3,7 million), partially offset by an increase in revenues from the Outlet sector

(EUR 0,8 million) and the Investments and PE sector (EUR 1,6 million). In particular, the Real Estate sector recorded, on the one hand, an increase of EUR 5,3 million in revenues during the year (in fact, revenues rose from EUR 7,8 million in the previous year to EUR 13,1 million), and on the other, a significant drop in the item "Variation in inventories" of EUR 21,5 million; in fact, the item went from a positive EUR 5,6 million to a negative EUR 15,9 million (the latter relating to the write-down of property inventories for EUR 10,9 million, plus decreases due to sales of properties in the portfolio totalling EUR 8,9 million and increases due to new constructions in the period amounting to EUR 3,9 million).

- **Costs for purchases, provision of services, other**: this item is comprised of costs for purchases of EUR 2,9 million (EUR 11,5 million in the previous year), costs for services of EUR 37,2 million (EUR 33,7 million in the previous year), other costs of EUR 5,8 million (EUR 5,9 million in the previous year). The reduction in costs for purchases is attributable to less construction in the Real Estate sector, due to the substantial completion of some property projects during the previous year. The increase in costs for services is mostly due to the agreement signed with former Chief Executive Officer, Mr. Arnaldo Borghesi, mentioned previously.

- **Personnel costs**: the item totalled EUR 11,7 million, in line with the value recorded in the previous year.

- **Income and expenses from investments**: this item is composed of dividends of EUR 7,7 million (EUR 1,9 million in the previous year) and profit from management of financial activities and investments of EUR 5,8 million (EUR 2,3 million in the previous year). Dividends, limited to a total of EUR 6,3 million, derive for EUR 5,8 million from the distributions of the Fondo Progressio Investimenti (Progressio Investimenti Fund), and for EUR 0,5 million from the distributions of minority investments in listed companies held through Mittel Partecipazioni Stabili S.r.l.. Profit from management of financial activities and investments is attributable to the contribution of EUR 5,7 million from the partial disposal of the portfolio of listed securities, such as UBI Banca S.c.p.A. and Intesa Sanpaolo S.p.A., carried out during the year.

- **Operating margin (EBITDA)**: a negative EUR 2,5 million, compared to a positive EUR 0,5 million in the previous year, marking a decrease of EUR 3,0 million.

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: EUR 29,2 million, compared to EUR 19,6 million in the previous year. The increase of EUR 9,6 million is attributable, for EUR 8,0 million, to the full write-down of the goodwill recorded on Mittel Advisory S.p.A., resulting from the negative performance of the subsidiary and, for EUR 3,7 million, to the Outlet sector, of which EUR 2,6 million as the provision for a current obligation on a contract involving consideration relating to the subsidiary Loft S.r.l. and EUR 1,1 million in respect of higher lease and maintenance expenses for the property complex payable by Fashion District Roma S.r.l.. The aforementioned increases are only partially offset by lower allocations to provisions for risks and charges of other companies for EUR 2,5 million compared to the amount set aside in the previous year.

- **Value adjustments to financial assets and receivables**: amounted to EUR 26,0 million compared to EUR 28,8 million in the previous year; the item is attributable, for EUR 9 million, to the adjustment to the value of the non-controlling interest in Azimut-Benetti S.p.A., as a result of the negative performance of the investee, and for EUR 9,4 million, to Fashion District Group S.p.A., of which EUR 6,5 million due to the write-down of the investment held in Alfa Park S.r.l. due to the continuing negative performance of the theme parks indirectly managed by said entity, and EUR 2,4 million relating to the lower estimated "Earn-out" for the definitive transfer of management of the Valmontone outlet (Rome). In addition, adjustments were recorded relating to the subsidiary Earchimede S.p.A. amounting to EUR 2 million, in relation to its investments in private equity funds and foreign investment vehicles, relating to Mittel Partecipazioni Stabili S.r.l., amounting to EUR 0,8 million on available-for-sale financial assets held by said entity, relating to Mittel Advisory S.p.A. for EUR 0,6 million for write-downs of receivables due from customers and, lastly, relating to Miva S.r.l. for EUR 0,5 million.

- **Share of income (loss) of investments**: this item, amounting to EUR 25,8 million, recorded an increase of EUR 25,5 million compared to the previous year, mainly attributable to the pro-rata share of income (loss) of the investee Brands Partners 2 S.p.A. (now in liquidation), following the partial placement of 3,73% of Moncler S.p.A. during the initial public offering in December 2013, and as a result of the profit realised by the sale of an additional stake of 1,23% on 16 June 2014.

- **Income (loss) after taxes of non-recurring transactions**: amounting to EUR 13,2 million (EUR 7,4 million net of non-controlling interests), relating to the income (loss) after taxes, of the fair value adjustment (less costs to sell) of the book value of the assets and liabilities of the Mantua and Molfetta outlets, as well as 100% of the two companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., which were sold to IDeA FIMIT SGR (a company operating in the name and on behalf of the closed-end real estate fund known as "MOMA") on 18 November 2014. The fair value was calculated on the basis of the sale price, including the costs connected with carrying out the transaction.
- **Operating result (EBIT)**: the loss of EUR 45,0 million decreased by EUR 2,6 million compared to the previous year.

- **Income (loss) from financial management**: a negative EUR 15,2 million, compared to a positive EUR 11,4 million in the previous year, marking a decrease of EUR 26,6 million. In the previous year ended as at 30 September 2013, the item had benefitted, for EUR 16,7 million, from the increase in the value of the receivable due to Ghea S.r.l. from Bios S.p.A., attributable to the better forecasts regarding the times and amount of the recovery of said receivables. The decrease in financial management also reflects, for an amount of EUR 5,5 million, the increase in interest expense of Fashion District Group S.p.A. (of which the EUR 4,5 million decrease in the value of the receivable due to Alfa Park S.r.l. as a result of the worsening in the creditworthiness and lengthening in the expected collection times, and EUR 1,1 million in higher expenses on hedging derivatives pertaining to the year) and, for EUR 4,4 million, the increase in the financial expenses relating to the parent company Mittel S.p.A., mainly due to the amount of interest expense on bond loans up from EUR 1,4 million last year (in relation to the bond loan in place for just 3 months) to the current EUR 6,5 million (for 12 months).

- **Income (loss) from trading of financial assets**: income of EUR 2,4 million compared to a loss of EUR 1,2 million in the previous year, relates to the activity performed by Mittel Partecipazioni Stabili S.r.l (amounting to EUR 1,7 million) and by the parent company Mittel S.p.A. (amounting to EUR 0,7 million).

- **Taxes**: a positive EUR 5,9 million compared to a negative EUR 3,7 million in the previous year, deriving essentially from the partial release of deferred taxes (additional with respect to EUR 5,2 million classified under the item "income (loss) after taxes from non-recurring transactions") and from the calculation of prepaid taxes relating to Fashion District Group S.p.A.. One component totalling EUR 5,2 million in positive taxes was reclassified from the item "Income (loss) after taxes from non-recurring transactions" given relating directly to said item.

Main financial and equity figures of the Group

(Thousands of Euro)	30.09.2014	30.09.2013
Intangible assets	310	29.943
Property, plant and equipment	1.669	137.659
Investments	56.184	77.301
Non-current financial assets	243.231	274.917
Non-current assets (liabilities) held for sale (**)	120.317	-
Provisions for risks, employee severance indemnity and employee benefits	(13.996)	(8.095)
Other non-current assets (liabilities)	(618)	(2.639)
Tax assets (liabilities)	1.428	(14.625)
Net working capital (*)	112.937	115.377
Net invested capital (**)	**521.462**	**609.838**
Shareholders' equity	(280.605)	(327.046)
Non controlling interests	(39.015)	(56.389)
Total shareholders' equity	**(319.620)**	**(383.435)**
Net financial position (***)	**(201.842)**	**(226.403)**

(*) Comprised of the sum of Property inventories and sundry Receivables (Payables) and other current assets (liabilities)
(**) Does not include the Net financial position of EUR 50,8 million of the Group of Assets and Liabilities classified as held for sale pursuant to IFRS 5.
(***) Includes the Net financial position of EUR 50,8 million of the Group of Assets and Liabilities classified as held for sale pursuant to IFRS 5.

Intangible assets amounted to EUR 0,3 million, compared to EUR 29,9 million in the year ended as at 30 September 2013; the decrease of EUR 29,6 million is due (i) for EUR 21,7 million to the classification under the item "Held-for-sale assets" of authorisation licences to carry out retail trade activities, held by the subsidiary Fashion District Group S.p.A. (then effectively transferred on 18 November 2014), and (ii) for EUR 8,0 million to the write-down of the goodwill of Mittel Advisory S.p.A., carried out in consideration of the negative performance of the company and its restructuring following the resignation of the Chairman, Mr. Arnaldo Borghesi.

Property, plant and equipment totalled EUR 1,7 million compared to EUR 137,7 million in the year ended as at 30 September 2013, representing a decrease of EUR 136 million attributable mainly to the Outlet sector; in particular, the decrease refers, for EUR 14,0 million, to the annual depreciation of the properties and assets owned by the subsidiary Fashion District Group S.p.A. and for EUR 121,7 million to the reclassification of said assets under the item "Held-for-sale assets"; these were actually subject to a definitive transfer in November 2014.

Investments valued using the equity method totalled EUR 55,6 million, marking a total net decrease of EUR 21,7 million compared to the year ended as at 30 September 2013. The decrease is mainly due to the lower contribution from the investment held in Brands Partners 2 S.p.A. in liquidation, amounting to EUR 21,9 million, as a result of the distributions made by said entity during the year.

Non-current financial assets amounted to EUR 243,2 million, compared to EUR 274,9 million in the year ended as at 30 September 2013, marking a decrease of EUR 31,7 million.
This variation is attributable: (i) for EUR 18,7 million to the reduction in the contribution from the parent company Mittel, mainly due to the write-down of EUR 9,0 million of the non-controlling interest held in Azimut-Benetti S.p.A., the lower value of the shares in the Fondo Progressio Investimenti (Progressio Investimenti Fund) amounting to EUR 8,8 million (as a result of the distributions carried out) and the shares in the Fondo Progressio Investimenti II (Progressio Investimenti II Fund) amounting to EUR 0,9 million (for

impairment of the same); (ii) for EUR 19,9 million to the decrease in the contribution from the subsidiary Fashion District Group S.p.A., due, for EUR 13,5 million, to the reclassification under current assets of the earn-out credit, which was recorded in the financial statements for the year ended as at 30 September 2013 under non-current assets (the reclassification reflects the definitive transfer of the business unit of the Valmontone outlet - Rome, as a result of which, the first tranche of the receivable of EUR 11,4 million was already collected on 23 December 2014 and the remaining amount is expected to be received by April 2015), and, for EUR 6,4 million, in respect of the elimination of the value of the investment Alfa Park S.r.l., as a result of impairment, a consequence of the negative performance of the theme parks indirectly managed and held by said entity; (iii) for EUR 1,5 million, to the waiving of the shareholders' loan disbursed to the investee Iniziative Nord Milano S.r.l. by Mittel Investimenti Immobiliari S.r.l. (before increase in interest); (iv) for EUR 1,4 million and EUR 0,5 million, in relation to Locaeffe S.r.l. in liquidation and Markfactor S.r.l. in liquidation respectively, as a result of the reclassification of two of their receivables under current assets and, lastly, (vi) for EUR 0,3 million, as the fair value adjustment of investments held by the company Earchimede S.p.A..
These decreases are in contrast to a EUR 3,1 million increase recorded by the subsidiary Mittel Partecipazioni Stabili S.r.l., owing to the fair value adjustment of the listed securities held, and EUR 8,4 million recorded by the parent company Mittel. As regards the latter, EUR 9,2 million relates to the reclassification under this item of the receivable due from Sofimar SA (currently the object of a dispute whose collection has been deferred until after 1 October 2015), and EUR 2,8 million relates to interest income accrued on loans and capitalised; these amounts are partially offset by the partial waiving of the shareholders' loan to Liberata S.p.A. for EUR 3,6 million.

Held-for-sale assets amounted to EUR 120,3 million and are equal to the total value of assets (EUR 131,4 million) net of liabilities (EUR 61,9 million), excluding net financial debt (EUR 50,8 million), directly attributable to the assets of Fashion District Group S.p.A. (FD Mantova and Molfetta), subject to sale. In particular, these refer to the values of the property complexes (outlets) of Mantua and Molfetta and the associated authorisation licences to carry out retail trade activities, held by Fashion District Group S.p.A., as well as additional assets owned by Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., subject to sale, valued at the sale price less the associated costs.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 14,0 million, compared to EUR 8,1 million in the previous year, marking an increase of EUR 5,9 million. In particular, the variation is attributable for EUR 3,8 million to the allocations made by Fashion District Group S.p.A. (relating, for EUR 2,7 million, to the provision for future expenses relating to the current obligation on a contract involving consideration stipulated by the subsidiary Loft S.r.l. and, for EUR 1,1 million, to the higher lease and maintenance expenses attributable to the Valmontone property complex) and, for EUR 2,0 million, to the allocations relating to Mittel S.p.A., mainly in respect of liabilities for contractual guarantees issued by the latter.

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

The item **net tax assets** amounted to EUR 1,4 million, compared to net tax liabilities of EUR 14,6 million in the year ended as at 30 September 2013, marking an increase of EUR 16,0 million. This variation is due primarily to the reduction, for the same amount, in deferred tax liabilities allocated in Fashion District Group S.p.A. as a result of the realignment of the prepaid and deferred taxes of the investee in accordance with IAS 12.

Net working capital amounted to EUR 112,9 million, compared to EUR 115,4 million in the year ended as at 30 September 2013. The item net working capital is composed of the value of property inventories of EUR 115,8 million (EUR 122,0 million in the financial statements of the previous year), sundry receivables and other current assets totalling EUR 23,4 million (EUR 26,9 million in the financial statements of the previous year) and sundry payables and other current liabilities amounting to EUR 26,2 million (EUR 33,5 million in last year's financial statements). The decrease of EUR 2,5 million is due to the EUR 6,2 million decrease in property inventories and the EUR 3,8 million decrease in other liabilities deriving, for EUR 1,1 million, from the fall in receivables due from the customers of Mittel Advisory S.p.A. and, for EUR 2,7 million, to the decrease as a result of the reclassification of certain values within the item "Held-for-sale assets" relating to Fashion District Group S.p.A..

As a result, **net invested capital** decreased by EUR 88,4 million to EUR 521,4 million, financed by equity for EUR 319,6 million and by the net financial position for EUR 201,8 million.

Equity pertaining to the Group amounted to EUR 280,6 million, marking a decrease of EUR 46,4 million, while non-controlling interests, amounting to EUR 39,0 million, decreased by EUR 17,4 million. Total equity thus amounted to EUR 319,6 million, marking a decrease of EUR 63,8 million on the EUR 383,4 million in the previous year. This decrease is attributable to the loss in the year of EUR 51,9 million, and the decrease in the valuation reserve of EUR 13,4 million, mostly due to the release to the income statement of the valuation reserve recorded on the investee Brands Partners 2 S.p.A. in liquidation (and relating to Moncler shares), for EUR 20,4 million, and on the investment in Fondo Progressio Investimenti (Progressio Investimenti Fund), for EUR 3,4 million, partially offset by the increase of EUR 10,4 million in said valuation reserve in respect of the fair value adjustment of the listed securities held by Mittel Partecipazioni Stabili S.r.l..

As a result of a decrease in net invested capital and a decrease in consolidated equity, the net financial position (negative) decreased by a total of EUR 24,6 million to EUR 201,8 million. In this regard, as highlighted in the diagram shown below, the net financial position includes the net financial position of the assets/liabilities subject to sale as at 30 September 2014, amounting to EUR 50,8 million. This payable was repaid in full on 18 November 2014 as a result of the completion of the aforementioned sale agreement signed on 31 July 2014 with IDeA FIMIT SGR S.p.A., a company operating in the name and on behalf of the closed-end real estate fund known as “Moma”, whose shares are owned by the American investor Blackstone.

Statement relating to the net financial position

	30.09.2014			30.09.2013
(Thousands of Euro)	**Group**	**Held for sale assets and liabilities (1)**	**Group**	**Total**
Cash	706	-	706	48
Other cash equivalents (*) (***)	34.772	1.115	35.887	48.534
Securities held for trading (**)	15.812	-	15.812	17.826
Current liquidity	**51.290**	**1.115**	**52.405**	**66.407**
Current financial receivables (***)	**20.294**	**-**	**20.294**	**30.575**
Bank payables	(117.010)	(51.902)	(168.912)	(210.677)
Bonds	(97.974)	-	(97.974)	(97.424)
Other financial payables	(7.655)	-	(7.655)	(15.285)
Financial debt	**(222.639)**	**(51.902)**	**(274.541)**	**(323.386)**
Net financial position	**(151.055)**	**(50.787)**	**(201.842)**	**(226.403)**

1) This relates to the net financial debt forming part of the assets and liabilities subject to sale.
(*) The item includes EUR 20,5 million in liquidity invested in certificates of deposit maturing in May 2015, classified under bank deposits to reflect the agreements made with the issuing bank, which state that the certificates can be readily converted with no risk of a change in the value.
(**) Available-for-sale assets posted under current assets and financial assets held for trading were reclassified to this item.
(***) As at 30 September 2013 and 2014, the item other cash equivalents included EUR 3,0 million in amounts owed classified under current financial receivables in the financial statements, referring to the giro account in place between Earchimede and the investee Mittel Generale Investimenti S.p.A.. This inclusion reflects the fact that the receivables can readily be converted to a known amount of cash, with no risk of a change in the value.

As regards the breakdown of the net financial position, the following is noted:
- bank payables decreased from EUR 41,8 million to EUR 168,9 million;
- current liquidity decreased by EUR 14,0 million (to EUR 52,4 million), including EUR 12,6 million due to the decrease in bank and postal deposits and EUR 2,0 million due to the decrease in current financial assets represented by the values of listed securities, held in UBI Banca S.c.p.A. and Intesa Sanpaolo S.p.A., held for sale, as well as the listed security Moncler S.p.A. held for trading.

On 18 November 2014, in respect of the full payment of EUR 120,1 million, at the same time as completion of the sale of some property complexes and two management companies, the net financial position fell by the same amount. The payment of the aforementioned amount, in fact, allowed the extinguishment of the bank debts of the Fashion District Group for around EUR 51 million and the creation of cash and cash equivalents for roughly the remaining EUR 70 million.

INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

30 September 2014

Figures in millions of Euro	30 September 2014										
AGGREGATE / CONSOLIDATED	**Net revenues**	**Operating costs**	**Income (expenses) from investments**	**Amortisation/ depreciation and write-downs**	**Share of income (loss) of investments**	**Income (loss) from financial management**	**Income (loss) from trading of financial assets**	**Income (loss) from non-recurring transactions net of taxes**	**Taxes**	**Income (loss) pertaining to non controlling interests**	**Income (loss) pertaining to the Group**
Real Estate Sector	(2,8)	(5,3)	0,7	(1,6)	0,0	(4,4)	0,0	0,0	(1,7)	(3,1)	(12,0)
Advisory Sector	4,4	(6,2)	0,0	(8,8)	0,0	(0,3)	0,0	0,0	(0,1)	0,0	(10,9)
Investments and PE Sector	4,4	(18,6)	12,9	(17,8)	25,8	(2,2)	2,4	0,0	1,4	(0,1)	8,6
Outlet Sector	36,3	(28,3)	0,0	(27,0)	0,0	(8,3)	0,0	(13,2)	6,2	(15,1)	(19,2)
IC ELIMINATION	(0,9)	0,9	0,0	0,0	0,0	(0,0)	0,0	0,0			
TOTALE CONSOLIDATO	**41,5**	**(57,6)**	**13,6**	**(55,1)**	**25,8**	**(15,2)**	**2,4**	**(13,2)**	**5,9**	**(18,4)**	**(33,6)**

30 September 2013

Figures in millions of Euro	30 September 2013										
AGGREGATE / CONSOLIDATED	**Net revenues**	**Operating costs**	**Income (expenses) from investments**	**Amortisation/ depreciation and write-downs**	**Share of income (loss) of investments**	**Income (loss) from financial management**	**Income (loss) from trading of financial assets**	**Income (loss) from discontinued operations**	**Taxes**	**Income (loss) pertaining to non controlling interests**	**Income (loss) pertaining to the Group**
Real Estate Sector	13,4	(14,7)	0,7	(0,4)	(0,2)	(3,8)	0,0	0,0	0,4	(1,5)	(3,1)
Advisory Sector	8,1	(6,3)	0,0	(1,0)	0,0	(0,1)	0,0	0,0	(0,4)	0,0	0,2
Investments and PE Sector	2,8	(14,6)	3,6	(25,1)	0,9	16,8	(1,2)	0,1	(6,4)	4,5	(27,4)
Outlet Sector	35,5	(28,1)	0,0	(22,1)	(0,4)	(1,5)	0,0	0,0	2,7	(6,1)	(7,7)
IC ELIMINATION (*)	(0,7)	0,7	0,0	0,0	0,0	0,0	0,0	0,0			
CONSOLIDATED TOTAL	**59,0**	**(62,9)**	**4,3**	**(48,5)**	**0,3**	**11,4**	**(1,2)**	**0,1**	**(3,7)**	**(3,0)**	**(38,0)**

STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

30 September 2014

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

30 September 2013

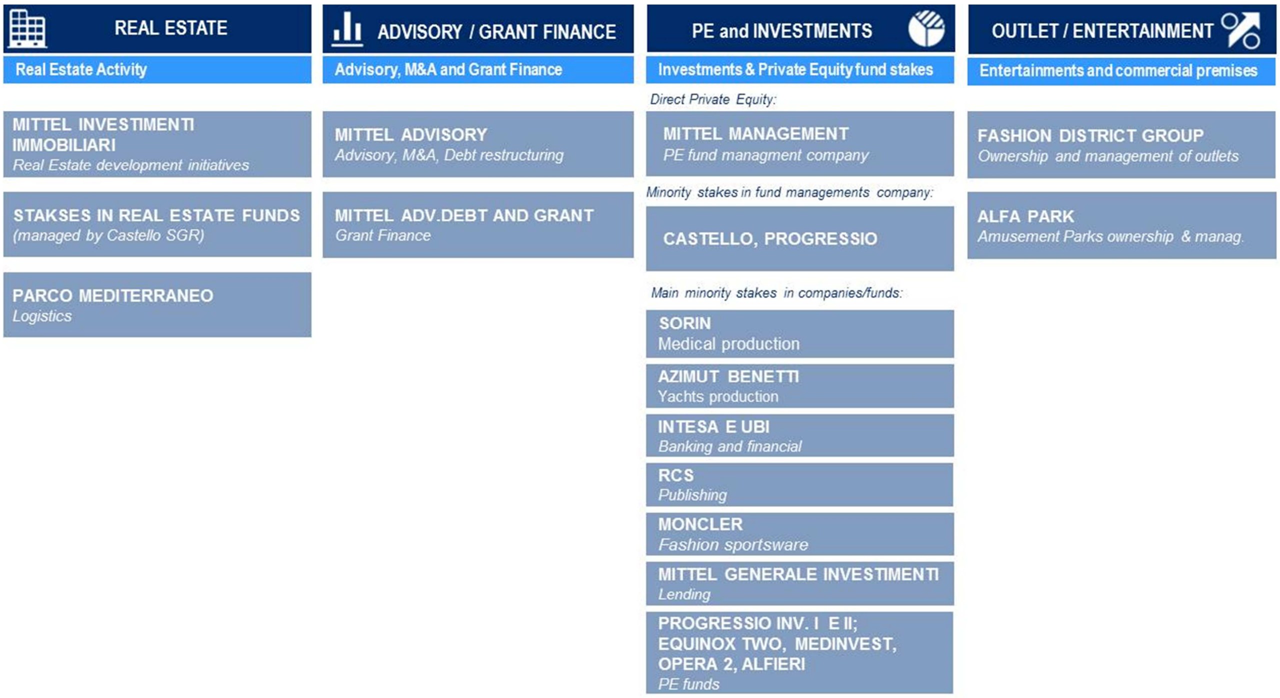
Figures in millions of Euro	30 September 2013										
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**Assets (liabilities) held for sale**	**Invested capital**	*Financed by*	**Net financial position**	**Shareholders' equity**	*of which*	**Shareholders' equity pertaining to non controlling interests**	**Shareholders' equity pertaining to the Group**
Real Estate Sector	118,7	20,3	0,3	0,0	139,3		(94,1)	45,2		1,5	43,7
Advisory Sector	6,0	8,4	(0,3)	0,0	14,1		(5,0)	9,1		0,0	9,1
Investments and PE Sector	(3,4)	327,8	(2,9)	0,0	321,5		(73,5)	248,0		19,7	228,3
Outlet Sector	(5,9)	180,9	(22,5)	0,0	152,5		(71,4)	81,1		35,2	45,9
IC ELIMINATION (**)	0,0	(17,6)	0,0	0,0	(17,6)		17,6				
CONSOLIDATED TOTAL	**115,4**	**519,8**	**(25,4)**	**0,0**	**609,8**		**(226,4)**	**383,4**		**56,4**	**327,0**

(*) Income (loss) after taxes from non-recurring transactions includes taxes amounting to EUR 5,2 million. Net financial position shown includes EUR 50,8 million relating to net financial payables reclassified in the financial statements under assets/liabilities held for disposal

(**) 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 Mittel Group's activities break down into the following operating sectors:

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

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

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

- **Outlet / Entertainment:** Fashion District Group carried out the largest shopping project in Italy composed of 3 factory outlet centres, integrated with recreational, leisure and entertainment functions, and is now the manager of outlets located in Mantua and Molfetta. As a result of the extraordinary transactions implemented in the year and completed in the first few months of the year 2014/15, ownership of these outlets was transferred to IDeA Fimit SGR S.p.A., as described in more detail below. For this reason, part of the Outlet/Entertainment Sector was reclassified as "Assets and liabilities held for sale" in the financial statements for the year ended as at 30 September 2014. As a result of the extraordinary transactions completed on 18 November 2014, the Group now operates in the sector as manager of structures geared towards outlet centres. This sector also includes the investment in the Valmontone and Molfetta theme parks.

Information by business segment

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

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

- Real Estate Sector: Mittel Investimenti Immobiliari S.r.l.; Breme S.r.l.; CAD Immobiliare S.r.l.; Cerca S.r.l.; Esse Ventuno S.r.l.; Fede S.r.l.; Gamma Tre S.r.l.; Immobiliare Volta Marconi S.r.l.; 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 shares in the Augusto and Cosimo I real estate funds;
- Advisory Services and Grants Finance Sector: Mittel Advisory S.p.A. and Mittel Advisory Debt and Grant S.p.A.;
- Private Equity and Investments Sector: Mittel S.p.A.; Bios S.p.A; Ghea S.r.l.; Earchimede S.p.A.; FD33 S.r.l.; Mittel Management S.r.l.; Mittel Partecipazioni Stabili S.r.l.; Tower 6 Bis S.à r.l.; Brands Partners 2 S.p.A. in liquidation; Holinvest S.r.l. in liquidation; Locaeffe S.r.l. in liquidation; Markfactor S.r.l. in liquidation; Mittel Investimenti Mobiliari S.r.l. in liquidation;
- Outlet/Entertainment 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., Loft S.r.l., Alfa Park S.r.l.. It should be noted that Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l. were sold in the first few months of the year 2014/15.

Performance of the Real Estate sector

Real Estate Sector	**set-14**	**set-13**
Revenues	(2.766)	13.402
Sales and other revenues	*13.089*	*7.762*
Variations in property inventories	*(15.855)*	*5.640*
Gross Operating Margin	(7.447)	(553)
Income (loss) before taxes	(13.433)	(4.938)
Net profit	(15.137)	(4.521)

As highlighted in the OMI (Observatory of the Real Estate Market of the Italian Inland Revenue; November 2014) report, the real estate market remains at markedly lower levels than the previous decade (down around 40% on 2004). Some signs of a recovery were observed in the third quarter of 2014 (trend-based rate +3,6% over the same quarter in the previous year), with particular reference to home purchases and sales in Milan.

The increase in sales and other revenues from the real estate sector as at 30 September 2014 (EUR 13,1 million from EUR 7,8 million), is consistent with the trends outlined above, particularly considering that these increases benefit from the excellent commercial feedback of the real estate development that has now been completed in the Milan urban area, in via Lomellina. The EUR 15,9 million decrease in inventories was impacted not only by the above sales (which translated to a EUR 8,9 million reduction in the existing real estate portfolio), but by small new constructions in the period amounting to EUR 3,9 million and significant value adjustments totalling EUR 10,9 million, carried out as a result of the appropriate appraisals drafted by independent experts.
The sales and other revenues broken down by property projects developed by the subsidiaries highlight not only the crucial contribution mentioned above from Lucianita S.r.l. with sales of EUR 10,5 million realised on the property in Via Lomellina no. 12 in Milan, but the positive contribution, mainly from (i) CAD Immobiliare S.r.l. for EUR 1,0 million, relating to the sales made for the residential complex in the area located in the Municipality of Paderno Dugnano in a central zone near the railway station; (ii) Mittel Investimenti Immobiliari S.r.l. for EUR 0,8 million, relating to the initiative in Arluno (Milan) and (iii) minor contributions from other projects.
The Gross Operating Margin (EBITDA), given affected by the value adjustments made, was a negative EUR 7,4 million. In relation to these adjustments, the main ones concerned the following companies (i) Gamma Tre S.r.l. for EUR 3,3 million, (ii) Parco Mediterraneo S.r.l. for EUR 1,9 million, (iii) Iniziative Nord Milano S.r.l. for

EUR 1,6 million, (iv) CAD Immobiliare S.r.l. for EUR 1,2 million (v) Mittel Investimenti Immobiliari S.r.l. for EUR 1,1 million.

From an equity point of view, the sector saw a decrease of EUR 135,1 million (from EUR 139,3 million) in invested capital which reflects not only the sales and adjustments described already, but the consolidation of the investment in Iniziative Nord Milano S.r.l. in July 2014 as a result of the increase, from 50% to 75%, of the stake held in this company by Mittel Investimenti Immobiliari S.r.l.. Property inventories, included in net working capital, stood at EUR 115,8 million as at 30 September 2014 (of which EUR 8,3 million relating to Iniziative Nord Milano S.r.l.) compared to EUR 122,0 million as at 30 September 2013. Fixed assets refer almost exclusively to the shares held in the closed-end real estate funds Augusto and Cosimo I of EUR 18,5 million (EUR 18,6 million as at 30 September 2013).
The net financial position worsened in the year by EUR 7,5 million, reaching a total of EUR 101,6 million, mainly as a result of the consolidation of the debt of Iniziative Nord Milano S.r.l..

Performance of the Advisory Services and Grants Finance sector

Figures in EUR/000				
Advisory Sector	**set-14**	*%*	**set-13(*)**	*%*
Mittel Advisory	1.546	*35%*	5.696	*71%*
Mittel Debt & Grant	2.837	*65%*	2.371	*29%*
NET REVENUES	**4.384**		**8.067**	

(*) Values relate to a 9-month period.

Revenues of the Advisory Services and Grants Finance Sector (“Advisory sector”) include the operating results of the wholly-owned direct and indirect subsidiaries Mittel Advisory Debt and Grant S.p.A. and Mittel Advisory S.p.A.. With regard to the latter company, as a result of the continuing weak trend in the sector and the already mentioned exit of Mr. Arnaldo Borghesi, former Chairman of Mittel Advisory S.p.A., the decision was taken to write down the entire goodwill recognised at the time of the acquisition, which took place in January 2013, amounting to EUR 8,0 million. This adjustment had a heavy impact on the loss of the sector in the period in question.

Revenues in the Advisory Sector of the Mittel Group saw, for Mittel Advisory Debt and Grant S.p.A., an increase from EUR 2,4 million to EUR 2,8 million) and, Mittel Advisory S.p.A., a decrease from EUR 5,7 million to EUR 1,5 million) due to the events that occurred in the year, i.e. the exit of Mr. A. Borghesi, founding partner of Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.), and the subsequent necessary internal management restructuring. In this regard, June 2014 saw the appointment of the new Mittel Advisory S.p.A. Board of Directors and company General Manager, Mr. Luca Ditadi.
In addition to the previously mentioned adjustments to goodwill, additional value adjustments of roughly EUR 1,0 million were made to credit positions during the year. Therefore, the sector closed the year ended as at 30 September with a loss of EUR 10,9 million, due almost entirely to the negative result of EUR 11,0 million recorded by Mittel Advisory S.p.A. due, as already mentioned, for EUR 8,0 million to the impairment of goodwill.

In terms of equity, due to the above, the sector witnessed a significant decrease in equity, which stood at EUR 1,9 million (down from EUR 9,1 million), and a net financial position of EUR 3,1 million.

Performance of the Private Equity and Investments sector

Figures in EUR/000		
Investments and PE Sector	**set-14**	**set-13**
Fixed assets	278.832	327.840
Equity	239.330	248.009
Net financial position	(35.015)	(73.512)

Fixed assets, amounting to EUR 278,8 million as at 30 September 2014, registered a decrease of EUR 49,0 million compared to the situation at the end of the previous year (EUR 327,8 million) and are broken down as follows: investments consolidated using the equity method and other financial assets totalled EUR 133,0 million (from EUR 170,5 million), financial receivables amounted to EUR 145,2 million (from EUR 156,4 million, already including the receivable due to Ghea S.r.l. from BIOS S.p.A., whose medium-term

rescheduling was in the course of being completed at the close of the previous year) and the remainder was composed of other assets totalling EUR 0,6 million.
The significant reduction in fixed assets, and, in particular, investments consolidated using the equity method, was due primarily to the distribution of dividends (EUR 27,8 million) in the year by the company Brands Partners 2 S.p.A. in liquidation, which had a positive impact on the financial position. It should be noted that Brands Partners 2 S.p.A. in liquidation, at the time of the initial public offering of Moncler S.p.A. and for a residual minority share at the end of the lock-up period in June 2014, transferred the stake previously held in Moncler S.p.A. (4,99%). The EUR 9 million reduction (to EUR 20,2 million) in the book value of the investment held by Mittel in Azimut Benetti S.p.A. had a further negative impact on the value of fixed assets.
The net financial position in the sector recorded a marked improvement in the year of EUR 38,5 million due to the transactions described above as well as (i) the collection from private equity funds for disinvestments in the period, (ii) the closing of certain credit positions and (iii) the effect of the reclassification to current assets of the receivable due to Earchimede S.p.A. from the Fashion District group (receivables effectively collected in December 2014 totalling EUR 29,1 million) net of management costs and financial expenses. The net financial position includes the share held directly by Mittel S.p.A. in Moncler S.p.A. (0,32%, amounting to EUR 9,0 million), given classified under “Securities held for trading”.

At income statement level, the sector recorded profit of EUR 8,4 million (Group + minority interests) deriving from the contribution from revenues of EUR 4,4 million (from EUR 2,8 million), from income from investments and financial assets of EUR 12,9 million (from EUR 3,6 million), from the share of income from investments amounting to a positive EUR 25,8 million (from EUR 0,9 million), from the income from trading of financial assets for a positive EUR 2,4 million (from a negative EUR 1,2 million), in contrast to operating costs of EUR 18,6 million (from EUR 14,5 million), amortisation/depreciation and write-downs of EUR 17,8 million (from EUR 25,1 million), and the loss from financial management of EUR 2,2 million (from a positive EUR 16,8 million), with positive tax effect of EUR 1,4 million (from a negative EUR 6,4 million).
Income from investments and financial assets of EUR 12,9 million mainly refer to the portfolio of investments and private equity funds held by Mittel S.p.A. (Fondo Progressio Investimenti - Progressio Investimenti Fund), as well as the positive contribution from Mittel Partecipazioni Stabili S.r.l. of EUR 6,1 million (of which EUR 0,5 million represented by dividends from listed companies).
Income from investments valued according to the equity method increased to EUR 25,8 million from EUR 0,9 million, benefitting from the positive effects of the sale by the investee Brands Partnes 2 S.p.A. in liquidation, of the investment previously held in Moncler S.p.A. at the time of the initial public offering in December 2014 and, for a minor share tied to a lock-up period, in June 2014.
Operating costs rose by EUR 18,6 million in the year (from EUR 14,6 million), mainly due to the transaction already described with the previous Chief Executive Officer; personnel costs remained unchanged at EUR 3,8 million.
The item amortisation/depreciation and write-downs includes amortisation/depreciation of EUR 0,5 million, allocations to provisions for risks of EUR 2,4 million and adjustments of EUR 14,9 million. The latter are attributable to value adjustments made to private equity funds and investments as a result of the negative performance of the specific market; they refer, for EUR 12,1 million, to Mittel S.p.A. (of which adjustments on Azimut Benetti amounting to EUR 9,0 million), for EUR 0,8 million to Mittel Partecipazioni Stabili S.r.l. (investment in RCS) and for EUR 2,0 million to Earchimede S.p.A..
The loss from financial management of EUR 2,2 million is the result of the management of the financial resources of the sector which is indebted to financial institutions for the financing of the projects in the other sectors in which the group operates (mainly Real Estate and Outlet/Entertainment, with the latter exposure repaid in full in December 2014). Financial management posted a profit of EUR 16,8 million in the previous year, relating mainly to the higher value attributed to the receivable due to Ghea S.r.l. from Bios S.p.A. as a result of the redefinition of its forecasts and collection times.

Performance of the Outlet/Entertainment Sector

Figures in EUR/000

Outlet/Entertainment Sector	**set-14**	*var %*	**set-13**
Revenues	36.308	*2%*	35.527
Operating costs	(28.255)	*1%*	(28.053)
Gross operating margin	8.053	*8%*	7.473
Non-recurring transactions (net of taxes)	(13.155)		-
Net profit	(34.294)		(13.790)

The Outlet/Entertainment Sector relates to the Fashion District Group. The sector also includes the 18,4% investment held by Fashion District Group S.p.A. in the holding company Alfa Park S.r.l., a Group that operates in the construction and management of theme parks. As a result of the extraordinary transactions completed on 18 November 2014, and better detailed below, the company Fashion District Group S.p.A. now operates in the sector as manager of structures geared towards outlet centres (Mantua and Molfetta).

In the second half of 2013/2014, also as a result of international operators' renewed interest in the Italian real estate market, Fashion District Group S.p.A. carried out an extraordinary transaction aimed at the disposal of property assets for outlet use held by the company and located in Mantua and Molfetta. This strategic decision should be viewed jointly with the exercising, at the end of 2013 by RREEF Investment Gmbh (on behalf of the open-ended German real estate investment fund called "Grundbesitz Europa", owner of properties in the Valmontone outlet) of the option to purchase the business unit held by Fashion District Roma S.r.l., a company that managed the Valmontone outlet and whose rental agreement expired on 31 December 2014.
The disposal of the Mantua and Molfetta outlets and of the companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l. took place after a competitive auction procedure as part of which, the winning bid was presented by the Blackstone Group through IDeA Fimit SGR S.p.A., a company operating on behalf of the closed-end real estate fund called "Moma".
On 31 July 2014, a preliminary purchase agreement for the above assets was signed between the seller, Fashion District Group S.p.A., and the purchaser, IDeA Fimit SGR S.r.l., which took effect on 18 November 2014, the date on which Fashion District Group S.p.A. collected EUR 120,1 million and, at the same time, fully repaid the existing bank debt of approximately EUR 51 million and the debt raised in previous years with the Mittel Group, specifically Earchimede S.p.A., for around EUR 29,0 million.
At the same time as completion of the above-mentioned sale, Fashion District Group S.p.A. signed a one-year agreement with the purchaser for the management of the Mantua and Molfetta outlets.

Moving on to an analysis of the economic performance during the year, it should be noted that a loss of EUR 34,3 million was recorded, due to the ordinary performance of the sector, as described in more detail below, and the repercussions of the extraordinary transaction completed in November 2014 (EUR 13,2 million).
In terms of income from management, in addition to the slight increase in revenues (+2% to EUR 36,3 million compared to EUR 35,5 million in the previous year) and essentially unchanged operating costs of EUR 28,3 million, the increase in the item amortisation/depreciation and write-downs should be noted (from EUR 22,1 million to EUR 27,0 million) which includes provisions and adjustments totalling EUR 13,0 million. The latter are mainly due to the adjustments made to the value of the investment held by Fashion District Group S.p.A. in Alfa Park S.r.l. amounting to EUR 6,5 million (as a result of which the investment was fully written down as at 30 September 2014), as well as to the value of the receivable relating to the sale of the business unit held by Fashion District Roma S.r.l. amounting to EUR 2,4 million; the amount of the adjusted receivable, recorded for a total of EUR 12,5 million as at 30 September 2014, is in line with the final amount calculated at the end of the contract, which took effect on 23 December 2014.
Financial management made a negative contribution to the result for the year of EUR 8,3 million (from a negative EUR 1,5 million), attributable, for EUR 4,5 million, to the adjustment of the receivable due from Alfa Park S.r.l., to bring it into line with the deteriorated creditworthiness of the investee.

From an equity standpoint, the significant reduction in equity in the sector (from EUR 81,1 million to EUR 44,9 million) is attributable to both the normal result in the period, and the effects of the extraordinary sale of the Mantua and Molfetta outlets, and the full write-down of the investment in Alfa Park S.r.l., and the value adjustment to the receivable due from said entity. As a result of the reclassification deriving from the extraordinary transaction completed in November 2014, fixed assets, totalling EUR 3,7 million, include the residual value of the receivable due from Alfa Park S.r.l. amounting to EUR 1,6 million. The Financial Position, which still does not reflect the improvement made on 18 November 2014 with the collection of EUR 120,1 million relating to said extraordinary transaction, improved by EUR 9,3 million thanks to the inclusion therein of the receivable for the transfer concerning Fashion District Roma S.r.l., which was reclassified under short-term assets, given the associated collection (amounting to around EUR 11,4 million) was made on 23 December 2014.

Performance of the Parent Company

Dear Shareholders,

your Company closed the year ended as at 30 September 2014 with a net loss of EUR 50,4 million, compared to a net loss of EUR 27,7 million as at 30 September 2013.

Equity amounted to EUR 226,1 million, compared to EUR 278,4 in the year ended as at 30 September 2013, marking a decrease of EUR 52,3 million.

The income for the year was negatively affected by value adjustments to investments (EUR 57,2 million) and by value adjustments to financial assets and receivables of EUR 13,0 million.

Financial highlights of Mittel S.p.A.

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

(Thousands of Euro)	30.09.2014	30.09.2013 (*)
Revenues	**4.331**	**2.645**
Purchases, provision of services, sundry costs	(13.292)	(9.477)
Personnel costs	(3.443)	(3.731)
Operating costs	**(16.735)**	**(13.209)**
Income (expenses) from investments	35.564	9.709
Operating margin (EBITDA)	**23.161**	**(855)**
Amortisation/depreciation and allocations	(2.901)	(5.366)
Value adjustments to financial assets and receivables	(12.960)	(8.736)
Value adjustments to investments	(57.213)	(11.060)
Operating result (EBIT)	**(49.913)**	**(26.017)**
Income (loss) from financial management	(2.999)	(1.538)
Income (loss) from trading of financial assets	774	-
Income (loss) before taxes	**(52.139)**	**(27.554)**
Taxes	1.773	(52)
Net income (loss) for the year	**(50.366)**	**(27.606)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1.

- Revenues: EUR 4,3 million compared to EUR 2,6 million as at 30 September 2013, marking an increase of EUR 1,7 million, mostly due to the incidence of revenues of EUR 2,5 million recorded relating to the sale of an area of land in Naples, partially offset by the decrease of EUR 0,8 million in other income;

- Operating costs: EUR 16,7 million compared to EUR 13,2 million in the previous year; the increase in the item purchases, provision of services and other costs was mostly due to the agreement signed with the former Chief Executive Officer, Mr. Arnaldo Borghesi, as a result of which Mittel S.p.A. incurred costs totalling EUR 3,3 million;

- Income (expenses) from investments: EUR 35,6 million compared to EUR 9,7 million in the previous year. This item is mainly composed of dividends from investments of EUR 28,2 million (EUR 8,6 million as at 30 September 2013) and dividends on available-for-sale financial assets of EUR 7,2 million (EUR 0,9 million as 30 September 2013). The item dividends from investments is comprised, for EUR 27,8 million, of dividends distributed by Brands Partners 2 S.p.A. in liquidation. The item dividends from financial assets refers, for EUR 5,8 million, to the amount distributed by the Fondo Progressio Investimenti (Progressio Investimenti Fund).

- Operating margin (EBITDA): A positive EUR 23,2 million compared to a negative EUR 0,9 million in the previous year, marking an increase of EUR 24,1 million;

- Amortisation/depreciation and allocations: EUR 2,9 million compared to EUR 5,4 million in the previous year. The item is mainly composed of the provision for contractual disputes amounting to EUR 2,4 million (EUR 5 million as at 30 September 2013) and amortisation/depreciation of EUR 0,5 million (EUR 0,4 million as at 30 September 2013);

- Value adjustments to financial assets and receivables: EUR 13,0 million compared to EUR 8,7 million in the previous year. The item is primarily composed of value adjustments to financial assets amounting to EUR 12,7 million (EUR 4,0 million as at 30 September 2013), and in particular, to the EUR 9 million adjustment to the book value of the investment Azimut Benetti as a consequence of its negative performance, as well as, for an amount of EUR 3,7 million, the impairment of the shares held in the Fondo Progressio Investimenti (Progressio Investimenti Fund - EUR 1,7 million), in Fondo Progressio Investimenti II (Progressio Investimenti II Fund - EUR 0,5 million), in Progressio SGR S.p.A. (EUR 0,7 million), in the Fondo Augusto (Augusto Fund) (EUR 0,6 million), in Equinox Two Sca (EUR 0,1 million) and in the investment Società Editoriale Vita S.p.A. (EUR 0,1 million).

- Value adjustments to investments: EUR 57,2 million compared to EUR 11,1 million. The item is mainly composed of the write-down due to impairment of the subsidiaries Earchimede S.p.A. (EUR 30,8 million), Mittel Advisory S.p.A. (EUR 10,1 million), Brands Partners 2 S.p.A. in liquidation (EUR 6,8 million to be viewed together with the above dividend), Mittel Management S.r.l. (EUR 0.9 million), Mittel Investimenti Immobiliari S.r.l. (EUR 8,4 million), Mittel Investimenti Mobiliari S.r.l. (EUR 0,1 million) and Locaeffe S.r.l. in liquidation (EUR 0,1 million).

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

(Thousands of Euro)	**30.09.2014**	**30.09.2013**
Intangible assets	174	95
Property, plant and equipment	395	795
Investments	135.603	188.712
Non-current financial assets	175.892	207.155
Non-current assets (liabilities) held for sale	-	-
Provisions for risks, employee severance indemnity and employee benefits	(8.260)	(6.314)
Other non-current assets (liabilities)	(159)	(2.475)
Tax assets (liabilities)	15.641	13.734
Net working capital (*)	(2.416)	(1.626)
Net invested capital	**316.869**	**400.076**
Shareholders' equity	**(226.131)**	**(278.359)**
Net financial position	**(90.738)**	**(121.715)**

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

Property, plant and equipment and intangible assets amounted to EUR 0,6 million, decreasing on the previous year as a result of the amortisation and depreciation for the year.

Investments amounted to EUR 135,6 million, compared to EUR 188,7 million in the year ended as at 30 September 2013. This net decrease is attributable to sales amounting to EUR 4,4 million (the main ones including Everel Group S.p.A. for EUR 3,3 million and MiRe SGR S.p.A. for EUR 0,9 million) and write-downs totalling EUR 57,2 million, of which EUR 30,8 million relating to impairment of the investment Earchimede S.p.A., EUR 10,1 million to Mittel Advisory S.p.A., EUR 6,8 million to Brands Partners 2 S.p.A. in liquidation, EUR 0,9 million to Mittel Management S.r.l., EUR 8,4 million to Mittel Investimenti Immobiliari S.r.l., EUR 0,1 million to Mittel Investimenti Mobiliari S.r.l. in liquidation and EUR 0,1 million to Locaeffe S.r.l. in liquidation. These decreases were partially offset by increases of EUR 8,5 million in the year, mostly due to the waiving of shareholders' loans targeted at increasing the equity resources of investees; in particular, these increases concerned the investees Liberata S.p.A. for EUR 3,6 million, Mittel Management S.r.l. for EUR 0,9 million and Mittel Advisory S.p.A. for EUR 3,6 million.

Non-current financial assets amounted to EUR 175,9 million, compared to EUR 207,2 million in the year ended as at 30 September 2013, marking a decrease of EUR 31,3 million. This was essentially due to the combined effect of:

- an increase of EUR 9,6 million in non-current financial receivables, composed mainly of the reclassification to this item, for a total of EUR 9,2 million, of the receivable due from Sofimar SA, currently the object of a dispute which may only be collected after 1 October 2015;
- a decrease of EUR 19,0 million relating to financial assets as a result of (i) write-downs due to impairment amounting to EUR 12,1 million (of which EUR 9 million on the investment Azimut Benetti S.p.A., EUR 1,7 million on Fondo Progressio Investimenti (Progressio Investimenti Fund), EUR 0,5 million on Fondo Progressio Investimenti II (Progressio Investimenti II Fund), EUR 0,7 million for Progressio SGR S.p.A., EUR 0,1 million for Fondo Augusto (Augusto Fund) and EUR 0,1 million for Equinox Two Sca), (ii) sales totalling EUR 4,6 million, (iii) decreases due to adjustment of the value of financial assets at fair value amounting to EUR 3,2 million, partially offset by (iv) subscriptions/calling up of funds owned amounting to EUR 0,9 million;
- a decrease of EUR 21,7 million relating to the repayment of the loan to the subsidiary Mittel Partecipazioni Stabili S.r.l..

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 8,3 million, compared to EUR 6,3 million in the previous year, marking an increase of EUR 2,0 million. Specifically, the provision for risks included an allocation of EUR 2,0 million mainly as a result of the hedging of the risk attributed to contractual guarantees issued by Mittel S.p.A..

The item other tax assets amounted to EUR 15,6 million, compared to EUR 13,7 in the previous year, marking a decrease of EUR 1,9 million. This item is mainly composed of tax receivables due to overpayments of advances by Hopa S.p.A., which, as a result of incorporation, now pertain to Mittel S.p.A..

Net working capital made up of Sundry receivables and other current assets and Sundry payables and other current liabilities, amounted to a negative EUR 2,4 million, (EUR 1,6 million in the previous year) marking an increase of EUR 0,8 million in absolute value. The change refers to the combined effect of the increase in sundry receivables and other assets, up EUR 0,2 million, and the decrease in sundry payables and other liabilities of EUR 2,6 million. For the details of the individual items, see the description in the explanatory notes.

Equity amounted to EUR 226,1 million, compared to EUR 278,4 in the year ended as at 30 September 2013, marking a decrease of EUR 52,3 million. The change in the year is attributable to the loss for the year of EUR 50,4 million and the EUR 1,9 million decrease in the valuation reserve.

The negative net financial position amounted to EUR 90,7 million, compared to EUR 121,7 million in the previous year, improving by a total of EUR 31,0 million.

Statement relating to the net financial position

(Thousands of Euro)	30.09.2014	30.09.2013	Variazione
Cash	2	2	0
Other cash equivalents	5.617	3.543	2.074
Securities held for trading	9.305	-	9.305
Current liquidity	**14.924**	**3.545**	**11.379**
Current financial receivables	**77.031**	**67.561**	**9.470**
Bank payables	(83.507)	(94.215)	10.708
Bonds	(97.974)	(97.424)	(550)
Other financial payables	(1.212)	(1.182)	(30)
Financial debt	**(182.693)**	**(192.821)**	**10.128**
Net financial position	**(90.738)**	**(121.715)**	**30.977**

The significant improvement in the net financial position is mainly due to the collection of dividends of EUR 27,8 million received in the year from the investee Brands Partners 2 S.p.A. in liquidation and the collection of additional dividends of EUR 7,3 million on available-for-sale financial assets, liquidity deriving from the sale of the investments Everel S.p.A. and Mire SGR S.p.A. amounting to around EUR 4,2 million, compared to a decrease due to the cash requirements needed to cover the company's operating costs.

Significant events in the year

The Agreement signed on 12 October 2009 between Mittel S.p.A., Equinox Two S.c.A., Hopa S.p.A. (to date merged in Mittel S.p.A.), Banca Monte dei Paschi di Siena S.p.A. and Unipol Gruppo Finanziario S.p.A., pertaining to their mutual relationships as direct and indirect shareholders, expired on 18 November 2013 and has not been renewed again. The Agreement concerned 171.098.423 shares of Sorin S.p.A., equal to 35,7395% of the Company's ordinary share capital.

On 11 December 2013, the Global Offer to Sell aimed at listing Moncler S.p.A. on the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A., was concluded successfully. The Offer Price of the Moncler S.p.A. ordinary shares was fixed at EUR 10,2 per share. Brands Partners 2 S.p.A., company of which Mittel S.p.A. holds 25,20% of the share capital, complied with the Global Offer to Sell for the purpose of listing of Moncler S.p.A., contributing 9.3 million in ordinary shares of that company. The collection, net of commissions due to placement banks, amounted to EUR 93,4 million.

On 28 January 2014, following the Company's Board of Directors' Meeting, having acknowledged the irremediable rift created within the administrative body with the Chief Executive Officer in such a way as not to allow the board, in its current composition, to continue its operations, the Directors G. Franceschi, P. Battocchi, S. Gianotti, G. Montini, G. Pasini and M. Tononi submitted their irrevocable resignations from the office. By virtue of the provisions of art. 7, paragraph 2 of the Company's Articles of Association, as the majority of the Directors in office have stepped down, the entire Board of Directors of the Company is considered withdrawn from the date of appointment of the new board by the Ordinary Shareholders' Meeting.

On 17 February 2014 the Company announced that, in relation to the Ordinary Shareholders' Meeting convened on 10 March (first call) and on 11 March (second call) for the renewal of the company's entire administrative body, it had received the candidate lists for the appointment of the Board of Directors:

- list no. 1 submitted by Fondazione Cassa Risparmio di Trento e Rovereto, owner of 10,903% of Mittel S.p.A. ordinary shares;

- list no. 2 submitted by La Scuola, owner of 3,754% of Mittel S.p.A. ordinary shares.

On 10 March 2014 Mittel S.p.A. announced that it had reached an agreement with the then Chief Executive Officer, Mr. Arnaldo Borghesi, which applied the provisions of the directors' agreement in place between the Company and Mr. Borghesi regarding the possible early termination of the executive position without just cause, in relation to the positions of Board Member and Chief Executive Officer of Mittel S.p.A.. As a result of entering into the agreement, Mittel S.p.A. paid Mr. Borghesi EUR 2,7 million in addition to EUR 600 thousand which will be paid as compensation for the 6-month non-competition obligation (amount paid at the end of said period), set out in the current directors' agreement.

The agreement with Mr. Borghesi was signed by the Chairman of the Board of Directors, authorised for such purpose by resolution of the Board of Directors issued on 10 March, as the last deed in the decision-making process that involved Remuneration and Appointments Committee and the Related Party Transactions Committee of the Company, each under their respective responsibilities, which issued justified favourable opinions.

On 10 March 2014 the Shareholders' Meeting of Mittel S.p.A., called to renew the company's entire administrative body, resolved: (i) to set the number of members of the Board of Directors at 11 and (ii) to call to be part of the Board of Directors, which shall remain in office for three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ended as at 30 September 2016, Messrs.: Franco Dalla Sega, Paolo Battocchi, Maria Vittoria Bruno, Giorgio Franceschi, Stefano Gianotti, Marco Merler, Giuseppe Pasini, Gianluca Ponzellini, Duccio Regoli and Michela Zeme, designated by the shareholder Fondazione Cassa di Risparmio di Trento e Rovereto and Carla Sora, designated by the shareholder La Scuola S.p.A..

Mittel S.p.A.'s Board of Directors, which met at the end of the above shareholders' meeting, (i) appointed Chairman Mr. F. Dalla Sega and Deputy Chairman Mr. G. Franceschi, (ii) established an Executive Committee, appointing the following members: F. Dalla Sega (Chairman), G. Franceschi, S. Gianotti and G. Pasini and (iii) appointed the members of the internal committees, in particular of the Remuneration and Appointments Committee, the Control and Risks Committee and the Related Party Transactions Committee.

On 13 March 2014, in compliance with the request received on 12 March 2014 from Consob pursuant to art. 114, paragraph 5 of Legislative Decree 58/1998, Mittel S.p.A., with regard to the press release issued on 10 March 2014 concerning the signing of the agreement with former Chief Executive Officer, Mr. Borghesi, circulated a press release to the public which outlined that said agreement was signed by the Chairman of the Board of Directors, authorised for such purpose by resolution of the Board of Directors issued on 10 March, as the last deed in the decision-making process that involved Remuneration and Appointments Committee and the Related Party Transactions Committee of the company, each under their respective responsibilities, which issued justified favourable opinions.

On 7 April 2014 Mittel S.p.A. informed the market that on 31 March 2014 the Board of Directors of Mittel S.p.A. unanimously approved the request to extend the Vendor Loan and the Line A Shareholders' Loan made by Liberata S.p.A. and, as a result, postponed the deadline for repayment of both the Vendor Loan and the Line A Shareholders' Loan to 31 December 2016.

The related information document, drawn up pursuant to Annex 4 of Consob Regulation no. 17221 of 12 March 2010, as amended, was made available to the public at the registered office and the market management company and has been published on the company's website.

On 7 June, Mittel S.p.A. Board Director and member of the Remuneration and Appointments Committee, Paolo Battocchi, resigned for professional reasons, whose name had been taken from the list filed by Fondazione Cassa di Risparmio di Trento e Rovereto.

On 12 June 2014, the shareholders' meeting of Mittel Advisory S.p.A., a company wholly-owned by Mittel S.p.A., elected the new Board of Directors. The shareholders' meeting, based on the prior decision to reduce the number of Directors from fourteen to three to permit more effective governance, elected the Directors Giorgio Franceschi, Stefano Bolla and Pietro Santicoli until approval of the financial statements for the year ended as at 30 September 2016. Giorgio Franceschi was appointed Chairman of the Board of Directors. Stefano Bolla is the current Chairman of Assogas and Chairman and Chief Executive Officer of the Erogasmet Group. Luca Ditadi was appointed the Company's General Manager.

On 23 July 2014, Earchimede S.p.A, a company 85,01% owned by Mittel S.p.A. acquired a 12% share, for EUR 0,5 million, in Superpartes S.p.A. (with closing effected in September 2014), a Brescia-based company founded by Marino Piotti, Gianfausto Ferrari and Fulvio Primatesta, with the objective of implementing new projects in the innovative applied digital technology sector. For Mittel, this investment allows a deep understanding of developments in the digital economy and an evaluation of potential investments in said sector.

On 30 July 2014, Mittel S.p.A.'s Board of Directors, in light of the resignation handed in by Paolo Battocchi, effective from 7 June 2014, appointed Michele Iori via cooptation, Chairman of Fondazione Cassa di Risparmio Trento e Rovereto, as well as founding partner of Law & Tax Consulting S.r.l..

On 31 July 2014, Fashion District Group S.p.A. – FDG (a company 66,7% owned by Earchimede S.p.A., in turn 85% owned by Mittel S.p.A.) signed a sale agreement with IDeA FIMIT SGR S.p.A., regarding the property complex in which the Fashion District outlet of Bagnolo San Vito (MN) operates and the property complex in which the Fashion District of Molfetta (BA) operates, as well as 100% of the share capital of the two subsidiary companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., responsible for the local commercial management of the aforementioned outlets. IDeA FIMIT SGR S.p.A. is the management company of the closed-end real estate investment fund reserved to qualified investors called "MOMA", subscribed entirely by entities attributable to the funds managed by the Blackstone Real Estate Partners IV group. The transaction involved a total consideration of roughly EUR 123,7 million, relating for around EUR 20,7 million to the sale price of the two Companies (of which EUR 18,6 million to be paid in cash and EUR 2,1 million in the form of acquired payables) and for approximately EUR 103 million to properties. At closing, a collection of EUR 106,6 million was agreed while it was agreed that the collection of EUR 15 million would be deferred until 12 months after closing. Provision was also made for FDG to continue to manage the outlet. Pursuant to the Agreement, the transaction closing was envisaged on a date after 2 October 2014 and, nonetheless, no later than 15 December 2014, the normal conditions precedent for these types of transactions were agreed.

On 29 September 2014, Mittel S.p.A. Board Director, Gianluca Ponzellini, resigned for professional reasons, whose name had been taken from the list filed by Fondazione Cassa di Risparmio di Trento e Rovereto.

Main ongoing legal proceedings and disputes

Snia S.p.A. under extraordinary administration

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

Snia S.p.A. under extraordinary administration is asking for compensation from the defendants (i) of EUR 388 million relating to the above-mentioned split-off, (ii) of around EUR 3,5 billion in relation to alleged environmental damages deriving from the management of chemical sites belonging to Snia and to its parent companies, and (iii) of around EUR 200 million in relation to the consequences of Snia continuing in its business despite the fact that, according to the plaintiff's arguments, it had already lost its share capital. The case is currently pending before the Court of Milan.

On 4 November 2013 the Ministry of the Environment and Protection of Land and Sea and the Ministry of the Economy and Finance appeared before the court, having filed a single notice of voluntary joinder pursuant to articles 105 and 267 of the code of civil procedure supporting the claims formulated by Snia and, specifically, those regarding the considerable environmental damages for which the plaintiff is demanding compensation.

On 5 November 2013, the parties' first hearing was held, after which the Judge set the date of 24 January 2014 for continuing the hearing, pursuant to art. 183 of the code of criminal procedure.

The parties filed their respective briefs. During the hearing on 24 January 2014, the Judge, having acknowledged the passing away of one of the natural persons, postponed the case against the other parties convened to the hearing on 20 June 2014 in order to allow Snia to resume the proceedings against the successors of the deceased and summons them to appear at a hearing on 20 June 2014.

By means of order dated 30 June 2014, the Judge, having acknowledged the number of parties in the case and the complexity of the matters inferred therein, formally notified the plaintiff company of the need to examine in-depth (i) the precise identification of the occurrences of damages attributable to each defendant;

and (ii) the plaintiff's actual and concrete interest in taking action, with reference to the first instance of conduct (abuse of management and coordination) and the fifth instance of conduct (environmental damage).
By means of the same order, the Judge assigned the parties with the terms for the exchange of briefs pursuant to art. 183, paragraph 6 of the code of criminal procedure, fixing the hearing for the discussion and the admission of preliminary evidence on 9 January 2015.
By means of the brief filed in accordance with terms prescribed on 30 July 2014, the plaintiff company partially amended its line of reasoning and also introduced new claims in relation to both the "second instance of conduct" (the "distractive" split) and the "fifth instance of conduct" (the causation of environmental damage), by providing, among other things, an "alternative" criterion for quantifying the so-called instantaneous damage derived from the second instance of conduct - criterion on the basis of which the original compensation claim of EUR 388 million would rise to EUR 572 million - and reformulating, on the other hand, the claims relating to the fifth instance of conduct in the sense of introducing conditional claims for sentencing subject to the outcome of the aforementioned judgments proving the liabilities of Snia and Caffaro, and in order to surreptitiously provide for the evident absence of a certain and actual damage on the part of plaintiff company in relation to the fifth instance of conduct.
Mittel, by means of the brief filed on 14 October 2014 (like the other defendants), objected, among other things, to the inadmissibility and, in any case, the groundlessness of the new lines of reasoning of the plaintiff, at the same time supplementing its preliminary applications by producing a technical party consultancy report in the interest of Mittel S.p.A., drafted jointly by Angelo Provasoli and Gabriele Villa. Once again, Mittel S.p.A. produced an additional report by Nelson Marmiroli aimed at refuting the extent of the environmental damages caused by Caffaro at the Brescia plant and the reclamation work methods recommended on behalf of the Ministry of the Environment by ISPRA. Mittel then produced solid documentation in support of its case.
By means of the last authorised preliminary brief, filed on 3 November 2014, Mittel, after having summarised the reasons for the inadmissibility and/or groundlessness of all plaintiff's claims, produced additional documentation aimed at objecting to the appraisals and supporting preliminary documents, produced by SNIA with the brief dated 14 October 2014. Mittel then reasoned contrary to what was sustained by the plaintiff.
By means of decree dated 17 December 2014, the hearing of 9 January 2015 was officially postponed until 6 February 2015.
Also as a result of the recent change to the claims made by the plaintiff by means of the brief filed on 30 July 2014, the claims formulated appear to be totally unfounded, owing to the absence of a certain and actual damage as well as the clear absence of a causal relationship between the alleged unlawful conduct engaged in by Mittel and the damages for which compensation is sought.
In fact, first of all, the environmental damage which, based on the investigations conducted by the lawyer assigned through Nelson Marmiroli, in the reclamation works would amount to a figure in line with (or, in any event, not far from) the allocations indicated at the time in the financial statements of SNIA and Caffaro, is attributable to Caffaro S.p.A. and not to SNIA, therefore, it is not clear how this could be reported by the Ministries to SNIA and, by the latter, to SNIA's shareholders as a result of the split-off.
Caffaro, in fact, has never been involved, as an entity, in any split-off, unlike that which occurred in its parent company SNIA. For that matter, the financial claims put forward by SNIA's extraordinary administration against Mittel are the result of SNIA's position as the undeclared sole shareholder of Caffaro as well as its influence as dominant shareholder (and, thus, the influence of the alleged dominant shareholders in the SNIA shareholders' meeting through BIOS, a circumstance firmly denied by Mittel). However, irrespective of the fact that the declaration that SNIA was the sole shareholder – even though this was not finalised in administrative form – was filed prior to the reform, it is important to note that the statute of limitations of SNIA's liability as sole shareholder is five years, thus, all claims for this purpose would seem null and void, especially due to the fact almost all of the events that SNIA cites as grounds for its claims – in addition to having occurred in Caffaro – date back to periods from the beginning of the 1900's to the 1980's. As regards liability for management and coordination, at the current state of play, it is not clear what this would consist of and, in any event, this could not relate to events occurring such a long time ago.
Based on these considerations, therefore, Mittel is excluded from having to pay any damages, damages that, moreover, in the remote case of being ascertained by the Judicial Authorities, should be shared, if necessary, with a large number of defendants.
The risk of being the losing party in these proceedings, in conclusion, also in light of the considerations expressed by the lawyers participating in the case, appears to be remote for both Mittel S.p.A. and Bios S.p.A..

The company received three registered letters on 6 March 2014 from some subjects residing in the Municipality of Brescia, close to the industrial plants of companies in the Caffaro group. By means of these letters some claims for compensation were formulated against Mittel and Bios S.p.A. (and against GE Capital S.p.A., Monte Paschi di Siena S.p.A, Unipol Gruppo Finanziario S.p.A and Sorin S.p.A.), deriving from the alleged damages suffered by virtue of the pollution claimed to have been caused by the Caffaro plants in the Municipality of Brescia.

By means of the communications sent in March 2014, a response was provided by our lawyers and, at the current state of play, no legal action has been taken by the aforementioned parties against Bios.

Similarly, on 16 July 2014, the Attorney General of the Municipality of Brescia sent Mittel S.p.A. and Bios S.p.A. (as well as GE Capital S.p.A., Monte Paschi di Siena S.p.A, Unipol Gruppo Finanziario S.p.A and Sorin S.p.A.) a letter containing compensation claims regarding the alleged and unquantified damages from pollution, reserving the right to resort to the Judicial Authorities in the future, in the event of non-compensation.

This letter was also checked by the lawyers assisting Mittel and Bios, and all charges rejected.

GE Capital S.p.A. and Tellus S.r.l.

By means of a writ of summons notified on 7 December 2011, GE Capital Interbanca S.p.A. (hereinafter “GE Capital”) and Tellus S.r.l. (“Tellus”) – at that time non-controlling shareholders of Hopa Holding di Partecipazioni Aziendali S.p.A. (“Hopa”), – brought legal proceedings against the latter, asking the presiding Court of Brescia (i) as a preliminary matter, to urgently suspend the implementation of the resolution taken by the extraordinary shareholders’ meeting of Hopa of 13 October 2011 by means of which the merger by incorporation of Tethys S.p.A. and Hopa into Mittel S.p.A. (“Mittel”) was approved and (ii) in this regard, to declare the nullity, voidability or, in any case, the invalidity of the resolution of the shareholders’ meeting being challenged, given not in compliance with the law and the Articles of Association and unlawful.

Upon conclusion of the interlocutory stage with the rejection of the request for the suspension by the opposing party, on 30 December 2011, the deed of merger by incorporation of Hopa into Mittel was stipulated, with the subsequent registration of same in the Registers of Companies of the participants in the merger. Given that the registration of the merger in the Register of Companies precludes, pursuant to art. 2504-quater of the Italian Civil Code, any pronunciation of the invalidity of the same, GE Capital and Tellus converted the original requests to claims for compensation for damages, as they had already reserved the right to do in the writ of summons in the event of the execution of the merger.

In particular, the plaintiffs requested, first and foremost, the compensation for estimated damages totalling EUR 10,2 million (of which EUR 7,8 million claimed by GE Capital, and EUR 2,5 million claimed by Tellus), plus legal interest and monetary revaluation, due to the alleged absence, for Hopa, of “economic grounds” for the merger. Alternatively, said parties requested damages totalling EUR 9,7 million (of which EUR 7,3 million for GE Capital and EUR 2,3 million for Tellus), plus legal interest and monetary revaluation, due to the alleged “inconsistency of the share exchange ratio” adopted during the merger.

Mittel contested the inadmissibility and grounds of the claims for compensation made by the plaintiff companies, reaffirming, in this regard, the propriety of the merger procedure, the completeness of all merger documentation and the non-existence of any damage for the former shareholders of Hopa. The defence arguments prepared by Mittel are also based on the observations and remarks made by the technical consultants appointed by the company on an ad hoc basis, whose analyses were presented in court in order to demonstrate the non-existence of objections and of the damage reported by the plaintiff companies.

On 9 November 2012 the Judge appointed the Court-appointed expert witness in the person of Mr. Renato Camodeca who was called to fulfil the following deposition: “(i) to state whether the ratio for the exchange of the shares of Hopa S.p.A. (merged company) in Mittel S.p.A. (merging company) as part of the merger operation involved in the legal proceedings, is consistent or not, taking into account the characteristics of the transaction in question and the activities, characteristics and the nature of the two companies involved, also with reference to the possible earnings that could be generated in alternative operations with respect to the merger provided that they can be reasonably and objectively determined; (ii) in the event in which the Court-appointed expert witness does not deem the ratio for the exchange of the shares of Hopa S.p.A. (merged company) into Mittel S.p.A. (merging company) consistent, he shall redetermine and calculate the correct share exchange ratio and as a result, determine the financial harm suffered by the shareholders of Hopa S.p.A., GE Capital S.p.A. and Tellus S.r.l.”

On 31 October 2014, the Court-appointed expert, Mr. Camodeca, filed a draft report of the Court-appointed expert on which Mittel, through its parties’ expert witnesses (Mr. Provasoli and Mr. Nova) sent its observations on 15 December 2014. At the current state of play, also in light of the content of the Court-appointed expert report filed and the counterclaims of Mittel S.p.A., it was not deemed appropriate to set aside any provision for said dispute.

Sofimar S.A. and Mr. Alfio Marchini

In relation to the receivable of EUR 12,8 million (scheduled by way of supplementary private agreement of 23 June 2009 into three tranches of EUR 4,3 million plus interest - the first tranche of which due on 31 July 2013), in execution of the commitments undertaken by Sofimar S.A. and by Mr. Alfio Marchini due to the acquisition of bare ownership of the 222.315 shares of Finaster S.p.A. (now Finaster S.p.A. in liquidation) during the year ended as at 30 September 2005, on 2 August 2013 Mittel S.p.A. warned the counterparties to comply, to be able to collect the first instalment, including interest, amounting to EUR 4,6 million. The notice to comply with payment sent by Mittel S.p.A. did not receive a response, and the counterparty did not formulate any proposals concerning an amicable settlement of the issue. That being said, on 25 October 2013, due to the persistent breach by Sofimar S.A. and Mr. Alfio Marchini, Mittel S.p.A. notified the counterparties of the

termination of the private agreement of 23 June 2009, with the consequent obligation for the Defendants to fully repay the amounts for principal, interest and arrears interest.
Mittel S.p.A., having received no response from the counterparty following the communication of 25 October 2013, filed a petition for arbitration with the Board of Arbitrators of Milan on 19 December 2013, by virtue of the express arbitration clause in the sales contract of 30 September 2005, appointing Domenico Di Pietro as its arbitrator, in order to obtain fulfilment of the obligations undertaken by Sofimar S.A. and Mr. Alfio Marchini. In the past, the counterparties had regularly paid, up to July 2012 (last deadline for repayment of interest alone), Mittel S.p.A. the interest due on the extension of the payment into three tranches, expressly recognising its payable. The defendants appeared before the court with a brief filed on 18 February 2014, making a preliminary request to ascertain the lack of standing to be sued of Mr. Marchini and, in this regard, to reject Mittel's claims. Furthermore, the defendants, in sustaining that the parties, over the years, would have verbally supplemented the sale contract, requested that Mittel be sentenced to the payment of damages allegedly suffered by Sofimar due to Mittel's claimed non-fulfilment of the presumed supplementary verbal agreements. The counterparty also appointed Enrico Gabrielli of Rome as its arbitrator. The council of the Chamber of Arbitration of Milan, by means of communication of 14 March 2014, appointed Swiss national Paolo Michele Patocchi as Chairman of the Board of Arbitrators, dealing specifically with international arbitration. The hearing before the Board of Arbitrators was held on 8 May 2014, the date on which the calendar of activities to be subsequently carried out was established. In compliance with the aforementioned calendar, the parties filed a series of briefs, the last of which by Mittel on 19 December 2014. Preliminary activities are expected to be carried out between January and March 2015 while the arbitration award should be issued by November 2015.
In light of the opinions of its consultants and the legal actions undertaken, the Directors did not deem it necessary to set aside any bad debt provision as at 30 September 2014, deeming said receivable fully recoverable.

Progressio SGR S.p.A. and Brands Partners 2 S.p.A. in liquidation
By means of letter dated 1 October 2014, Progressio SGR S.p.A. ("Progressio") - in reference to the compensation agreement signed on 28 November 2011 (the "Agreement") between Mittel S.p.A. and PEH Private Equity Holding S.r.l. ("PEH"), as shareholders of Mittel Private Equity S.r.l. ("MPE"), on the one hand, Brands Partners 2 S.p.A. ("BP2"), as merging company MPE, Progressio e IFA Iniziative Finanziarie Atesine S.r.l. ("IFA"), as shareholders of BP2, on the other - requested the payment of an amount equal to 48,78% of EUR 13,5 million from Mittel and PEH and, therefore, an amount of EUR 6,6 million plus legal interest and revaluation, to be deemed due, for 70%, equal to EUR 4,6 million from Mittel, and 30%, equal to EUR 1,9 million from PEH.
The amount Progressio requested to be paid by Mittel corresponds to the portion, equal to the percentage of share capital held by Progressio in BP2 until December 2011, of the amount BP2 paid in July 2014 to the Revenue Agency to amicably settle the tax dispute concerning the treatment of the capital gain realised by MPE at the time of the transfer of the investment held in FlyOpen S.p.A. in 2008, a transaction completed before the reverse merger of MPE in BP2 was performed.

According to Progressio, it would have the right to be compensated by Mittel and PEH for the figure requested in compliance with the provisions of the Agreement, deeming that the limit of EUR 1,0 million agreed in the Agreement as the maximum overall limit on the compensation obligation for Mittel (70%) and PEH (30%) respectively would not be applied given invalid.
By means of the communication sent in October 2014, Mittel rejected Progressio's request by asserting, firstly, that the Agreement does not provide the latter and/or any other shareholders with any compensation right, but solely in favour of BP2, as the merging company of MPE, and noting that the limit of EUR 1 million on the compensation obligation for Mittel and PEH, in their capacity as shareholders of the incorporated company MPE, had been agreed between the parties given that they were well aware of the statement of financial position and income statement situation of MPE and BP2.
It should be noted that, by means of the provision established on 16 October 2014 and communicated to BP2 on 20 October 2014, in compliance with the provisions of the Agreement, Mittel paid BP2 an amount of EUR 700 thousand in the form of compensation, concerning the settlement of the FlyOpen tax dispute, by paying the maximum amount for which it was responsible under the Agreement.
As of today's date, Progressio has not formulated any additional claims against Mittel.

Information on investees

Mittel S.p.A. subsidiaries

- **Mittel Advisory S.p.A.** (share capital EUR 2.520.000 – 100% owned)
  The Company operates in the advisory sector, at national level, with a skilled team of ten collaborators with experience in the financial sector and in various industrial sectors, and capable of offering services in all financial consultancy areas: corporate finance consultancy, debt restructuring (restructuring companies in crisis and reorganising their financial structure), corporate governance (defining shareholders' agreements, reviewing existing agreement, family agreements, etc.).
  As part of a rationalisation of the Group's structure, on 30 September 2013 the Extraordinary Shareholders' Meeting of Mittel Advisory S.p.A., pursuant to art. 2343-ter of the Italian Civil Code, approved a share capital increase against payment of EUR 2,4 million, to be released through the contribution by the sole shareholder Mittel S.p.A., of the shares representing 100% of the capital of Mittel Advisory Debt and Grant S.p.A., which also has sole shareholder Mittel S.p.A.. In respect of said share capital increase, Mittel S.p.A. transferred to Mittel Advisory S.p.A. its investment in Mittel Advisory Debt and Grant S.p.A. (100% of share capital). The transfer was finalised on 12 November 2013. On 9 June 2014, as a result of the waiving of an interest-bearing shareholders' loan, which Mittel S.p.A. claimed from the company, an amount of EUR 3.649.446 was transferred under equity to the item "Reserve for coverage of losses".
  Mittel Advisory S.p.A. closed the year 1 October 2013-30 September 2014 with a loss of around EUR 3,0 million, equity totalling EUR 4,2 million and revenues from sales and services of EUR 1,5 million.

  Investments of Mittel Advisory S.p.A.

  Mittel Advisory Debt and Grant S.p.A., (share capital EUR 120.000 – 100% owned)
  Mittel Advisory Debt and Grant S.p.A. offers consultancy to customers in the analysis and obtainment of alternative sources of financing or which complement bank funding (including subsidised loans and outright grants) to support the companies' growth and development plans.
  The company targets dynamic, medium-large growth companies, who are leaders in their respective sectors, focused on exports and/or with a high level of product and process innovation, as well as with a solid financial position. The usual target sectors are: chemical-pharmaceutical, manufacturing, energy and infrastructures. The company has a team of around 12 people, mainly professionals, who have a solid track record and are exclusively focused on debt and grant advisory activities.
  The company closed the year 1 October 2013-30 September 2014 with a profit of EUR 0,1 million, compared to a loss of EUR 0,8 million in the previous year. Revenues from sales and services amounted to EUR 2,6 million (EUR 2,4 million in the previous year, of which EUR 0,2 million from the Corporate Finance sector, now fully transferred to Mittel Advisory S.p.A.). Equity as at 30 September 2014, including net profit for the year, amounted to EUR 0,2 million (EUR 0,1 million as at 30 September 2013).

- **Mittel Management S.r.l.** (share capital EUR 110.000 – 100% owned)
  The corporate purpose of the Company is to offer private equity investment management services. In April 2014, the Board of Directors, taking into account the instructions of the Parent Company Mittel S.p.A., resolved to focus scouting activity on investment opportunities in medium-sized Italian companies (MidCaps), in order to carry out transactions as part of club deals too. In particular, in the May/September period, the Company's team evaluated around 30 investment opportunities in various industrial sectors and completed an in-depth analysis of 6 investment initiatives that were presented to the Board of Directors. Preliminary activities, and analysis and assistance with the realisation of new investments are also performed by the company in favour of other Mittel Group companies. This was the case for the investment in Superpartes S.p.A., a company that operates in the new technologies sector, which was identified by Mittel Management S.r.l. but carried out by another subsidiary of the Parent Company through the subscription of a share capital increase reserved to it, on 30 September 2014. The Company received a fee at market rates for said investment preliminary work and assistance activities.

It should be noted that, during the April/September period, the Company also concentrated on the run-off of all activities started in due course in relation to the expected launch of the two funds, including therein the closing of the preparatory service and consultancy contracts.
The company, incorporated on 18 February 2013, closed its second financial year as at 30 September 2014 recording a loss of EUR 924 thousand and equity of EUR 189 thousand.

- **Mittel Investimenti Immobiliari S.r.l.** (share capital EUR 17.693.878 – 100,00% owned)
The Mittel Group, through Mittel Investimenti Immobiliari S.r.l., operates in the real estate field, making investments in the residential and tertiary sectors, both directly and through companies invested in also by external entrepreneurs who contribute specific skills that complement those of the Mittel Group.
The year closed as at 30 September 2014 posted a loss of EUR 11,3 million, compared to a loss of EUR 0,9 in the year ended as at 30 September 2013.
The result for the year acknowledges the value adjustments on investments totalling EUR 9,7 million, compared to EUR 2,2 million in the previous year (of which EUR 5,7 million recorded directly in the item write-downs of investments and EUR 4,0 million through the write-down of receivables - interest-bearing shareholders' loans - due from said investees). These adjustments are attributable to the investments Santarosa S.r.l. (EUR 0,2 million), Cad immobiliare S.r.l. (EUR 0,3 million), Fede S.r.l. (EUR 0,9 million), Breme S.r.l. (EUR 1,5 million), Iniziative Nord Milano S.r.l. (EUR 1,5 million) and Gamma Tre S.r.l. (EUR 5,1 million) due to the effect of the valuation at the lower between the cost and the market value of the property inventories held by the latter. The properties held by the investees mentioned were valued with the help of independent external appraisers. In addition, a value adjustment was made to the investment Esseventuno S.r.l. (EUR 0,2 million) to bring it into line with its recoverable value. Furthermore, Mittel Investimenti Immobiliari S.r.l.'s income statement includes a write-down of EUR 1,1 million of the property project managed directly and located in Arluno (MI).
The value adjustments to the property inventories are attributable almost entirely to the Italian real estate market situation which, also in 2014, continued to register a fall in investments in both residential and non-residential construction, with a parallel reduction in property sales due primarily to economic uncertainty, poor job market prospects, the decrease in disposable income, and the worsening of tax charges on all types of properties and, lastly, a change of property development strategy employed by management to focus on a specific property project.
Equity as at 30 September 2014 amounted to EUR 12,6 million, compared to EUR 26,2 million as at 30 September 2013.

Direct investments of Mittel Investimenti Immobiliari S.r.l.:

Arluno – Via Donatori del Sangue
In April 2013, the company completed the construction, on an area purchased in December 2008 in Arluno (MI), of a residential complex composed of two buildings of four floors each above ground, in addition to attics and basements, for a total of 98 apartments, a garage with 1 underground level, for a total of 105 garages, and uncovered parking for a total of 44 parking spaces.
Next to the residential complex, according to the provisions of the Agreement, the urban development works, consisting of green areas and car parks, were completed in June 2013; the procedures were completed for testing with the Public Administration.
As at 30 September 2014, 9 apartments, 5 garages and a parking space were sold, for a total of EUR 1,4 million.
As at today's date, 6 apartments, 4 garages and 3 parking spaces have already been agreed on, for a total of EUR 1,1 million.

Investments of Mittel Investimenti Immobiliari S.r.l.

Cad Immobiliare S.r.l. (share capital EUR 100.000 - 95% owned by Mittel Investimenti Immobiliari S.r.l. and 5% owned by Mittel S.p.A.)
The company, in an area owned in the municipality of Paderno Dugnano, centrally located and in the immediate vicinity of the railway station, completed the construction of a residential complex housing 149 apartments and around 1.800 square metres of tertiary/commercial space, plus 2 underground garage levels, plus public works, such as a library, a square with portico and an underground public car park.
As at 30 September 2014, 83 apartments and 91 garages were sold, for a total of EUR 21,0 million.
After the close of the year, the company sold a living unit for a total of EUR 170 thousand, and stipulated a preliminary purchase agreement for EUR 214 thousand for another apartment.
As of today's date, notary deeds are still to be drawn up for a value of EUR 1,1 million, corresponding to 4 apartments and 3 garages.

As at 30 September 2014, the company recorded a loss of EUR 2,2 million (loss of EUR 0,9 million as at 30 September 2013) and negative equity of EUR 250 thousand (EUR 1,9 million as at 30 September 2013).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 1,2 million due to the valuation at the lower between the cost value and the market value of the property inventory held by the latter. The property owned by the company was valued with the help of independent external appraisers.
The loss reported in the financial statements for the year ended as at 30 September 2014 is significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it is necessary to resolve accordingly. The parent company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., undertakes to ensure that business continuity is maintained by quickly implementing the necessary capitalisation measures.

Lucianita S.r.l. (share capital EUR 10.400 - 51% owned)
The company, 49% owned by the Valsecchi family, both personally and through its company Ediltecnica S.r.l., owns a property complex on Via Lomellina no. 12, in Milan, which is almost completed.
As at 30 September 2014, 25 apartments, 39 garages and 7 basements were sold, for a total of EUR 10,4 million.
As at today's date, notary deeds are still to be drawn up for an additional EUR 4,9 million, corresponding to 11 apartments, 6 garages and 1 basement.
As at 30 September 2014, the company recorded a net profit of EUR 1,8 million (profit of EUR 84 thousand as at 30 September 2013) and equity of EUR 1,9 million (equity of EUR 162 thousand as at 30 September 2013).

Gamma Tre S.r.l. (share capital EUR 100.000 - 80% owned at 30 September 2014)
The company owns an area in Como housing a disused industrial complex (around 15.800 square metres of buildings out of an area of 22.000 square metres) in Via Cumano and a building in Via Canturina, used for offices (around 1.800 square metres) plus 800 square metres of basement space and an external courtyard area.
For the Via Cumano area, the Recovery Plan approved and the associated Agreement stipulated in November 2010, with expiry extended until November 2018 for the completion of the urban development works, make it possible to build 5 residential towers for a total volume of 38.200 cubic metres, which can be further increased by 10% for a total of more than 200 apartments, to be built by October 2023.
In order to guarantee that the area is made safe, in May 2013 the contract for the demolition of the existing buildings was assigned, for a total amount of EUR 540 thousand. The company awarded the contract carried out the works and is awaiting an authorisation to complete the disposal of the rubble.
At a later stage the project and the possibility of implementing it in several stages will be assessed, in relation to the trend in purchases and sales in the residential real estate market. Assessments are under way for the transfer of the buildable land to local operators and/or co-operatives. For the office building, notary deeds were stipulated for a total of EUR 1,5 million. On 30 September 2014, the extraordinary shareholders' meeting of the company resolved: i) to approve the company's Statement of Financial Position, drafted according to financial statement criteria, relating to 30 June 2014, which reported total accounting losses of EUR 169 thousand; ii) to cover losses of EUR 100 thousand through the elimination of share capital; iii) to accept the method for the coverage of the residual losses of EUR 69 thousand through the immediate use of the premium deriving from the subscription and paying in of the recomposition of the share capital referred to in the point below; iv) to re-establish share capital on a payment basis, in an indivisible manner, bringing it to EUR 100 thousand, with a total premium of EUR 200 thousand allocated to the coverage of the residual loss outlined in the previous point; iv) an increase to be offered for subscription, to shareholders in proportion to their stake in share capital prior to the elimination; v) to establish the minimum legal term as the final deadline for subscribing the increase and exercising option rights.
During the shareholders' meeting, Mittel Investimenti Immobiliari S.r.l. simultaneously and definitively subscribed a nominal share of EUR 160 thousand with premium of EUR 56 thousand, equal to 51% of the resolved recomposition, by paying in said share. In addition, Mittel Investimenti Immobiliari S.r.l. subscribed a nominal share of EUR 40 thousand with premium of EUR 14 thousand pertaining to shareholder Ediltecnica S.r.l., making said subscription expressly subject to the condition precedent regarding the aforementioned shareholder's exercising of its option right in accordance with the terms outlined above.
Given the share capital increase was not subscribed nor the option right exercised within the minimum legal term, the investment of the shareholder Ediltecnica S.r.l., holder of a 20% stake in Gamma Tre S.r.l., was eliminated. Therefore, Mittel Investimenti Immobiliari S.r.l. became the sole shareholder of Gamma Tre S.r.l..

As at 30 September 2014, the company recorded a loss of EUR 4,3 million (loss of EUR 198 thousand as at 30 September 2013) and negative equity of EUR 3,1 million (EUR 84 thousand as at 30 September 2013).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 4,1 million due to the valuation at the lower between the cost and the market value of the property inventories held by the latter. The property inventories owned by the company were valued with the help of independent external appraisers.
The loss reported in the financial statements for the year ended as at 30 September 2014 is significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it is necessary to resolve accordingly. The Parent Company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., undertakes to ensure that business continuity is maintained by implementing the necessary capitalisation measures.

Breme S.r.l. (share capital EUR 100.000 - 100% owned from 16 May 2014)
The company constructed a management building in Milan, Via Di Breme 78, with 8 above-ground levels for a total commercial space of 4.010 square metres, plus an underground garage with 55 car parking spaces, external green areas and an uncovered car park with 20 car parking spaces.
Works were completed and the associated definitive testing took place in February 2014.
In December 2014, effective from 1 January 2015, a lease agreement was stipulated for a period of six years, with automatic renewal for a further six years, for the entire first floor, in addition to other parts of the property for warehouse and services use, as well as some covered and uncovered parking spaces.
On 16 May 2014, the extraordinary shareholders' meeting of the company resolved: i) to cover losses of EUR 1,0 million through the elimination of the reserve for said amount under the item "Reserve for the coverage of losses" in the company's statement of financial position as at 31 March 2014; ii) to cover losses of EUR 10 thousand through the elimination of share capital; iii) to accept, as the method for the coverage of the residual losses of EUR 131 thousand, part of the premium that will be paid in execution of the recomposition of the share capital iv) to re-establish share capital on a payment basis, in an indivisible manner, bringing it to EUR 100 thousand, with a premium of EUR 1,1 million to be offered for subscription to shareholders; v) to establish the minimum legal term as the final deadline for subscribing the increase and exercising option rights; to establish that a portion of the premium, amounting to EUR 131 thousand, will be used immediately to cover the loss for the same amount.
The company Sant'Ilario S.r.l., during the extraordinary shareholders' meeting, waived its right to subscribe its part of the recomposition/increase in the share capital just resolved, also renouncing the term for exercising its right. In respect of this, Mittel Investimenti Immobiliari S.r.l. subscribed and paid in the entire share capital increase of EUR 100 thousand with premium of EUR 1,1 million, hence becoming the sole shareholder of Breme S.r.l..
On 24 September 2014, the extraordinary shareholders' meeting of the company resolved to change the closing date of the company year, bringing it forward to 30 September from 31 December of every year. The financial year ended as at 30 September 2014 therefore equates to a period of 9 months.
As at 30 September 2014, the company recorded a loss of EUR 1,5 million (loss of EUR 977 thousand as at 31 December 2013) and equity of EUR 161 thousand (EUR 42 thousand as at 31 December 2013).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 0,7 million due to the valuation at the lower between the cost value and the market value of the property inventories held by the latter. The property inventories owned by the company were valued with the help of independent external appraisers.

Fede S.r.l. (share capital EUR 100.000 - 51% owned at 30 September 2014)
The company owns two property complexes located in Vimodrone (MI) and Felizzano (AL) described hereunder.
Vimodrone (MI) - an industrial/craft trade complex covering roughly 5.000 square metres in which the expected renovation and expansion works were performed by the contracted company Ediltecnica S.r.l., for the relevant split-up sale. The works have been completed and tested.
As at 30 September 2013, 2 units were sold, comprised of the combination of several lots, for a total of EUR 1,2 million.
In October 2014, after the close of the company year, another unit was sold for a total of EUR 300 thousand.
As at today's date, preliminary purchase agreements are in place for an additional 5 lots and a total value of roughly EUR 1 million.
Felizzano (AL) - a property complex which sits on an area of 116.720 square metres, housing industrial facilities, warehouses and offices, for a commercial area of 46.500 square metres.
A lease is in place with the former owner company on a portion of the complex, covering 17.790 square metres, expiring on 30 November 2015, with annual rent of EUR 300 thousand secured by a bank surety, which was terminated in November 2014.

On 30 September 2014, the extraordinary shareholders' meeting of the company resolved: i) to approve the company's statement of financial position, drafted according to financial statement criteria, relating to 30 June 2014, which reported total accounting losses of EUR 309 thousand; ii) the coverage of losses of EUR 100 thousand through the elimination of the reserve for said amount under the item "Other reserves" in the company's statement of financial position as at 30 June 2014; iii) to cover losses of EUR 100 thousand through the elimination of share capital; iv) to accept the method for the coverage of the residual losses of EUR 108 thousand through the immediate use of the premium deriving from the subscription and paying in of the recomposition of the share capital referred to in the point below; v) to re-establish share capital on a payment basis, in an indivisible manner, bringing it to EUR 300.000 thousand, with a premium of EUR 0,37 for every Euro of the increase, and therefore with a total premium of EUR 111.000, a premium intended to cover the residual loss outlined in the previous point; iv) an increase to be offered for subscription, to shareholders in proportion to their stake in share capital prior to the elimination; to establish the minimum legal term as the final deadline for subscribing the increase and exercising option rights.
During the shareholders' meeting, Mittel Investimenti Immobiliari S.r.l. simultaneously and definitively subscribed a nominal share of EUR 153.000 with premium of EUR 56.610, equal to 51% of the resolved recomposition, by paying in said share. In addition, Mittel Investimenti Immobiliari S.r.l. subscribed a nominal share of EUR 147.000 with premium of EUR 54.390 pertaining to the shareholders Ediltecnica S.r.l., Fiorenzo Valsecchi and Davide Valsecchi, making said subscription expressly subject to the condition precedent regarding the aforementioned shareholders' exercising of their option rights in accordance with the terms outlined above, therefore with the option rights of the three shareholders cited above remaining untouched.
Given the share capital increase was not subscribed nor the option right exercised within the minimum legal term, the investments of the shareholders Ediltecnica S.r.l., Fiorenzo Valsecchi and Davide Valsecchi, holders of a total of 49% of the share capital of Fede S.r.l., were eliminated. Therefore, Mittel Investimenti Immobiliari S.r.l. became the sole shareholder of Fede S.r.l..
As at 30 September 2014, the company recorded a loss of EUR 657 thousand (loss of EUR 310 thousand as at 30 September 2013) and negative equity of EUR 117 thousand (EUR 29 thousand as at 30 September 2013).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 0,4 million due to the valuation at the lower between the cost and the market value of the property inventories held by the latter. The property inventories owned by the company were valued with the help of independent external appraisers.
The loss reported in the financial statements for the year ended as at 30 September 2014 is significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it is necessary to resolve accordingly. The Parent Company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., undertakes to ensure that business continuity is maintained by implementing the necessary capitalisation measures.

Iniziative Nord Milano S.r.l. (share capital EUR 100.000 - 75% owned)
The company, 25% owned by RRE S.p.A. in liquidation, owns a management/industrial/craft building complex in Bresso (MI), composed of three lots which have been gradually renovated.
As of today, 19 property units, including offices, laboratories and shops were sold, with the associated car parking spaces, for a total of EUR 8,3 million. An additional notary deed is still to be stipulated in relation to a unit already agreed on, for EUR 54 thousand for which the customer is waiting for a loan.
On 10 July 2014, the extraordinary shareholders' meeting of the company resolved: i) to increase share capital, in an indivisible manner, from EUR 50.000 to EUR 100.000, without premium, an increase to be offered for subscription to shareholders in proportion to the size of the shareholdings they each hold, pursuant to and in accordance with art. 2481 bis of the Italian Civil Code, and to establish the minimum legal term as the final deadline for subscribing the increase and exercising option rights.
The company RRE S.p.A. in liquidation, during the extraordinary shareholders' meeting, waived its right to subscribe its part of the recomposition/increase in the share capital just resolved, also renouncing the term for exercising its right. In respect of this, Mittel Investimenti Immobiliari S.r.l. simultaneously subscribed the entire amount of share capital of EUR 50.000 thousand, hence becoming a 75% shareholder in Iniziative Nord Milano S.r.l..
The same Extraordinary Shareholders' Meeting resolved to change the closing date of the company year, bringing it forward to 30 September from 31 December of every year. The financial year ended as at 30 September 2014 therefore equates to a period of 9 months.
As at 30 September 2014, the company recorded a loss of EUR 290 thousand (loss of EUR 649 thousand as at 31 December 2013) and equity of EUR 854 thousand (EUR 94 thousand as at 31 December 2013).
The property inventories owned by the company were valued with the help of independent external appraisers and the valuation generated, for the purposes of the consolidated financial statements of the Mittel Group, a value adjustment of EUR 1,6 million.

MiVa S.r.l. (share capital EUR 10.000 - 51% owned at 30 September 2014)
The company's only activity is targeted at increasing the value of the property complex located in Milan, in Via Vespri Siciliani 29 and Via Metauro 9 now at the construction phase.
In the year ended as at 30 September 2014, the general contractor assigned with developing the property complex continued to experience problems in making headway with the job.
These difficulties led the company, on 20 June 2014, to terminate the general contractor agreement with Ediltecnica S.r.l. due to serious non-fulfilment of obligations, reserving the right, in any case, to take action against Ediltecnica S.r.l. for compensation for damages suffered and to be suffered.
It should be noted that, on 24 July 2014, the company, in respect of the communication to the Municipality of Milan showing that Ediltecnica S.r.l. had effectively been appointed general contractor, received a settlement request from the Public Administration amounting to EUR 1,4 million for the construction contribution and standard valuation also including legal interest and penalties pursuant to art. 42 of Presidential Decree 380/2001. This is the balance of the total amount due net of the amount already paid by the general contractor. It should be noted that the company had already paid the general contractor, as urban development expenses, an amount of EUR 650 thousand and, in respect of this, is moving to recover the debt.
On 23 July 2014, in order to assume management of the site in the absence of operating and economic risks, the company filed a Preventive Technical Appraisal request to the Court of Milan to assess the status of the works performed, the status of the payments made with respect to the works carried out and compliance of the works performed with the project or for the assessment of the works performed to get an accurate picture of the actual status. On 28 July 2014, the Court of Milan appointed the Court-appointed expert, who took the standard oath and accepted the appointment on 7 August 2014. The Judge in the Court of Milan set the date for the start of appraisal activities as 12 September 2014 at the study of the Court-appointed expert and granted the following terms; i) filing of the draft report by 20 December 2014; ii) presentation of observations by the Parties' expert witnesses by 20 January 2015; iii) filing of the final report with a summary judgment of the court-appointed expert on the observations of the parties' expert witnesses by 20 February 2015. As of today, the company is awaiting the draft report from the court-appointed expert who asked the Judge of the Court of Milan for an extension of the consignment terms.
Preliminary purchase agreements were stipulated on 30 September 2014, for a total of EUR 4,7 million in relation to 10 apartments, 16 garages and 7 basements.
A proposal accepted for the purchase of 1 apartment with 1 garage and 1 basement for a total price of EUR 580 thousand is pending agreement.
Site works are expected to recommence in January 2015 and the delivery of the living units is scheduled for the end of 2015.
As at 30 September 2014, the company recorded a net loss of EUR 1,5 million (loss of EUR 124.173 as at 30 September 2013) and negative equity of EUR 1,4 million (equity of EUR 26 thousand as at 30 September 2013).
On 7 November 2014, the extraordinary shareholders' meeting of the company resolved: i) to approve the company's statement of financial position, drafted according to financial statement criteria, together with the administrative body's report drafted in accordance with art. 2482 bis of the Italian Civil Code, relating to 31 August 2014, which reported total accounting losses of EUR 942.376 thousand and negative equity of EUR 916.119; ii) to cover losses of EUR 16.257 thousand through the elimination of the reserve for said amount under the item "payments to cover losses" in the company's statement of financial position as at 30 August 2014; iii) to cover losses of EUR 10.000 through the elimination of share capital; iv) to accept as the method for the coverage of the residual losses of EUR 916.119 use of the corresponding part of the premium which will be paid in execution of the recomposition of share capital pursuant to the point below; v) to re-establish share capital on a payment basis, in an indivisible manner, to the original amount of EUR 10.000 thousand with premium of EUR 91,62 for each share of the recapitalisation subscribed, therefore with a total premium of EUR 916.200, an increase to be offered for subscription to shareholders in proportion to their stake in share capital prior to the elimination; to establish the minimum legal term as the final deadline for subscribing the increase and exercising option rights; to establish that said premium of EUR 916.200 which will be paid in execution of the increase, will be used immediately, for the corresponding part, to cover the residual loss pursuant to the previous point. The recomposition of the share capital with the associated premium must be paid in cash to the company's cash on hand without the possibility of offsetting the receivables due to shareholders from the company; vi) to increase share capital, in an indivisible manner, from EUR 10.000 to EUR 3.000.000 and therefore for EUR 2.990.000 without premium, an increase to be offered for subscription to shareholders in proportion to their stake in share capital; to establish 15 January 2015 as the final deadline for subscribing the increase and exercising option rights. The share capital increase must be paid in cash to the company's cash on hand without the possibility of offsetting the receivables due to shareholders from the company.
During the shareholders' meeting, Mittel Investimenti Immobiliari S.r.l. simultaneously and definitively subscribed a nominal share of EUR 5.100 with premium of EUR 467.262, equal to 51% of the resolved recomposition, by paying in said share. In addition, Mittel Investimenti Immobiliari S.r.l. subscribed a

nominal share of EUR 4.900 with premium of EUR 448.938 pertaining to the shareholders Fiorenzo Valsecchi and Ediltecnica S.r.l., holders of a total of 49% of the share capital of MiVa S.r.l., making said subscription expressly subject to the condition precedent regarding the aforementioned shareholders' exercising of their option rights in accordance with the terms outlined above, therefore with the option rights of the shareholders cited above remaining untouched.
During the shareholders' meeting, Mittel Investimenti Immobiliari S.r.l. simultaneously subscribed a nominal share of EUR 1,5 million, with premium, equal to 51% of the resolved share capital increase and simultaneously paid in 25% of said share, through payment of an amount of EUR 381.225.
Given the share capital increase was not subscribed nor the option right exercised within the minimum legal term, the investments of the shareholders Ediltecnica S.r.l. and Fiorenzo Valsecchi, holders of a total of 49% of the share capital of MiVa S.r.l., were eliminated. Therefore, Mittel Investimenti Immobiliari S.r.l. became the sole shareholder of MiVa S.r.l..

Santarosa S.r.l. (share capital EUR 10.000 - 60% owned)
The company, which was initially 40% owned by Sant'Ilario S.r.l., was incorporated on 28 December 2012 for the purpose of purchasing from BREME S.r.l. the business unit comprising the area located in Piazzale Santorre di Santarosa 9, Milan, through the partial split-off of the latter, which became operational on 15 January 2013.
Subsequently, on 14 February 2013 Sant'Ilario Srl transferred its investment in the company to Residenza Altaguardia 11 S.r.l..
In 2012, following the requested construction authorisations, a property was built "on an unfinished basis" covering a gross floor area totalling around 5.000 square metres for tertiary use. A change of use (residential) was requested and obtained in 2013.
On 19 June 2014, the company Mangiavacchi Pedercini S.p.A. was assigned the contract for completion of the building, with the immediate start of site works and works expected to finish by 30 October 2015.
On 24 September 2014, the extraordinary shareholders' meeting of the company resolved to change the closing date of the company year, bringing it forward to 30 September from 31 December of every year. The financial year ended as at 30 September 2014 therefore equates to a period of 9 months.
As at 30 September 2014, the company recorded a loss of EUR 359 thousand (loss of EUR 731 thousand as at 31 December 2013) and equity of EUR 229 thousand (EUR 89 thousand as at 31 December 2013).

Regina S.r.l. (share capital EUR 50.000 - 100% owned)
The Regina S.r.l. owns a property complex in Via Regina 23 in Como, acquired in July 2011, at the same time as the stipulation of the Agreement with the Municipality, in enactment of the Implementation Plan approved previously for the construction of a residential building covering 6.731 cubic metres.
The verification of the executive design is under way, targeted at the tender between companies and the planning of the works start times that are compatible with the trend in the real estate market, as well as with the expiry of the Agreement extended until March 2019.
As at 30 September 2014, the company recorded a net loss of EUR 12 thousand (loss of EUR 21 thousand as at 30 September 2013) with equity of EUR 38 thousand (equity of EUR 50 thousand as at 30 September 2013).

Esse Ventuno S.r.l. (share capital EUR 100.000 – 90% owned)
In May 2012, the company completed the sales of all property units in the building on Via Santa Sofia no. 21 in Milan which it owned.
As at 30 September 2014, a rental agreement remains in place between the company and the telephone operator H3G S.p.A. for the positioning of a radio-telephonic station on a portion of the solar panel, which is expected to expire in November 2018, which can be further extended for 6 years.
As at 30 September 2014, the company posted a net profit of EUR 16 thousand (net profit of EUR 50 thousand as at 30 September 2013). Equity as at 30 September 2014 amounted to EUR 186 thousand (EUR 170 thousand as at 30 September 2013).

Cerca S.r.l. (share capital EUR 50.000 - 100% owned)
The company, incorporated on 6 June 2011, is now non-operational.
As at 30 September 2014, the company recorded a loss of EUR 1 thousand (loss of EUR 2 thousand as at 30 September 2013) with equity of EUR 41 thousand (equity of EUR 43 thousand as at 30 September 2013).

Immobiliare Volta Marconi S.r.l. in liquidation (share capital EUR 15.000 - 51% owned)
The company, 49% owned by RRE S.p.A. in liquidation, owned a disused industrial building in a central location in Bresso (MI) – Viale Vittorio Veneto, which was sold by deed dated 2 September 2013 to LIDL Italia S.r.l. for a total price of EUR 4,1 million, in addition to VAT, collected on 2 September 2013.

On 18 November 2014, the extraordinary shareholders' meeting of the company resolved to wind the company up early, effective from the date of registration of the resolution in the Register of Companies, by placing it into liquidation.
The company year ends on 30 June each year. As at 30 June 2014, the company recorded a loss of EUR 24 thousand (loss of EUR 321 as at 30 June 2013) and equity of EUR 48 thousand (EUR 1,7 million as at 30 June 2013).

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

Investments of Mittel Partecipazioni Stabili S.r.l.

Istituto Atesino di Sviluppo S.p.A. (share capital EUR 79.450.676 - 1,72% owned)
Group holding company present in the following sectors: banking, financial insurance, media/telecommunications, environmental energy, real estate and industrial. The consolidated financial statements for the year ended as at 31 December 2013, the last set approved as at today's date, posted a loss of EUR 3,4 million, compared to a profit of EUR 5,8 million in the previous year. The consolidated equity of the Group as at 31 December 2013 amounted to EUR 142,7 million (EUR 149,7 million as at 31 December 2012).
At the same date, bonds and other short-term securities totalled EUR 82,0 million (EUR 78,8 million as at 31 December 2012), while investments, including those in Group companies, amounted to EUR 97,5 million (EUR 98,7 million as at 31 December 2012).
These investments as at 31 December 2013 relate mainly to the investees Mittel S.p.A. (8,82%), UBI Banca S.c.p.A (0,22%), Liberata S.p.A (36,50%) and Inser S.p.A. (73,77%).

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

Intesa Sanpaolo S.p.A. (share capital EUR 8.724.861.777 - investment of 0,038% in ordinary share capital)
For a description of the investee and its economic and equity performance please refer to the company's website www.intesasanpaolo.com.

UBI Banca S.c.p.A. (share capital EUR 2.254.371.430 - 0,19% owned)
For a description of the investee and its economic and equity performance please refer to the company's website www.ubibanca.com.

RCS MediaGroup S.p.A. (share capital EUR 475.134.602,10 - investment of 1,08% in ordinary share capital)
For a description of the investee and its economic and equity performance please refer to the company's website www.rcsmediagroup.it

- **Mittel Investimenti Mobiliari S.r.l.** in liquidation (share capital EUR 100.000 - 100% owned)
The company's financial statements for the year ended as at 31 December 2013 posted a loss of EUR 133.583 (EUR 76.893 as at 31 December 2012) and equity of EUR 76.929 (EUR 10.513 as at 31 December 2012).
The corporate purpose of the company is to take on stable investments in other companies in Italy and abroad, and investments in securities and other short-term financial instruments and was placed into liquidation on 25 September 2014. The liquidation was concluded on 30 December 2014.
From 1 January 2014 to 30 September 2014, the company's statement of financial position posted a loss of EUR 34 thousand and equity of EUR 43 thousand.

- **Earchimede S.p.A.** (share capital EUR 4.680.000 – 85,01% owned by Mittel S.p.A.)
The company's financial statements for the year ended as at 30 September 2014 posted a loss for the year of EUR 22,9 million (loss of EUR 28,0 million as at 31 December 2013). The equity of Earchimede S.p.A. as at 30 September 2014 amounted to EUR 97,6 million (EUR 141,9 million as at 31 December 2013). The company carries out private equity fund activities and acts as a holding company for investments. As regards holding activities, it is important to note the investment held in Fashion District Group S.p.A., 66,67% of the share capital, held in equal measure both directly and through the wholly-owned subsidiary FD33 S.r.l.. The latter company was incorporated following the conclusion of the non-proportional split of Draco S.p.A., finalised on 15 September 2011, as a result of which Earchimede became the owner of all shares in FD33 S.p.A. (now FD33 S.r.l.), a newly formed company which was

assigned a 33,33% stake in Fashion District Group S.p.A., 33,33% in Fashion District Service S.r.l. (subsequently merged into Fashion District Group S.p.A.) and 10% in Parco Mediterraneo S.r.l., and due to loans currently in place with the investees indicated previously.
It should also be pointed out that Fashion District Group S.p.A. holds a 90% stake in the capital of Parco Mediterraneo S.r.l., owner of an area of land covering around 600.000 square metres in the Belpasso (Catania) district, in addition to a further 10% share held through the subsidiary FD33 S.r.l., and an 18,43% share in the capital of Alfa Park S.r.l, operating in the amusement park sector (Rainbow Magicland in Valmontone Roma and Terra dei Giganti in Molfetta – Bari).
The extraordinary shareholders' meeting of Earchimede S.p.A. was held on 17 July 2014, which passed a new resolution to change the date of closing of the company year, bringing it forward from 31 December to 30 September of each year. Therefore, said shareholders' meeting acknowledged that 2014 calendar year will be characterised by a company year of 9 (nine) months, from 1 January to 30 September, which will be followed by an annual period effective from 1 October 2014 and ending on 30 September 2015. This determination was dictated by the need to align the company year with that of the company which exercises management and coordination, Mittel S.p.A..

The loss in the draft financial statements as at 30 September 2014 was the result of the recognition of write-downs of investments and of securities posted to current assets for a total of EUR 24,1 million. The write-downs refer (for EUR 23,2 million) to the investees FD33 S.r.l. and Fashion District Group S.p.A.. In relation to the latter, the write-down was determined on the basis of its presumed value, considering the transfer of property assets for outlet use held by said entity and located in Mantua and Molfetta as well as the collection of the transfer of the business unit held by Fashion District Roma S.r.l. to RREEF Investment Gmbh on 23 December 2014.

Investments of Earchimede S.p.A.

Fashion District Group S.p.A. (share capital EUR 8.880.000 - 66,66% owned)
The company's statutory financial statements for the year ended as at 30 September 2014 posted a loss of EUR 37,8 million (loss of EUR 13,2 million as at 30 September 2013). The equity of Fashion District Group S.p.A. as at 30 September 2014 amounted to EUR 44,4 million (EUR 82,2 million as at 30 September 2013).
The consolidated financial statements of the Fashion District Group for the year ended as at 30 September 2014 posted a loss pertaining to the Group of around EUR 35,3 million (loss of EUR 12,4 million as at 30 September 2013), affected, in the year under review, by amortisation/depreciation and write-downs totalling EUR 34,5 million (EUR 9,4 million as at 30 September 2013). The consolidated financial statements of the Fashion Group as at 30 September 2014, drafted according to national accounting standards, aggregate, on a line-by-line basis, the statement of financial position and income statement figures of the 4 subsidiaries (Fashion District Mantova S.r.l, Fashion District Roma S.r.l., Fashion District Molfetta S.r.l. and Loft S.r.l.).
Fashion District Group S.p.A. is a group that designs, builds, markets and manages large commercial spaces geared towards outlet centres, that also provide recreational, leisure and entertainment services such as theme parks, family entertainment centres, multiplex cinemas and exhibition spaces. As at 30 September 2014, Fashion District Group S.p.A. also has a 90% stake in Parco Mediterraneo S.r.l. and an 18,43% investment in Alfa Park S.r.l..
In relation to the two Mantua and Molfetta outlets, it should benoted that, in the second half of 2013/2014, also as a result of international operators' renewed interest in the Italian real estate market, Fashion District Group S.p.A. carried out an extraordinary transaction aimed at their disposal. This strategic decision should be viewed jointly with the exercising, at the end of 2013 by RREEF Investment Gmbh (on behalf of the open-ended German real estate investment fund called "Grundbesitz Europa", owner of properties in the Valmontone outlet) of the option to purchase the business unit held by Fashion District Roma S.r.l., a company that managed the Valmontone Outlet and whose rental agreement expired on 31 December 2014. The disposal took place after a substantial competitive auction procedure as part of which, the winning bid was presented by the Blackstone Group through IDeA Fimit SGR S.p.A., a company operating on behalf of the closed-end real estate fund called "Moma". On 31 July a preliminary purchase agreement for the above assets was signed between the seller, Fashion District Group S.p.A., and the purchaser, IDeA Fimit SGR S.r.l., which took effect on 18 November 2014, the date on which Fashion District Group S.p.A. collected a consideration of EUR 120,1 million and, at the same time, fully repaid the existing bank debt of approximately EUR 51 million and the debt raised in previous years with the Mittel Group, specifically Earchimede S.p.A., for around EUR 29,0 million.
At the same time as completion of the above-mentioned sale, Fashion District Group S.p.A. signed a one-year agreement with the purchaser for the management of the Mantua and Molfetta outlets.
As a result of the extraordinary transactions cited above (completed on 18 November 2014 and 23 December 2014 respectively), the company Fashion District Group S.p.A. now operates in the sector as manager of structures geared towards Outlet centres (Mantua and Molfetta).

As regards the performance of the subsidiary **Parco Mediterraneo S.r.l.**, it should be noted that the company owns an area located in the Municipality of Belpasso (CT) of around 600.000 square metres used for the "Centro di Logistica Mediterraneo" ('Mediterranean Logistics Centre') property project. In previous years, the company abandoned the project for the construction of an outlet centre in Sicily and is currently assessing a different valuation of the property asset held by the company, written down in previous years and in the current year to take account of the presumed realisable value, based on an estimate drafted by an independent expert. In particular, in the current year, the company wrote down the value of land for EUR 1,8 million, bringing the total cost adjustment to EUR 5,3 million. On 21 June 2013, the company filed, at the competent municipal office of Belpasso, an application for an extension of another five years of the term for completion of the construction work authorised by said Municipality, receiving a favourable judgment from the competent office. As of today, the company is awaiting formal completion of the administrative procedure. Owing to the inactivity of the Municipality of Belpasso which, as of today's date, had still not acknowledged the favourable judgment of the competent office - as envisaged in the Town Planning Agreement - Parco Mediterraneo S.r.l. filed an appeal before the Regional Administrative Court of Sicily on 12 May 2014, with the sole purpose of protecting its interests.
In this situation, in which potential developments of the area owned by Parco Mediterraneo S.r.l. were shelved, pending the administrative procedure targeted at the extension of the associated building licence and the settlement of the dispute pending before the Regional Administrative Court of Catania, the expert, WT Partnership Italia S.r.l., deemed it necessary, also for the purposes of an acceptance of the compensation claims formulated to the Municipality of Belpasso, to produce an estimate of the two configurations of the area: agricultural and industrial. In fact, if, as a result of the pending judgment and the consequent conclusion of the aforementioned administrative extension procedure, the area in question lost its development characteristics, its value would decrease to the market value of an agricultural area, as estimated in the aforementioned appraisal, well below the current value (around EUR 1,1 million compared to the EUR 8,1 million recorded). Owing to the favourable judgment of the recognition of the extension for the completion of works issued by the Town Planning Section of the Municipality of Belpasso on 28 June 2013, and in light of the appeal filed by the company to the Regional Administrative Court of Sicily, the Directors believe the recognition of the land at a value of EUR 8,1 million to be consistent, attributing said land with the development characteristics identified in the town planning revision.

As regards the performance of the investee **Alfa Park S.r.l.**, it should be noted that the company is a holding company for investments which mainly holds 100% of the amusement parks in Valmontone (Rainbow Magicland) and Molfetta (Miragica) through the companies Rainbow Magicland S.r.l. (formerly Alfa 3 S.r.l.), Miragica S.r.l. (formerly Alfa 6 S.r.l.) of which it is the parent company and single shareholder, carrying out their capitalisation based on the requirements for operations and to carry on projects under way. Through Alfa 4 S.r.l. with sole shareholder, Alfa Park S.r.l. operates in hotel sector in the integrated tourist area of the park of Valmontone.
The overall performance of the group headed up by Alfa Park S.r.l. was marked by the continuation, also in 2014, of unsatisfactory income statement results, which were reflected in the statement of financial position of Alfa Park S.r.l., characterised by excess debt and the prospect of inadequate cash flows from operating activities related to amusement parks to service the debt in the absence of new capital contributions. Due to the company's financial imbalance, it was necessary to identify highly effective interventions for a future economic-financial rebalancing, to be implemented by redefining the plans for repayment of the total financial debt (approximately EUR 180 million as at 31 December 2013) in line with sustainable cash flows which resulted in the presentation to the main bank creditors, as well as the majority shareholders, of a recovery plan to restore the economic, financial and equity balance of the Group over the long term. In January 2014 the business plan and financial measures were presented to the banking system and, at the banks' request, the company granted an independent auditing firm the assignment to draw up an Independent Business Review of the proposed long-term plan. In 2014, the value of the investment was adjusted to consider the actual current trading conditions of the investment, which must adequately take account of the absence of control powers attributable to a non-controlling interest which make it difficult to convert the investment to cash, the non-existence of an active market and restrictions deriving from the implementation of a financial measure still in the course of being finalised which makes provision for the restructuring and/or amendment of the terms and conditions of the long-term financial debt. The determination of a fair value of the company resulted in a value of the Alfa Park S.r.l. investment equal to zero. Based on this, as at 30 September 2014, the book value of the investment was eliminated by posting a write-down totalling EUR 6,5 million. In addition, in 2014, with respect to the previous year, the value of the non-interest bearing loan granted for a total of EUR 6,1 million was adjusted to take account of the timing of the expected repayment and of the likely postponement of the repayment of shareholders' loans, and through the application of an annual rate of return which took account of the conditions and characteristics of the credit quality. The amortisation of the discounting, amounting to EUR 4,5 million, was charged to the income statement.

Equity pertaining to the Group (IAS/IFRS for the consolidated financial statements of the Mittel Group) amounted to EUR 47,4 million, compared to EUR 82,6 million as at 30 September 2013, marking a decrease of EUR 35,2 million. The year closed with a consolidated loss of EUR 36,6 million, compared to a consolidated loss of EUR 17,5 million in the previous year. The increase in the loss is determined by the result of the extraordinary sale of EUR 11,5 million as well as the write-down of the investment held in Alfa Park S.r.l. for EUR 6,5 million and receivable due from said entity for a nominal EUR 6,0 million adjusted due to the worsening in creditworthiness of EUR 4,5 million.

FD33 S.r.l. (share capital EUR 7.608.177 - 100% owned)
The company's statutory financial statements for the year ended as at 31 December 2013 posted a loss of EUR 71,3 thousand (EUR 47,2 thousand in the previous year). Equity amounted to EUR 7,0 million (EUR 7,1 million as at 31 December 2012). The company was incorporated on 15 September 2011, the date on which the extraordinary shareholders' meeting of the company Draco S.p.A. resolved the non-proportional split, as a result of which the company became the owner of the industrial projects Fashion District Group S.p.A. (a share of 33,33%) and Parco Mediterraneo S.r.l. (10% of share capital). In April 2014, the extraordinary shareholders' meeting resolved the transformation of the company to an S.r.l. (limited liability company). The extraordinary shareholders' meeting was held on 17 July 2014, which passed a new resolution to change the date of closing of the company year, bringing it forward from 31 December to 30 September of each year. Therefore, said shareholders' meeting acknowledged that 2014 calendar year will be characterised by a company year of 9 months, from 1 January to 30 September, which will be followed by an annual period effective from 1 October 2014 and ending on 30 September 2015. This determination was dictated by the need to align the company year with that of the company which exercises management and coordination, Mittel S.p.A..
In the 1 October 2013 – 30 September 2014 period, the company realised a loss of EUR 223 thousand. As regards the description and performance of the business of the Fashion District Group, please refer to the specific description above.
In the 1 January 2014 – 30 September 2014 period, the company's statement of financial position posted a loss of EUR 167 thousand and equity of EUR 6,8 million.

- **Bios S.p.A.** is jointly controlled by Mittel S.p.A. and Tower 6 S.à r.l. (share capital of EUR 3.000.000 divided into 1.500.000 ordinary shares and 681.818 category B shares with no voting rights - Mittel S.p.A. holds 750.000 ordinary shares).

  The company is a Group holding company which holds roughly a 19% stake in Sorin S.p.A., a company listed on the MTA (screen-based share market) organised and managed by Borsa Italiana S.p.A. The Sorin group is a global leader in the treatment of cardiovascular diseases. The group develops, produces and markets medical technologies and innovative therapies for heart surgery and the treatment of heart rhythm problems. The group specialises in three therapeutic areas: cardiopulmonary; cardiac rhythm management; artificial heart valves, mechanical-biological valves and annuloplasty rings.

  On 20 December 2013, the Company finalised a significant transaction involving the renegotiation and general restructuring of the equity and corporate structures aimed at strengthening the company's equity, in particular through: (i) the purchase by Bios of 818.182 class B shares owned by MPS pursuant to and in accordance with art. 2357 of the Italian Civil Code (purchase of treasury shares) and the full cancellation of these; (ii) the maintenance, by the shareholder Ghea S.r.l. ("Ghea") of class B shares owned with the simultaneous recognition by said Ghea, in respect of Bios that, as at said date, no profits or other income is collectable that has been accrued in relation to class B shares owned; (iii) the simultaneous use, by Ghea, of a portion of the receivable due in accordance with the Ghea loan agreement for the purposes of the equity strengthening of Bios equal to EUR 11,1 million in the form of principal and EUR 10,8 in interest which would have accrued as at 20 December 2013; (iv) the rescheduling of existing debt positions with Monte dei Paschi di Siena S.p.A. and Ghea. This transaction was made necessary to prevent Bios S.p.A., in consideration of the applicable loan agreements, from being obliged to sell the assets it owned. In particular, the agreement in 2008 allowed the company to re-establish equity and financial balance and to overcome the problems relating to debt sustainability, at the same time making provision for the deferment of the expiry of repayment of the debt (EUR 60 million to Banca Monte dei Paschi di Siena S.p.A. and EUR 50 million to Banco di Brescia S.p.A. which Ghea subsequently took over) until December 2013. It should be noted that, as a result of said agreement of 2008, the position of the lenders was partly represented by debt and partly by Bios S.p.A. class B shares.

  Bios S.p.A. closed the year ended as at 31 December 2013 with a profit of EUR 62,6 million (loss of EUR 7,3 million as at 31 December 2012). The equity of Bios S.p.A. as at 31 December 2013 amounted to EUR 100,2 million (EUR 52,1 million as at 31 December 2012). The profit for the year was generated mainly, for an amount of EUR 36,4 million by the write-back of the investment Sorin, whose value was adjusted in line with market indications and, in particular, to the average price of the Sorin share in the 1 November 2013 -

28 February 2014 period, equal to EUR 2,133, and for an amount of EUR 40,2 million in respect of extraordinary income deriving from the release of the provision for risks and charges allocated in previous years and released with a contingent asset contra-item for the same amount. This provision included not only success fees of EUR 13,5 million allocated in previous years, as established in the provisions and conditions contained in the debt restructuring agreements of December 2008 and was composed of the amount of interest expenses accrued on the exposure.

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

From 1 January 2014 to 30 September 2014, the company's statement of financial position posted a loss of EUR 4,2 million and equity of EUR 96,0 million. The loss for the period was generated, for EUR 3,7 million, by interest expenses accrued on the Ghea S.r.l. and Monte dei Paschi di Siena S.p.A. loans and by the return accrued by category B shares for the 1 January - 30 September 2014 period.

Investment of Bios S.p.A.

Sorin S.p.A. (share capital EUR 478.738.144 divided into 478.738.144 ordinary shares - BIOS S.p.A. directly holds 18,86%).

Sorin S.p.A. is a major European group in medical technologies for the treatment of cardiovascular illnesses and boasts a global presence, serving over 5.000 public and private health facilities. The company specialises in two main therapeutic areas: Cardiac Surgery (cardiopulmonary products for extracorporeal circulation and the repair and replacement of heart valves) and Cardiac Rhythm Management (pacemakers, implantable defibrillators and devices for cardiac resynchronisation). In the third quarter of 2014, the Sorin Group generated revenues of EUR 183,5 million, up 2,2% based on the same exchange rates and perimeter with respect to the third quarter of 2013, in line with the Group guidance; the growth in revenues was driven by the cardiopulmonary segment and the constant improvement in Cardiac Rhythm Management business. EBITDA stood at EUR 28,1 million compared to EUR 32,1 million in the third quarter of 2013, reflecting the unfavourable impact of the exchange rates and investments in development initiatives. Net financial debt as at 30 September 2014 amounted to EUR 113,2 million compared to EUR 109,4 million as at 30 June 2014 and EUR 91,3 million as at 30 September 2013. In the first nine months of 2014, the Sorin Group recorded revenues of EUR 550,4 million, up 2,8% compared to the same period in 2013 and EBITDA of EUR 83,5 million, equal to 15,2% of revenues (16,4% in the same period in 2013). In its press release disclosing the data relating to the third quarter, it confirmed the forecast adjusted net profit (special item) for the year 2014 of EUR 55-60 million.

- **Ghea S.r.l.** (share capital EUR 1.000.000 - 51% owned by Mittel S.p.A.)

In February 2009, the company had acquired on a non-recourse basis from Banco di Brescia ("BBS"), for a consideration of EUR 25 million, the receivables due to the latter from Bios S.p.A. amounting to EUR 50 million, receivables secured by a pledge on a total of 34.796.687 Sorin S.p.A. shares, at the same time replacing BBS in the so-called "Bios Protocol". The Protocol is a complex restructuring agreement that was signed at the end of 2008 between Bios and its parent company Hopa on one side, and BBS on the other, within the context of a wider transaction involving the acquisition of control of Hopa by Mittel and Equinox, i.e. the same shareholders of this Company. In April 2009, as a result of the resolution of the Extraordinary Shareholders' Meeting of Bios S.p.A., by virtue of the Protocol, the receivable of EUR 25 million (EUR 50 million in nominal value) due to Ghea S.r.l. from Bios S.p.A. was transformed into an investment consisting of 681.818 category B shares in the company Bios S.p.A. and a receivable with a face value of EUR 32.998.124 which, on the basis of the Protocol, does not accrue interest as long as the volume of Bios assets, and therefore the valuation of the investment in Sorin, does not exceed certain thresholds. The investment, as mentioned in art. 14 of the Articles of Association of Bios S.p.A., entitles the holder with the right to "participate, on a priority basis with respect to the ordinary shares, in the distribution of profits, as with all reserves resolved by the shareholders' meeting, until a total amount has been distributed, to class B shares, of EUR 37.404.127, plus a return of 4,875% capitalised on an annual basis and effective from 1 July 2008".

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

The agreements of 20 December made provision for (i) the simultaneous use, by Ghea, for an amount of EUR 11.061.698, of the existing receivable for the purposes of the equity strengthening of Bios; (ii) the rescheduling of the two-year position, i.e. until 22 December 2015, with the possibility of renewal for a

further year provided that the loan-to-value of 130% determined on the value of the guarantees issued is observed; (iii) the signing of a deed of partial cancellation of the pledge in order to the align the loan guarantees with the guarantees granted by Bios to MPS. In particular, Ghea, as secured creditor, partially cancelled the pledge, for 19.217.438 shares, therefore reducing the previous 34.796.687 shares to the current 15.579.249 shares pledged.
In the Mittel Group consolidated financial statements, the total investment of Ghea S.r.l. in Bios S.p.A. is recognised as a financial receivable with a value of EUR 50,0 million.

The financial statements for the year ended 31 December 2013 posted a net loss of EUR 370,0 thousand compared to EUR 549 thousand in the previous year. Equity totalled EUR 3,0 million compared to EUR 3,4 million in the previous year.

The statement of financial position and income statement of Ghea S.r.l. for the 1 January 2014 - 30 September 2014 period, drafted for the purposes of the consolidated financial statements of the Mittel Group, prior to IAS adjustments, (the company year ends on 31 December each year) posted a loss of EUR 26 thousand and equity of EUR 3,0 million.

- **Locaeffe S.r.l. in liquidation** (share capital EUR 3.640.000 - 100% owned by Mittel S.p.A.)
  The company's financial statements for the year ended as at 31 December 2013 posted a loss of EUR 347 thousand (profit of EUR 32 thousand as at 31 December 2012). The equity of Locaeffe S.r.l. in liquidation as at 31 December 2013 amounted to EUR 3,5 million (EUR 3,8 million as at 31 December 2012). The company did not stipulate any new finance leases in 2013. The company was put into liquidation on 11 October 2011. From 1 January 2014 to 30 September 2014, the company's statement of financial position posted a loss of EUR 0,1 million and equity of EUR 3,5 million.

- **Markfactor S.r.l. in liquidation** (share capital EUR 91.138 - 100% owned by Mittel S.p.A.). The company's financial statements for the year ended as at 31 December 2013 posted a loss of EUR 3,6 million (loss of EUR 0,3 million as at 31 December 2012). The equity of Markfactor S.r.l. in liquidation as at 31 December 2013 amounted to a negative EUR 3,7 million (negative EUR 186 thousand as at 31 December 2012). The loss for the year was determined by the write-down of a receivable due from the Bregoli Group, as a result of the non-admission to bankruptcy of Nord Cave S.r.l., the third provider of a voluntary mortgage granted to secure the Bregoli receivable up to an amount of EUR 7 million, and the negative outcome of the consequent opposition and subsequent appeal to the Court of Cassation. In the 1 January 2014 - 30 September 2014 period, the company's statement of financial position posted a loss of EUR 212 thousand and negative equity of EUR 4,0 million.

- **Holinvest S.r.l. in liquidation** (share capital EUR 20.000 - 100% owned by Mittel S.p.A)
  The company's financial statements for the year ended as at 31 December 2013 posted a profit of EUR 9 thousand (loss of EUR 17 thousand as at 31 December 2012). The equity of Holinvest S.r.l. in liquidation as at 31 December 2013 amounted to EUR 62 thousand (EUR 53 thousand as at 31 December 2012). The company was put into liquidation on 29 April 2011. The company remained essentially inactive throughout 2014. From 1 January 2014 to 30 September 2014, the company's statement of financial position posted a loss of EUR 21,4 thousand and equity of EUR 40,7 thousand.

- **Sunset S.r.l. in liquidation** (share capital EUR 55.529 - 100% owned by Mittel S.p.A)
  The company's financial statements for the year ended as at 31 December 2013 posted a loss of EUR 71 thousand (loss of EUR 36 thousand as at 31 December 2012). The equity of Sunset S.r.l. in liquidation as at 31 December 2013 amounted to a negative EUR 1,3 million (a negative EUR 1,2 million as at 31 December 2012). The company ceased the wholesale and retail manufacturing and trade of stationery, leather goods, gifts, prints, paintings and other objects of art, as well as items of clothing, all in the luxury goods sector, in April 2005 when it sold its business unit, comprising the brand, five points of sale, the investments in Antiche Officine Pineider S.r.l. and Pineider Gallery S.r.l and the warehouse. Following the aforementioned sale, the liquidation proceedings of the company continued, consisting mainly of the recovery of trade receivables, payment of the remaining debt items and the management of ongoing disputes. The liquidation was completed on 17 December 2014.

Mittel S.p.A. associates

- **Castello SGR S.r.l.** (share capital EUR 3.231.441 – 20,24% owned)
Castello SGR provides a professional collective management service targeted at creating value over time through dynamic asset management. The main activities include the renovation and development of areas, enhancement of properties, dynamic and professional management of different categories of assets and property portfolios. The know-how that characterises Castello SGR and sets it apart is comprised of consolidated experience in the financial and real estate markets and the track record of both its management and its shareholders. These skills allow it to carry out different types of transactions (core, value-added, opportunistic, etc.).
By availing itself of expertise in the real estate finance sector, Castello SGR now manages 12 real estate funds, including 10 Institutional Funds and 2 Retail Funds, for total assets of EUR 1,39 billion.
Castello SGR S.p.A. closed the year ended as at 31 December 2013 with a net profit of EUR 2,2 million (net profit of EUR 1,5 million as at 31 December 2012) while equity totalled EUR 13,7 million (EUR 8,3 million as at 31 December 2012).
Mittel S.p.A. subscribes to two ordinary funds and, more specifically, to:

Fondo Augusto (Augusto Fund)
The main objective of the Fondo Augusto is to invest in property assets with a stable (on a trend basis) return profile and performances that can be easily predicted. The Fondo Augusto's target is, above all, to invest in income-generating property assets in Italy, in particular, for the following uses: management - logistics - commercial - light industrial - and hotel. Together with income-generating investments, the Fondo Augusto's objective is to invest in assets with an opportunistic component (renovation/trading), with the goal of earning extra income with respect to the target yield.
As at 30 September 2014, Mittel S.p.A. holds 300 class A shares, equal to 11,37% of the Fund's shares.

Fondo Cosimo 1 (Cosimo 1 Fund)
The Fund's current portfolio is fully leased, and shows a balance between core/core plus (Fonteverde and Grotta Giusti) and value added (Chia Laguna Resort) assets.
The original strategy pertaining to the individual properties, which does not deviate from the current strategy, even though it has been revised in light of the current market conditions and medium-term forecasts, remains as follows:
a) Chia Laguna Resort: asset repositioning, asset price arbitrage (variable rent lease-up);
b) Fonteverde: asset price arbitrage (variable rent lease-up);
c) Grotta Giusti: asset repositioning, asset price arbitrage (variable rent lease-up).
The Fondo Cosimo I, a closed-end mutual real estate fund reserved to qualified investors, set up and managed by Castello SGR S.p.A., started operations on 11 March 2008.
The Fund is a partner of tourist operators that want to concentrate on operating activities, transferring property management to a management team able to actively contribute to the achievement of significant growth objectives.
Through these partnerships, the Fund aims to reach a "critical mass" of Assets Under Management able to offer huge appeal to leading institutional investors in the Italian and European scenario.
The common thread of the investment is the search for assets which express the quality of "Made in Italy" hospitality in the "Leisure" segment of the hotel tourist market.
As at 30 September 2014, Mittel S.p.A. holds 78 shares of the 1.599 issued, equal to 4,88% of the Fund's shares.

- **Brands Partners 2 S.p.A. in liquidation** (share capital EUR 150.000 – 25,20% owned)
Brands Partners 2 S.p.A. in liquidation closed the financial year ended as at 31 October 2013 with net profit of EUR 11 thousand (EUR 1,3 million as at 31 October 2012) and equity of EUR 8,5 million (EUR 9,7 million as at 31 October 2012).
On 5 March 2014, the extraordinary shareholders' meeting resolved to place the company into liquidation pursuant to art. 2484, paragraph 6 of the Italian Civil Code.
The company, currently the corporate vehicle in liquidation which held a residual investment in Moncler S.p.A. following the partial placement of 3,75% during the initial public offering in December 2013 and allocation of 3.100.000 Moncler S.p.A. shares, pursuant to the agreements reached on 30 October 2013, to the shareholders Mittel S.p.A., Iniziative Finanziarie Atesine S.r.l. and Private Equity Holding S.r.l., after the listing and look-up period, at the same offer price for Moncler S.p.A. shares subject to the Global Offer, to which was added the interest calculated at the 3-month Euribor rate plus 2% for the period between the listing and the sale date (16 June 2014) and, therefore, at a price of EUR 1,32 per individual Moncler S.p.A. share.

In the year 1 November 2013 - 31 October 2014, Brands Partners 2 S.p.A. in liquidation distributed reserves of EUR 110,3 million, of which EUR 27.8 million pertaining to Mittel S.p.A. as a 25,20% shareholder.
The statement of financial position of Brands Partners 2 S.p.A. in liquidation as at 31 December 2014 posted equity of EUR 2,4 million.

- **Liberata S.p.A.** (share capital EUR 6.750.000 - 27% owned by Mittel S.p.A.)
Liberata S.p.A. is the corporate vehicle which has full control of the Mittel Generale Investimenti S.p.A. investment.
The company's statement of financial position as at 30 September 2014 recorded a loss of EUR 1,1 million (loss of EUR 0,3 million as at 30 September 2013) and equity of EUR 22,4 million (EUR 10,1 million as at 30 September 2013).
It should be noted that, in October 2014, based on the results in the statement of financial position as at 30 September 2014, Liberata S.p.A. requested and obtained from its shareholders the waiving of the lines A and B shareholders' loans, for an amount of EUR 13.250.000 plus interest accrued and not paid totalling EUR 166.359. The waiving of lines A and B shareholders' loans, with interest rates of 7% and 8% respectively was a decision taken for the purposes of the equity strengthening of the company and in order to reduce financial expenses by around EUR 0,9 million on an annual basis.

Investments of Liberata S.p.A.

Mittel Generale Investimenti S.p.A. (share capital EUR 17.000.000 - 100% owned by Liberata S.p.A.)
The company provides credit (directly and/or syndicated) or acts as a consultant in organising the financing of mainly extraordinary transactions, carried out by companies and private or institutional investors, on security and real estate markets. In line with the objective of offering an integrated service to the customer, Mittel Generale Investimenti S.p.A. may assume investments in companies (listed and unlisted) generally associated to guaranteed disposal options.
During the year, the company achieved a net profit of EUR 3,1 million, compared to a net profit of EUR 3,9 million as at 30 September 2013. As at 30 September 2014, the income statement of Mittel Generale Investimenti S.p.A. recorded gross profit from operations of EUR 7,1 million, an increase of EUR 1,0 million from the previous year (positive EUR 6,1 million in the previous year) as well as a positive overall intermediation margin of EUR 8,2 million compared to the EUR 7,9 million recorded in the previous year.
The increase of EUR 0,3 million in the intermediation margin was mainly determined by:
- an increase of EUR 0,8 million in the interest margin, amounting to EUR 5,6 million as at 30 September 2014 (positive EUR 4,8 million at the closing date of the previous year);
- an increase of EUR 0,1 million in net commissions, amounting to EUR 0,4 million as at 30 September 2014 (positive EUR 0,3 million at the closing date of the previous year);
- a decrease of EUR 0,2 million in dividends and other similar income, amounting to EUR 0,1 million as at 30 September 2014 (positive EUR 0,3 million at the closing date of the previous year);
- a decrease of EUR 0,1 million in income from trading activity to a positive EUR 2,2 million as at 30 September 2014 (positive EUR 2,3 million in the previous year, mainly due to the fair value measurement of financial instruments classified as held for trading in the portfolio at the date of the close of the previous year);
- a decrease of EUR 0,3 million in profit from the sale of receivables not present in the financial statements for the year ended 30 September 2014 (positive EUR 0,3 million in the previous year).

Gross income from operations, amounting to EUR 7,1 million (a positive EUR 6,1 million in the previous year), represents the income from operations before expenses and non-monetary costs (amortisation/depreciation, net provisions for expenses and adjustments for impairment of assets) and is an indicator of the potential cash flow from the company's operations, in fact incorporating the level of self-financing generated by operations. The increase of EUR 1,0 million was determined by the increase of EUR 0,3 million in the intermediation margin (from a positive EUR 7,9 million in the previous year to a positive EUR 8,2 million as at 30 September 2014), in addition to a reduction of EUR 0,7 million in operating expenses, down from EUR 1,8 million in the previous year to EUR 1,1 million in the current year. Personnel expenses are in line with the previous year, standing at EUR 0,9 million.

Net income (loss) from operations (equal to the difference between the gross profit from operations and value adjustments to property, plant and equipment and intangible assets, allocations to the provision for risks and charges and value adjustments for impairment of loans and assets available for sale) was a positive EUR 5,1 million (positive EUR 5,7 million in the previous year). The decrease of EUR 0,6 million in income is mainly attributable to the increase of EUR 0,8 million in the interest margin, an increase of EUR 0,1 million in net commissions, a decrease of EUR 0,3 million in net income from dividends and trading activities and lower profits from the sale of receivables (down EUR 0,3 million), higher net value

adjustments on financial assets of EUR 1,2 million, an increase of EUR 0,3 million in administrative costs, higher other net income of EUR 0,9 million and an increase in provisions for risks of EUR 0,3 million.
Equity as at 30 September 2014 amounted to EUR 87,0 million (compared to EUR 85,5 million as at 30 September 2013). The change in equity, which includes net profit for the year of EUR 3,1 million, is attributable to the partial distribution of profit for the year for EUR 3,6 million, as resolved by the Shareholders' Meeting of 30 January 2014 and the reallocation of deferred tax liabilities, amounting to EUR 1,9 million, to equity reserves, as resolved by the Shareholders' Meeting on 16 June 2014.

Companies not controlled by Mittel S.p.A.

- **Tower 6 Bis S.à.r.l.** (share capital EUR 4.500.000 - 49% owned)
  In March 2009, Tower 6 Bis S.à.r.l. acquired from Bios S.p.A. a 6.693% stake in Sorin S.p.A., a company listed on the market organised and managed by Borsa Italiana S.p.A., as part of a wider operation involving the restructuring of Bios S.p.A.'s debt position.
  A 51% stake in Tower 6 Bis S.à.r.l. is held by Tower 6 S.à.r.l. (a Luxembourg-based company headed up by Equinox Two S.c.a.).
  The financial statements of Tower 6 Bis S.à.r.l. for the year ended as at 31 December 2013 showed equity of EUR 4,9 million (EUR 5,1 million as at 31 December 2012), with a net loss of EUR 0,1 million (EUR 0,3 million as at 31 December 2012).
  The statement of financial position and income statement of Tower 6 Bis S.à.r.l. for the 1 October 2013 - 30 September 2014 period, drafted for the purposes of the consolidated financial statements of the Mittel Group, posted a loss of EUR 638 thousand (portion pertaining to Mittel of EUR 319 thousand) and equity of EUR 40,3 million, of which EUR 36,1 million relating to the valuation reserve which books the variation in the fair value valuation of the Sorin S.p.A. investment to equity.

- **Progressio SGR S.p.A.** (share capital EUR 1.200.000 – 15% owned)
  The company, authorised and listed in the Register of Asset Management Companies from 2004, is owned by Pteam S.r.l. (51%), Fondazione Cassa di Risparmio di Trento e Rovereto (22%), Mittel S.p.A. (15%) and Istituto Atesino di Sviluppo – ISA S.p.A. (12%).
  The financial statements for the year ended as at 31 December 2013 posted a net profit of EUR 2,5 million (EUR 0,5 million in the previous year). Equity as at 31 December 2013 amounted to EUR 4,1 million (EUR 2,4 million in the previous year). This result derives from the posting of net commissions of EUR 11,4 million, an increase of EUR 8,3 million compared to the previous year, and an intermediation margin which rose from EUR 3,2 million to EUR 11,5 million. Note that in May, the Shareholders' Meeting of the company resolved to distribute dividends totalling EUR 2,5 million.

- **Credit Access Asia N.V.** (formerly Microventure Finace Group S.A - share capital EUR 25.070.801 - share of 7,62%)
  During the year, the Microventure group, which already underwent a significant change in terms of shareholder structure and size, through a series of corporate restructuring transactions, as a result of which the management company Microventure S.A. became the parent company of the initiative, underwent another necessary change due to the group's growth process. In fact, the transaction in the previous year made it possible to create a group active in microfinance with a portfolio of 4 investments with a value of around EUR 60 million, of which two in India, one in Indonesia and one in Peru, with a growth strategy focused on South-East Asia by exploiting the know-how acquired.
  The simplification and re-branding operation completed in the last few months of 2014 (reverse merger of Microventure Finance Group S.A in the wholly-owned subsidiary 100% Credit Access Asia N.V.) and the simultaneous launch of the EUR 40 million bond, fully subscribed with the entry of new investors, are incorporated within the Group's growth process which envisages a company IPO (Initial Public Offering) in the new few years.

- **Equinox Two S.c.a.** (share capital EUR 176.647 – 5,7% owned)
  In 2013/14, the company Equinox Two S.c.a. continued to monitor the investments in the portfolio (Biotedim S.r.l., Esaote S.p.A., Sorin S.p.A. and Adler). It did not make any new investments in the period except to follow up the investments already made. The non-controlling interest previously held in Alitalia, already reduced to 0,3% in share capital in previous months and fully written down at the end of 2013, will be diluted further by the ongoing extraordinary transactions. The total amount of committed contributions

of the fund stood at EUR 301 million (Mittel group EUR 17 million), roughly 76% of which called at present (fund investment period ended in May 2014).

- **Azimut – Benetti S.p.A.** (share capital EUR 9.756.000 – 5,465% owned)
  The year 2013, the most recent, closed with a value of production of EUR 592 million, compared to EUR 640 million in the previous year, and a positive EBITDA of EUR 18,8 million (EUR 23,5 million in the previous year). The group operates through three business lines: the “Business Line Yachts” division, whose value of production totalled EUR 192 million, marking a decrease of 24% compared to EUR 251 million in the previous year, the “Business Line Mega Yachts” division, whose value of production totalled EUR 358 million, marking an increase of 21% and the “Business Line Yachtique” division, which includes the management of Fraser Yachts and of the Group marinas, the Styling Lounges for the sale of furnishing accessories and the offer of financial services. In particular, this line recorded a value of production of EUR 25 million this year. The group’s net financial position as at 31 August 2013 worsened, amounting to around a negative EUR 85 million (EUR 35 million in the previous year).

- **SIA S.p.A.** (share capital EUR 22.091.286,62 - stake of 0,31%)
  For a description of the investee please refer to the company’s website www.sia.eu.

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

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

Risks connected to the general conditions in the economy

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

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

Risks connected with the obtainment of financial resources

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

Risk of default and debt covenants

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

Bank payables as at 30 September 2014, totalling EUR 169 million, are made up mainly of the current bank payables of the Fashion District Group (EUR 52 million), Mittel S.p.A. (EUR 84 million), Mittel Investimenti Immobiliari S.r.l. (EUR 25 million) and Mittel Partecipazioni Stabili S.r.l. (EUR 8 million).

It should be noted that the Group headed up by Fashion District Group S.p.A. as t 30 September 2014 had short- and long-term loans in place relating to the construction of the two outlets in Mantua and Molfetta. On 18 November 2014, these loans, amounting to roughly EUR 51 million, were repaid and the various covenants (nonetheless respected as at 30 September 2014) and commitments linked to the debt were removed.
As regards the Parent Company Mittel S.p.A., it should be noted that a covenant is in place on a revolving credit line of EUR 25 million, granted by Banca Monte dei Paschi di Siena S.p.A. - of which EUR 15 million had been used as at 30 September 2014 - which requires compliance, on a half-yearly basis, with the following parameters:
a) ratio of (x) net financial debt to (y) equity (net of any distributable profits) no higher than 65%;
b) equity (net of any distributable profits) no lower than EUR 150 million.
Non-compliance with the financial covenants could involve the termination of the loan agreement pursuant to art. 1456 of the Italian Civil Code (express termination clause), determining a possible request for the early repayment of the entire amount involved in the loan agreement by the lender. In addition, there is also a negative pledge on present and future property, plant and equipment and intangible assets, on receivables and on the investments of the parent company, without prejudice to prior written consent of the bank, which cannot be unreasonably denied. As at 30 September 2014, this covenant was respected.
For completeness of information, it is also noted Mittel S.p.A. has a bullet loan in place (i.e. repayable at maturity), for an amount of around EUR 26,1 million, whose duration has been set as up to 23 December 2015 (84 months starting from 23 December 2008). This loan contains a set of clauses and commitments of the debtor, which are usual for that type of loan. Specifically, the contract provides for, inter alia: (i) commitments by Mittel S.p.A. not to implement specific types of extraordinary transactions without the advance approval

from the banks, (ii) a negative pledge, and (iii) pari passu clauses, i.e., of non-deferral, which, if breached, could result in Mittel's obligation of early repayment of the amounts disbursed, with resulting negative effects on the Group's economic, equity and financial position. This loan agreement was signed on 22 December 2008 by Tethys S.p.A. (as beneficiary), Banca Monte dei Paschi di Siena S.p.A. (as lender and agent bank) and Banca Popolare di Lodi S.p.A. (as lender). Mittel S.p.A. replaced Tethys S.p.A. in its contractual position as a result of the merger by incorporation of Tethys S.p.A. into the Issuer, effective from 5 January 2012.

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

Pursuant to the Loan Regulations, Mittel is required to respect the following for the entire duration of the Loan: (i) limits to dividend distribution and profit reserves, (ii) compliance with a financial covenant calculated as the ratio of net financial debt to equity in the separate financial statements, (iii) a negative pledge on future bond issues by Mittel or by Significant Subsidiaries within the limits and save for the exceptions set out in the Regulations. In the event of breach that is not remedied, of said obligations set out in Loan Regulations, Mittel could be held to the mandatory early redemption of the Loan, which in turn, could result in the obligation of early repayment, or application of the acceleration clause, termination of or withdrawal from the other loans contracted by Mittel. As at 30 September 2014 the covenant on the loan was respected.
Furthermore, for the entire duration of the Loan, Mittel S.p.A. has undertaken not to distribute dividends or profit reserves exceeding 5% of equity resulting from the financial statements of Mittel S.p.A. approved during each year of the duration of the Loan ("Cap"). In the event of voluntary early reimbursement, the Cap applicable to the year under way at the date of the redemption will be increased by the same percentage of the nominal value of the Bonds redeemed, i.e., by 25% or 50%, depending on the case. In the event that the Issuer purchases and cancels Bonds, prior to four years from the Loan Use Date, in amounts of 25% or 50% of the Bonds issued, the Cap applicable to the year under way at the date of the purchases and cancellations reached 25% or 50% of the Bonds issued will be increased by the same percentage, i.e., by 25% or 50%, depending on the case.

Risks related to interest rate fluctuation

The Mittel Group uses various forms of financing to support its investments, therefore, significant changes in interest rates could involve major increases/decreases in the cost of financing or in margins deriving from financial services. In order to mitigate these risks, Group deposits and loans are at a variable rate. Where necessary, the Group uses derivative financial instruments, periodically evaluating, through sensitivity analysis of its positions, the opportunity to stipulate macro/specific hedges.
As at 30 September 2014, 72,9% of the Group's bank payables, amounting to EUR 117 million, are variable rate (based on the Euribor) (85,01% as at 30 September 2013).
As at 30 September 2014, the Group had a bond loan in place maturing in July 2019 for EUR 97,4 million at a fixed rate (6%).
In order to reduce the amount of debt subject to fluctuations in interest rates, the subsidiary Fashion District Group S.p.A. has set up several interest rate swap hedging contracts. As already mentioned, Fashion District Group S.p.A.'s bank loans were closed on 18 November 2014 and, on 9 January 2015, the hedging derivatives relating to them were closed with no additional early settlement expenses.
In the event that interest rates rise, and considering the partial sterilisation of interest rate risk as a result of the hedging transactions implemented by the Group, the increase in financial expenses borne by the Group on variable rate debt could have negative effects on the economic, equity and financial situations of Mittel S.p.A. and the Group.
In relation to changes in interest rates, note that if, as at 30 September 2014, the interest rates were 100 basis points higher/lower than the rates actually registered at said date, at consolidated income statement level, higher/lower financial expenses would be recorded of around EUR 1,1 million, before the associated taxes.

Credit risk

Financial transactions realised by the Group expose it to credit risk, understood as the possibility that an unexpected change in the counterpart's creditworthiness could impact the credit position, resulting in insolvency (default risk) or in terms of the market value of the position (spread risk).
In detail, the Mittel Group is exposed to potential losses resulting from the non-fulfilment of the obligations assumed by the counterparties (both financial and commercial transactions), with specific reference to the following phenomena:

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

As at 30 September 2014 the credit portfolio contained a significant portion of receivables relating to the deferred component of payment of the consideration for the transfer of investments, mainly represented by the vendor loan granted by Mittel to Liberata S.p.A. and by credit positions acquired following the merger of Hopa S.p.A..

Risks related to management

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

Starting from the year ended 30 September 2013, the Top Management consolidated its knowledge of the Group's business, having acquired specific skills as part of their previous experience.
This process had mitigated the risk relating to the loss of key resources in the Group's traditional business areas. With regard to the areas being developed (specifically, the Advisory sector), in which the Top Management acts as a key resource, on acquiring the investment in Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), also based on recommendations from the Related Party Committee, several contractual and organisational measures were set up (including the support to the then-Chief Executive Officer of Mittel S.p.A. of expert consultants with excellent people skills and the designation of deputy managers capable of assisting the Chief Executive Officer) to avoid, or at least limit in an acceptable manner, a new resurgence of that risk.

Despite those measures, the following significant events occurred in the year:

- the agreement for the early termination of the executive office of the Chief Executive Officer of the parent company, a key resource for the Advisory sector;
- the resignation, for personal reasons, effective 2 April 2014, of the Chief Executive Officer of Mittel Investimenti Immobiliari S.r.l., a key resource for the real estate sector, from the offices previous held in the real estate sector;
- finally, it should be noted that, effective 1 February 2014 the position of Finance Director of the Group was defined, to manage and supervise financial operations, define financial strategy for locating the necessary resources for medium/long-term development and to guarantee the correct balance of sources and uses, thereby mitigation - through direct control - the risk of depending on the "Operating Finance" function outsourced to the Chief Executive Officer of the indirect associate Mittel Generale Investimenti S.p.A.

Risks connected to legal disputes and judicial proceedings

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

Therefore, there is the risk of the Group having to cover liabilities/reputational damages resulting from various types of legal disputes, also with specific reference to the risk of having to be liable for previous work as a shareholder of transferred companies (e.g. legal disputes for guarantees issued).

In this case, the Group may be required to liquidate some extraordinary liabilities, with subsequent economic and financial effects and further image damage.

In its consolidated financial statements as at 30 September 2014, the Group allocated a specific provision for risks and charges totalling EUR 11,7 million (EUR 5,7 million as at 30 September 2013), to cover, inter alia, the liabilities that could result from the legal proceedings and other pending disputes.

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

Moreover, in general, irrespective of the legitimate grounds of the claims made, any initiation of legal or arbitration proceedings against Mittel and/or other Group companies, including any disputes concerning the Group's past operations as a shareholder of transferred companies, could result in possibly significant damage to the Group's image and reputation in its sector, with possible negative effects on the business and economic, equity and financial situations of Mittel S.p.A. and the Group.

As regards the most significant disputes of the Group, such as those with Snia and GE Capital/Tellus, there were no new developments with regard to that reported in the section on the Main Ongoing Legal Proceedings, to which reference should be made.

Risks connected with the market value of property inventories

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

The Group recognises its property inventories at cost value; in support of these values, when drafting the financial statements for the year ended 30 September 2014, the Group requested third-party professionals with the necessary skills and qualifications for an appraisal of the main property assets at market values based on the measurement criteria normally used in the practice. The Group effected property asset write-downs in the cases in which the appraisals of the main property assets showed their fair values to be lower than their book values in the financial statements (EUR 10,8 million as at 30 September 2014 compared to EUR 2,8 million as at 30 September 2013).

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

Risks relating to disputes in the real estate sector

Risks deriving from legal disputes (civil and administrative proceedings) to which real estate companies could be exposed, with specific reference to:
- disputes regarding the buying/selling of properties;
- disputes with the tax authorities;
- disputes with tenants;
- administrative disputes relating to uses;
- disputes deriving from non-compliance with environmental / workplace health and safety legislation, planning controls, etc.

Risks related to changes in the legislation applicable to the Group

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

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

Considering Mittel's status as a holding company for investments, its economic performance is linked, inter alia, to circumstances that are not periodic and/or recurring in nature, such as the distribution of dividends by investee companies and the formation and realisation of capital gains on divestments of investments held. Thus, the performance of the company's results in different years may not be linear and/or significantly comparable. In addition, there is no guarantee regarding the amount of dividends that will be distributed by Mittel due to the lack of stable flows, partly structural (characteristic of private equity) and partly dependent on the prompt renewal of major investments. In particular, the portfolio of assets held by the Group shrank. However, in respect of the disinvestment described, the Group still did not identify any new investment opportunities at the time of the disposals, with the subsequent non-replacement of the investments held, use of cash freed up and further deferment of the sector investment cycle and achievement of the associated profit flows with respect to the normal duration (already extended).

Significant events after 30 September 2014

On 1 October 2014, Mittel S.p.A.'s Board of Directors co-opted Marco Giovanni Colacicco, replacing director Gianluca Ponzellini, founding partner of the practice by the same name and a member of the Boards of Directors and Boards of Statutory Auditors of leading Italian companies.

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

On 18 November 2014, Fashion District Group S.p.A. - FDG (66,7% owned by Earchimede S.p.A., in turn 85% owned by Mittel S.p.A.) executed the sale contract signed on 31 July 2014, regarding the two property complexes in which the Fashion District outlet of Bagnolo San Vito (MN) and the Fashion District outlet of Molfetta (BA) operate respectively, and 100% of the share capital of the two companies responsible for the local commercial management of the aforementioned outlets, Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. The purchaser is IDeA FIMIT SGR S.p.A., a company managing the closed-end real estate investment fund reserved to qualified investors called "MOMA", fully subscribed by entities attributable to the funds managed by the Blackstone Real Estate Partners IV group, a major international operator with a track record in acquiring outlets and shopping centres in Italy. The total consideration of EUR 122,2 million, including around EUR 2 million in payables which remained under discontinued operations, was collected in full on 18 November 2014, also through the simultaneous repayment to banks of mortgages, for an amount of approximately EUR 51 million. The reduction of EUR 1,5 million, with respect to the total consideration of EUR 123,7 million communicated on 31 July this year, was agreed in return for the full payment on closing of the entire amount, plus the obtainment of improvements in other contractual economic conditions for around EUR 0,4 million. FDG will continue to manage the Mantua and Molfetta outlets.

On 23 December 2014, in exercising the call option communicated on 17 September 2013 from RREEF Investment Gmbh to Fashion District Roma S.r.l. (indirect subsidiary of Mittel S.p.a.), the latter transferred to RREEF Inv. Gmbh ownership of the business unit including the commercial licences relating to the Valmontone outlet (Rome) for EUR 12,74 million. This strike price is essentially in line with the value of EUR 12,4 million for which the item was recognised in the year ended 30 September 2014. RREEF Investment Gmbh operates on behalf of the German open-ended real estate investment fund called "Grundbesitz Europa", owner of the properties of the Valmontone outlet. Effective from 1 January 2015, Fashion District Roma S.r.l. will no longer manage the Valmontone (Rome) outlet.

Business outlook for the year

The significant disposals of assets in the year (the sale of Moncler shares by the investee Brands Partners 2 S.p.A. in liquidation, and the signing of the agreement for the transfer of Fashion District Group's assets) were two key moments in the year just ended, representing an important part of the process to rationalise Mittel's portfolio and generating significant resources for the benefit of future growth. The net financial position, standing at a negative EUR 201,8, an improvement of EUR 24,6 million compared to the previous year, fell further by EUR 120,1 million with the collection of the consideration for the same amount relating to Fashion District Group's assets, which took place on 18 November 2014.

While the sales contribution of the outlet sector to consolidated Group revenues was almost eliminated as a result of the transfers that took place, the income in the year will continue to benefit from the provision of advisory services and, it is hoped, income from the Real Estate sector. Activities will also continue to increase the value of the assets in the portfolio, an activity typical of an investment holding company like Mittel S.p.A., whose economic impact is difficult to predict, together with a relaunch of investment activities.

Corporate Governance

Mittel S.p.A. signed up to the original 1999 version of the Corporate Governance Code of for listed companies promoted by Borsa Italiana S.p.A., and currently adheres to the Corporate Governance Code approved in July 2014.

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

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

At the meeting on 20 December 2012, on the proposal of the Remuneration Committee (now the Remuneration and Appointments Committee), the Board of Directors resolved the Remuneration Policy, in compliance with the recommendations of the Corporate Governance Code and regulatory provisions issued by Consob. Pursuant to law, the Remuneration Policy constitutes the first section of the Remuneration Report and was subject to review by the Shareholders' Meeting held on 11 March 2014, also called to approve the 2013 separate financial statements.

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

Franco Dalla Sega	Director of the Supervisory Board of Intesa Sanpaolo S.p.A.
Giorgio Franceschi	Chief Executive Officer of ISA Istituto Atesino di Sviluppo S.p.A. Chief Executive Officer of Calisio S.p.A. Chairman of Mittel Advisory S.p.A. Director of Banco di Brescia S.p.A. Director of C.I.S. (Compagnia Investimenti e Sviluppo) S.p.A. Director of Dolomiti Energia S.p.A. Director of Iniziative Bresciane S.p.A. Director of Sorgent.e Holding S.p.A. Director of Castello SGR S.p.A. Director of Mittel Investimenti Immobiliari S.r.l.
Maria Vittoria Bruno	Chairman of the Board of Statutory Auditors of Coop Lombardia
Marco Giovanni Colacicco	Standing Auditor of Assietta Private Equity SGR S.p.A. Standing Auditor of Partners Group (Italy) SGR S.p.A.

Stefano Gianotti	Director of Banco di Brescia S.p.A. Director of Calisio S.p.A. Director of Banca Popolare di Bergamo S.p.A. Sole Director of Kymco-Padana Ricambi S.p.A.
Michele Iori	Chairman of the Management Board of Fondazione Cassa di Risparmio di Trento e Rovereto
Marco Merler	Chief Executive Officer and member of the Executive Committee of Dolomiti Energia S.p.A. Chief Executive Officer of Trenta S.p.A. Standing Auditor of Istituto Atesino di Sviluppo S.p.A.
Giuseppe Pasini	Chairman of Feralpi Holding S.p.A. Chairman and Chief Executive Officer of Feralpi Siderurgica S.p.A.
Duccio Regoli	---
Carla Sora	Director of Retelit S.p.A.
Michela Zeme	Standing Auditor of Telecom Italia Media S.p.A. Standing Auditor of Prelios S.p.A. Director of Sorin S.p.A.
Giovanni Brondi	Chairman of the Board of Statutory Auditors of Banca Prossima S.p.A. Standing Auditor of Commerciale Siderurgica Bresciana S.p.A.
Simone Del Bianco	Chairman of Mazars S.p.A. Chairman of One Audit S.p.A.
Maria Teresa Bernelli	Chairman of the Board of Statutory Auditors of Dana Italia S.p.A. Director of Autostrade del Brennero S.p.A.
Roberta Crespi	Director of ISP CB Ipotecario S.r.l.
Giulio Tedeschi	Chairman of the Board of Statutory Auditors of Agos Ducato S.p.A. Chairman of the Board of Statutory Auditors of Italease Finance S.p.A. Standing Auditor of Carlo Tassara S.p.A.

Other information

Research and development activities

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

Atypical and/or unusual transactions

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

Significant non-recurring events and transactions

Pursuant to the aforementioned Consob communication, no significant non-recurring transactions were performed by the Company or the Group during the year, with the exception of the plan for the disposal of the group of assets and liabilities relating to the Mantua and Molfetta outlet centre complexes and the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. For a description of the effects of the above please refer to the appropriate sections of the explanatory notes.

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 year 2013-2014, transactions were entered into with said counterparties as part of ordinary operations and that no atypical and unusual transactions were carried out. All transactions were performed on arm's length basis and generally refer:

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

On 11 February 2014 the Board of Directors of Mittel S.p.A. entered into the Group tax consolidation option for Mittel Management S.r.l. and Mittel Advisory S.p.A., pursuant to articles 117 to 129 of the TUIR (Consolidated Law on Income Tax), for the next three years, and, thus, up to the financial year 2015/2016. The same Board of Directors' meeting renewed the Group tax consolidation option for an additional three years, and thus, up to the financial year 2015-2016, pursuant to articles 117 to 129 of the TUIR for the subsidiaries Mittel Investimenti Immobiliari S.r.l., Cad Immobiliare S.r.l., Esse Venuto S.r.l. and Fede S.r.l.

Transactions with related parties other than Group companies

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

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

All transactions with related parties were conducted on an arm's length basis and, therefore, there are no atypical and unusual transactions to report.
On 31 March 2014 the Board of Directors of Mittel S.p.A. unanimously approved the request to extend the Vendor Loan and the Line A Shareholders' Loan made by Liberata S.p.A. and, as a result, postponed the deadline for repayment of both the Vendor Loan and the Line A Shareholders' Loan. The operation resulted in the rescheduling of the new bank loan entered into by Liberata S.p.A. to two months after the payment of the

last instalment of principal, and, thus, to 30 November 2016. On 30 September 2014, the Board of Directors of Mittel S.p.A. resolved, having received the favourable opinion of the Related Party Committee, to waive the lines A and B shareholders' loans for a total of roughly EUR 3,6 million.
On 10 March 2014 Mittel S.p.A. announced that it had reached an agreement with the then Chief Executive Officer, Mr. Arnaldo Borghesi, which applied the provisions of the directors' agreement in place between the Company and Mr. Borghesi regarding the possible early termination of the executive position without just cause, in relation to the positions of Board Member and Chief Executive Officer of Mittel.

Treasury shares
As at 30 September 2014, the Company held 15.308.706 treasury shares.

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

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

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

Name and surname	Investee company	Shares held as at 30.09.2013		Shares purchased	Shares sold	Shares held as at 30.09.2014
Arnaldo Borghesi	Mittel S.p.A.	2.608.760	(a)	4.334	-	2.613.094
Giovanni Brondi	Mittel S.p.A.	38.401	(b)	-	-	38.401
Stefano Gianotti	Mittel S.p.A.	143.029		-	-	143.029
Massimo Tononi	Mittel S.p.A.	414.089	(a)	-	-	414.089
Romain Camille Zaleski	Mittel S.p.A.	685.851	(c)	-	-	685.851

(a) Directors of Mittel S.p.A. until 10 March 2014;
(b) of which 271 held by spouse;
(c) of which 685.851 held by spouse.

Proposal of the Board of Directors

Dear Shareholders,

We submit for your approval the separate financial statements for the 1 October 2013 - 30 September 2014 period, comprised of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of changes in Equity, Cash flow statement and the Explanatory notes, as well as the annexes and Report on operations.

The Board of Directors proposes that the Shareholders' Meeting cover the loss for the year of EUR 50.366.130 up to the amount of profits of previous years of EUR 22.173.718 and, for the remainder of EUR 28.192.412, through the partial use of the extraordinary reserve.

Milan, 19 January 2015

for the Board of Directors

The Chairman

(Franco Dalla Sega)

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

The reconciliation between equity and profit for the year of the Parent Company, as shown in the separate financial statements for the year ended as at 30 September 2014, and the equity and profit for the year of the Group, as reported in the consolidated financial statements as at the same date, is as follows:

(amounts in thousands of Euro)	**30 September 2014**		**30 September 2013(*)**	
	Equity	Income (loss) for the year	Equity	Income (loss) for the year
Equity and income (loss) of the Parent Company	**226.131**	**(50.366)**	**278.359**	**(27.659)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(146.953)		(230.395)	
Goodwill arising from consolidation		(7.963)	7.963	
Intangible assets arising from business combinations				
Net capital gain attributed to the activities of consolidated companies				
Pro rata amount of equity of consolidated companies	177.402		216.284	
Results achieved by fully consolidated companies		(27.027)		(13.354)
Cancellation of write-downs of investments	45.233	57.213	37.220	13.288
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets	39.093	(3.015)	41.274	(1.040)
Investments valued according to the equity method:				
Adjustments for pro-rata results of investments valued according to the equity method	16.254		52.896	325
Income (loss) from Investments valued according to the equity method		25.736		573
Elimination of effects of transactions carried out between consolidated companies:				
Net intercompany income capitalised in consolidated companies	(76.555)		(76.555)	7
Elimination of intercompany dividends:				
Dividends distributed by fully consolidated companies				(9.048)
Dividends distributed by associates		(28.168)		(1.104)
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and income (loss) for the year pertaining to the Group	**280.605**	**(33.590)**	**327.046**	**(38.012)**
Non controlling interests	39.015	(18.358)	56.389	(3.013)
Consolidated equity and income (loss)	**319.620**	**(51.948)**	**383.435**	**(41.025)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Consolidated financial statements as at 30 September 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

Amounts in Euro

	Notes	30.09.2014	30.09.2013 (**)	01.10.2012(**)
Non-current assets				
Intangible assets	5	310.371	29.943.208	21.751.420
Property, plant and equipment	6	1.668.796	137.658.870	147.375.964
Investments accounted for using the equity method	7	56.184.488	77.300.543	39.098.753
Financial receivables	8	146.840.674	105.362.066	156.970.846
Other financial assets	9	96.389.888	119.593.635	143.249.182
Sundry receivables and other assets	10	277.605	294.824	329.648
Prepaid tax assets	11	5.504.693	8.526.732	9.456.406
Total non-current assets		**307.176.515**	**478.679.878**	**518.232.219**
Current assets				
Property inventories	12	115.790.721	122.011.696	117.640.612
Financial receivables	13	23.347.959	83.500.455	48.620.504
Other financial assets	14	15.811.879	17.826.076	-
Tax assets	15	17.492.198	15.935.274	16.580.927
Sundry receivables and other assets	16	23.388.997	26.909.465	18.213.603
Cash and cash equivalents	17	32.424.389	45.617.101	14.890.371
Total current assets		**228.256.143**	**311.800.067**	**215.946.017**
Assets held for sale	18	131.434.568	-	2.550.369
Total assets		**666.867.226**	**790.479.945**	**736.728.605**
Equity				
Share capital		87.907.017	87.907.017	87.907.017
Share premium		53.716.218	53.716.218	53.716.218
Treasury shares		(26.514.895)	(26.514.895)	(9.875.000)
Reserves		199.086.192	249.949.834	210.260.957
Profit (loss) for the year		(33.589.692)	(38.012.266)	-
Equity pertaining to the Group	19	**280.604.840**	**327.045.908**	**342.009.192**
Non controlling interests	20	39.014.770	56.389.143	55.524.942
Total Equity		**319.619.610**	**383.435.051**	**397.534.134**
Non-current liabilities				
Bond issue	21	96.660.922	96.103.299	-
Financial payables	22	41.151.035	103.793.527	109.922.609
Other financial liabilities		-	-	402.285
Provisions for personnel	23	2.274.730	2.406.769	1.500.636
Deferred tax liabilities	24	20.552.113	37.746.179	34.998.430
Provisions for risks and charges	25	11.721.669	5.687.986	4.510.158
Sundry payables and other liabilities	26	896.054	2.933.782	1.900.000
Total non-current liabilities		**173.256.523**	**248.671.542**	**153.234.118**
Current liabilities				
Bond issue	27	1.313.142	1.320.537	-
Financial payables	28	80.710.121	117.427.659	142.991.780
Other financial liabilities	29	2.803.791	4.740.747	7.049.128
Tax liabilities	30	1.017.039	1.340.584	739.783
Sundry payables and other liabilities	31	26.242.221	33.543.825	34.984.837
Total current liabilities		**112.086.314**	**158.373.352**	**185.765.528**
Liabilities held for sale	32	61.904.779	-	194.825
Total equity and liabilities		**666.867.226**	**790.479.945**	**736.728.605**

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

(**) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

CONSOLIDATED INCOME STATEMENT (*)

Amounts in Euro

		30.09.2014	30.09.2013 (**)
Revenues	33	52.039.408	49.747.989
Other income	34	5.268.871	3.647.502
Variations in property inventories	35	(15.855.461)	5.640.028
Costs for purchases	36	(2.859.914)	(11.541.750)
Costs for services	37	(37.194.298)	(33.741.507)
Personnel costs	38	(11.675.361)	(11.698.105)
Other costs	39	(5.827.952)	(5.830.955)
Dividends	40	7.720.952	1.947.030
Profit (loss) from management of financial activities and investments	41	5.850.489	2.347.585
Gross operating margin (EBITDA)		**(2.533.266)**	**517.817**
Amortisation and value adjustments to intangible assets	42	(22.581.077)	(14.656.429)
Allocations to the provision for risks	43	(6.598.901)	(4.992.872)
Value adjustments to financial assets and receivables	44	(25.962.792)	(28.836.194)
Share of income (loss) of investments accounted for using the equity method	45	25.787.038	325.307
Income (loss) from non-recurring transactions	46	(18.375.208)	-
Operating result (EBIT)		**(50.264.206)**	**(47.642.371)**
Financial income	47	6.922.506	24.123.637
Financial expenses	48	(22.122.392)	(12.724.611)
Profit (loss) from trading of financial assets	49	2.425.725	(1.177.735)
Income (loss) before taxes		**(63.038.367)**	**(37.421.080)**
Income taxes	50	11.090.422	(3.747.071)
Income (loss) from continuing operations		**(51.947.945)**	**(41.168.151)**
Income (loss) from assets held for sale		-	143.205
Profit (loss) for the year		**(51.947.945)**	**(41.024.946)**
Attributable to:			
Income (loss) pertaining to non controlling interests	51	(18.358.253)	(3.012.680)
Income (loss) pertaining to the Group		**(33.589.692)**	**(38.012.266)**

Earnings (loss) per share (in EUR)	52		
From continuing ordinary operations:			
- Basic		(0,463)	(0,460)
- Diluted		(0,463)	(0,460)
From assets transferred and disposed:			
- Basic		-	0,002
- Diluted		-	0,002

(*) 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.

(**) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. Compared to the data published at the time, the loss as at 30 September 2013 had decreased by EUR 80.163. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro

	Notes	01.10.2013 30.09.2014	01.10.2012 30.09.2013 (*)
Profit (loss) for the year (A)		**(51.947.945)**	**(41.024.946)**
Other comprehensive profit/(loss) that will not be subsequently reclassified under profit (loss) for the year:			
Profits/(losses) from remeasurement of defined benefit plans		67.645	(110.570)
Tax effect relating to Other profits/(losses) that will not be subsequently reclassified under profit (loss) for the year		(20.608)	30.407
Total other profit/(loss) that will not be subsequently reclassified under profit (loss) for the year, net of taxes (B.1)		**47.037**	**(80.163)**
Other comprehensive profit/(loss) that will be subsequently reclassified under profit (loss) for the year:			
Effective part of the profits/(losses) on cash flow hedges	19	2.313.383	1.161.556
Profits/(losses) from the redetermination of available-for-sale financial assets	19	7.261.450	5.651.139
Profits/(losses) from the transfer of available-for-sale financial assets	19	(4.095.952)	676.844
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	19	894.732	4.302.438
Share of profits/(losses) of companies valued using the equity method	19	(18.838.930)	37.871.209
Tax effect relating to other profits/(losses) that will be subsequently reclassified under profit (loss) for the year	-	155.197	(1.976.109)
Total other profit/(loss) that will be subsequently reclassified under profit (loss) for the year, net of taxes (B.2)		**(12.310.120)**	**47.687.077**
Total other profit/(loss) net of taxes (B) = (B.1) + (B.2)		**(12.263.083)**	**47.606.914**
Total comprehensive profit/(loss) (A) + (B)		**(64.211.028)**	**6.581.968**
Total comprehensive income/(loss) attributable to:			
Non-controlling interests		(17.555.410)	(2.456.700)
Income (loss) pertaining to the Group		(46.655.618)	9.038.668

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. Compared to the data published at the time, the loss as at 30 September 2013 had increased by EUR 80 thousand. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

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Statement of changes in consolidated equity for the year ended as at 30 September 2014

Amounts in Euro

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Cash flow hedge reserve	Reserve from available-for-sale financial assets	Share of comprehensive profits/(losses) of companies valued using the equity method	Non-controlling interests	Total
Balance as at 30 September 2012	**87.907.017**	**(9.875.000)**	**53.716.218**	**191.393.521**	**-**	**(1.427.646)**	**4.999.367**	**15.295.715**	**55.524.942**	**397.534.135**
(published figures)										
Effects of the application of IAS 19 amended	-	-	-	106.800	(106.800)	-	-	-	-	**-**
Balance as at 1 October 2012	**87.907.017**	**(9.875.000)**	**53.716.218**	**191.500.321**	**(106.800)**	**(1.427.646)**	**4.999.367**	**15.295.715**	**55.524.942**	**397.534.135**
Increase in share capital	-	-	-	-	-	-	-	-	3.216.748	**3.216.748**
Treasury shares acquired in exchange with the issuing of bonds	-	(25.063.046)	-	(1.328.224)	-	-	-	-	-	**(26.391.270)**
Payment for business combination with settlement via shares	-	6.945.000	-	(3.472.500)	-	-	-	-	-	**3.472.500**
Change in the area of consolidation	-	-	-	-	-	-	-	-	4.000	**4.000**
Other changes	-	1.478.151	-	(2.561.333)	-	-	-	-	1.751.364	**668.182**
Dividends distributed	-	-	-	-	-	-	-	-	(1.651.211)	**(1.651.211)**
Total comprehensive profit/(loss)	-	-	-	(38.012.266)	(74.989)	477.214	8.777.500	37.871.209	(2.456.700)	**-** **6.581.968**
Balance as at 30 September 2013	**87.907.017**	**(26.514.895)**	**53.716.218**	**145.944.209**	**-**	**(950.432)**	**13.776.867**	**53.166.924**	**56.389.143**	**383.435.051**
(published figures)										
Effects of the application of IAS 19 amended	-	-	-	181.789	(181.789)	-	-	-	-	**-**
Balance as at 1 October 2013	**87.907.017**	**(26.514.895)**	**53.716.218**	**146.125.998**	**(181.789)**	**(950.432)**	**13.776.867**	**53.166.924**	**56.389.143**	**383.435.051**
Increase in share capital	-	-	-	-	-	-	-	-	-	**-**
Changes in the area of consolidation	-	-	-	196.670	-	-	-	-	156.164	**352.834**
Other changes	-	-	-	17.880	-	-	-	-	999.375	**1.017.255**
Dividends distributed	-	-	-	-	-	-	-	-	(974.502)	**(974.502)**
Total comprehensive profit/(loss)	-	-	-	(33.589.692)	47.037	950.432	4.775.535	(18.838.930)	(17.555.410)	**-** **(64.211.028)**
Balance as at 30 September 2014	**87.907.017**	**(26.514.895)**	**53.716.218**	**112.750.856**	**(134.752)**	**-**	**18.552.402**	**34.327.994**	**39.014.770**	**319.619.610**

Consolidated cash flow statement

Amounts in EUR	Notes	30.09.2014	30.09.2013 (*)
OPERATING ACTIVITIES			
Net income (loss) for the year pertaining to the Parent Company and non-controlling interests		**(51.947.945)**	**(41.024.946)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		645.248	1.191.625
Deferred taxes		(11.284.174)	2.525.039
Depreciation of property, plant and equipment		14.181.577	14.268.544
Amortisation of intangible assets and write-downs		436.500	387.885
Dividends received		(7.720.952)	(1.947.030)
Financial income		(6.922.169)	(24.123.637)
Financial expenses		22.122.392	12.724.611
Exchange gains/(losses)		(337)	-
Allocations to provisions for risks and charges		6.598.901	4.992.872
Provisions for employee severance indemnity		494.441	688.903
Other non-monetary net income		1.975.665	(471.526)
Net capital loss from disposal group		18.375.208	-
Profits/(losses) of investments valued according to the equity method		(25.787.039)	(325.307)
Write-downs (write-backs) of receivables		4.023.221	10.733.509
Losses on receivables		-	-
Capital gains (losses) from transfer of investments		(9.341.116)	(318.973)
Write-downs of property inventories		(10.876.652)	1.930.996
Value adjustments to intangible assets:		7.963.000	-
Write-downs (write-backs) of available-for-sale financial assets		22.030.216	20.899.128
Write-downs (write-backs) of investments		-	376.500
Cash flows from operating activities before changes in working capital		**(25.034.016)**	**2.508.193**
(Increase)/decrease in property inventories		24.194.848	(6.302.080)
(Increase)/decrease in other current assets		(613.679)	(5.686.512)
Increase/(decrease) in trade payables and other current liabilities		(7.443.734)	(3.715.896)
Cash and cash equivalents generated (absorbed) by operating activities		**(8.896.581)**	**(13.196.275)**
Change in current financial assets		(2.135.951)	391.363
Uses of provisions for risks and charges		(534.062)	(3.815.044)
Payments of employee severance indemnity		(419.745)	(206.770)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(11.986.338)**	**(16.826.726)**
INVESTMENT ACTIVITIES			
Dividends received from subsidiaries and associates		29.142.419	1.104.926
Dividends received on financial assets		7.720.952	1.947.030
Investments in interests for:			
Acquisitions		(500.000)	(1.506.766)
Recapitalisations of associates		(4.596.563)	-
Cash flow connected to business combinations		218.261	(4.298.000)
Increase in available-for-sale financial assets		(1.441.122)	(10.603.324)
Increases in financial assets held for trading		(8.531.655)	(10.603.324)
Other investments (property, plant and equipment and intangible assets)		(464.917)	(5.114.623)
Increases in other non-current assets		-	-
Realisation from disposal of:			
Investments		4.327.599	123.390
Equity instruments available for sale		27.932.442	8.222.202
Net cash flow connected with assets held for sale	18	(1.115.231)	-
Other non-current assets (property, plant and equipment, intangible assets and other)		144.090	-
(Increase) decrease in financial receivables due from customers and financial institutions		12.914.843	26.504.203
Interest collected		5.776.865	4.777.463
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**71.527.983**	**21.156.501**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(55.845.174)	(33.937.741)
Bond loan issue		-	69.772.601
Interest paid		(13.647.741)	(11.286.432)
Change in financial liabilities for derivative instruments		(3.766.313)	-
Payment of dividends		(974.502)	1.848.527
Capital payments by non-controlling shareholders		1.499.375	-
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(72.734.356)**	**26.396.955**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(13.192.712)**	**30.726.730**
OPENING CASH AND CASH EQUIVALENTS (E)		45.617.101	14.890.371
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)		**32.424.389**	**45.617.101**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative figure for the loss for the year ended 30 September 2014 was decreased by EUR 80 thousand, with an equivalent adjustment to the item "Other non-monetary net income".

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

Amounts in EUR

	Notes	30.09.2014	*of which related parties*	*% incidence*	30.09.2013	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	5	310.371	-		29.943.208	-	
Property, plant and equipment	6	1.668.796	-		137.658.870	-	
Investments accounted for using the equity method	7	56.184.488	-		77.300.543	-	
Financial receivables	8	146.840.674	115.265.102	78,5%	105.362.066	68.569.842	65,1%
Other financial assets	9	96.389.888	-		119.593.635	-	
Sundry receivables and other assets	10	277.605	-		294.824	-	
Prepaid tax assets	11	5.504.693	-		8.526.732	-	
		307.176.515	**115.265.102**	**37,5%**	**478.679.878**	**68.569.842**	**14,3%**
Current assets							
Property inventories	12	115.790.721	-		122.011.696	-	
Financial receivables	13	23.347.959	3.314.094	14,2%	83.500.455	62.716.442	75,1%
Other financial assets	14	15.811.879	-		17.826.076	-	
Tax assets	15	17.492.198	-		15.935.274	-	
Sundry receivables and other assets	16	23.388.997	23.857	0,1%	26.909.465	-	
Cash and cash equivalents	17	32.424.389	-		45.617.101	-	
Total current assets		**228.256.143**	**3.337.951**	**1,5%**	**311.800.067**	**62.716.442**	**20,1%**
Assets held for sale	18	131.434.568	-		-	-	
Total assets		**666.867.226**	**118.603.053**	**17,8%**	**790.479.945**	**131.286.284**	**16,6%**
Equity							
Share capital		87.907.017	-		87.907.017	-	
Share premium		53.716.218	-		53.716.218	-	
Treasury shares		(26.514.895)	-		(26.514.895)	-	
Reserves		199.086.192	-		249.949.834	-	
Profit (loss) for the year		(33.589.692)	-		(38.012.266)	-	
Equity pertaining to the Group	19	**280.604.840**	**-**		**327.045.908**	**-**	
Non controlling interests	20	39.014.770	-		56.389.143	-	
Total Equity		**319.619.610**	**-**		**383.435.051**	**-**	
Non-current liabilities							
Bond issue	21	96.660.922	-		96.103.299	-	
Financial payables	22	41.151.035	-		103.793.527	-	
Provisions for personnel	23	2.274.730	-		2.406.769	-	
Deferred tax liabilities	24	20.552.113	-		37.746.179	-	
Provisions for risks and charges	25	11.721.669	-		5.687.986	-	
Sundry payables and other liabilities	26	896.054	-		2.933.782	-	
Total non-current liabilities		**173.256.523**	**-**	-	**248.671.542**	**-**	-
Current liabilities							
Bond issue	27	1.313.142	-		1.320.537	-	
Financial payables	28	80.710.121	1.211.772	1,5%	117.427.659	2.592.074	2,2%
Other financial liabilities	29	2.803.791	-		4.740.747	-	
Tax liabilities	30	1.017.039	-		1.340.584	-	
Sundry payables and other liabilities	31	26.242.221	8.203.820	31,3%	33.543.825	7.595.760	22,6%
Total current liabilities		**112.086.314**	**9.415.592**	**8,4%**	**158.373.352**	**10.187.834**	**6,4%**
Liabilities held for sale	32	61.904.779			-		
Total equity and liabilities		**666.867.226**	**9.415.592**	**1,4%**	**790.479.945**	**10.187.834**	**1,3%**

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

Amounts in EUR

		30.09.2014	*di cui parti correlate*	*% di incidenza*	30.09.2013	*di cui parti correlate*	*% di incidenza*
Revenues	33	52.039.408	681.402	1,3%	49.747.989	716.793	1,4%
Other income	34	5.268.871	11.421	0,2%	3.647.502	-	
Variations in property inventories	35	(15.855.461)	-		5.640.028	-	
Costs for purchases	36	(2.859.914)	-		(11.541.750)	-	
Costs for services	37	(37.194.298)	(6.438.111)	17,3%	(33.741.507)	(4.045.280)	12,0%
Personnel costs	38	(11.675.361)	(775.159)	6,6%	(11.698.105)	(1.126.381)	9,6%
Other costs	39	(5.827.952)	-	-	(5.830.955)	-	
Dividends	40	7.720.952	668.400	8,7%	1.947.030	736.200	37,8%
Profit (loss) from management of financial activities and investments	41	5.850.489	-		2.347.585	-	
Gross operating margin (EBITDA)		**(2.533.266)**			**517.817**		
Amortisation and value adjustments to intangible assets	42	(22.581.077)	-	-	(14.656.429)	-	
Allocations to the provision for risks	43	(6.598.901)	-	-	(4.992.872)	-	
Value adjustments to financial assets and receivables	44	(25.962.792)	-	-	(28.836.194)	-	
Share of income (loss) of investments accounted for using the equity method	45	25.787.038	-	-	325.307	-	
Income (loss) from non-recurring transactions	46	(18.375.208)					
Operating result (EBIT)		**(50.264.206)**			**(47.642.371)**		
Financial income	47	6.922.506	2.820.465	40,7%	24.123.637	19.674.431	81,6%
Financial expenses	48	(22.122.392)	(214.027)	1,0%	(12.724.611)	(46.609)	0,4%
Profit (loss) from trading of financial assets	49	2.425.725	-	-	(1.177.735)	-	-
Income (loss) before taxes		**(63.038.367)**			**(37.421.080)**		
Income taxes	50	11.090.422			(3.747.071)		
Income (loss) from continuing operations		**(51.947.945)**			**(41.168.151)**		
Income (loss) from assets held for sale					143.205		
Profit (loss) for the year		**(51.947.945)**			**(41.024.946)**		
Attributable to:							
Income (loss) pertaining to non controlling interests	51	(18.358.253)			(3.012.680)		
Income (loss) pertaining to the Group		**(33.589.692)**			**(38.012.266)**		

Explanatory Notes

1. Form and content of the financial statements

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

These consolidated financial statements are prepared in Euros.

2. Significant accounting standards and drafting criteria

2.1 General principles

The consolidated financial statements for the year ended as at 30 September 2014 were drafted in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union as at 30 September 2014, and the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. IFRS also mean all revised international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

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

This chapter illustrates the general principles adopted in the drafting of the financial statements for the year ended as at 30 September 2014, as required by IAS.

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

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

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

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

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

f) Comparative information
Comparative information for the previous year is shown for all figures contained in the financial statements, unless prescribed or permitted otherwise by an International Accounting Standard or interpretation. Descriptive information is also included, when useful for understanding the data.

2.2 Financial statements and tables

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

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

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

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

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

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

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

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

The Statement of changes in equity illustrates the changes that took place in items of equity relating to:
- allocation of the Group's profit (loss) for the year to non-controlling shareholders;
- amounts relating to transactions with shareholders;
- each item of profit and loss net of taxes, which is booked directly to equity or has a contra-item in an equity reserve;
- change in the valuation reserve of available-for-sale financial assets and in the cash flow hedge reserve;
- effect of any changes in accounting standards.

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

The figures of these financial statements are compared with those of last year's financial statements drafted using the same criteria.

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

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

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

These financial statements were authorised for publication, in accordance with IAS 10, by the Board of Directors on 19 January 2015. Reference should be made to the information in the Report on Operations for a description of the significant events after the close of the year.

2.3 Accounting standards adopted by the Mittel Group

Intangible assets (IAS 38)

Intangible assets are non-monetary assets which are without physical substance and identifiable, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.
The cost of intangible fixed assets with a definite useful life is amortised using the straight line method on the basis of the relative useful life.
If the useful life is indefinite, no amortisation is carried out, solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At the close of each financial year, in the presence of impairment, the recoverable value of the asset is estimated.
The amount of the loss, booked to the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is eliminated from the statement of financial position on disposal or when no future economic benefits are expected from its use.
Goodwill can be recorded if representative of future income capacities of the investee. A test is conducted at the close of each financial year to check the value of goodwill. Any reduction in value is determined on the basis of the difference between the book value of goodwill and its realisable value, equal to the higher of the fair value of the cash generating unit, less costs to sell, and the associated value in use.

Development costs refer to new product innovation projects and are recorded under assets in compliance with the considerations of IAS 38, i.e.:
- demonstrability of the technical feasibility of the products;
- intention of the Group to complete the development project;
- reliable determination of the costs incurred for the project;
- recoverability of the values recorded through the future expected benefits from completion of the development project.

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

Intangible assets with an indefinite life

An intangible asset shall be regarded by the company as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.
Intangible assets with an indefinite useful life are not amortised but are subject to an impairment test, to verify the recoverability of the book value; this test pertains to the value of the individual asset and is carried out when impairment has been identified and, in any case, at least on an annual basis.

Property, plant and equipment (IAS 16)

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.
Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.
Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.
Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.
Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight line method.
The depreciation rates used by Group companies are as follows:

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

Land is not depreciated as it has an indefinite useful life.
Capitalisable costs for improvements to leased third-party assets are attributed to the asset classes to which they refer and amortised at the lower of the residual term of the rental agreement and the residual useful life of the nature of the asset to which the improvement relates. At the close of each financial year, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.
In the event of signs of impairment, a comparison is made between the book value of the asset and its recoverable value, equal to the higher of the fair value, less costs to sell, and the associated value in use of the asset, understood as the present value of future cash flows originating from the asset. Any adjustments are booked to the income statement. If the reasons for the recognition of the loss no longer exist, the value is written back, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.
A tangible asset is eliminated from the statement of financial position on disposal.
Profits and losses deriving from transfers or disposals of assets are determined as the difference between the sales revenue and the net book value of the assets and are recognised in the income statement in the year.

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

Leased assets (IAS 17)

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

Investments accounted for using the equity method (IAS 28)

The item includes interests held in:

- associates, recorded according to the equity method. Companies in which at least 20% of voting rights is held and companies whose interests (in any case, above 10%) ensure influence over governance are considered associates.
- jointly controlled companies, also recorded according to the equity method;
- other minor investments, maintained at cost.

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

Other financial assets (IAS 32 and 39)

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

Available-for-sale financial assets
Financial assets are initially recognised at the settlement date for debt securities or equities.
The assets are initially recognised at fair value which corresponds to the prices recorded in active markets and, for unlisted securities, based on third party evaluations or on internal valuation models generally used in financial practice.
This category includes non-derivative financial assets that are not classified as receivables or financial assets designated at fair value through profit or loss.
In particular, this item includes unmanaged investments held for trading which do not qualify as subsidiaries, associates or joint ventures, and bonds which are not traded. Following initial recognition, available-for-sale financial assets continue to be designated at fair value, with profits/losses deriving from the change in fair value recorded in a special reserve of equity, with the exception of impairment losses. Equities, for which the fair value cannot be determined reliably, are maintained at cost, adjusted in the event impairment losses are identified.
The fair value is determined using the same process illustrated below for financial assets held for trading.
If the fair value cannot be determined reliably available-for-sale financial assets are maintained at cost.
Testing is carried out to check for any objective evidence of impairment at the close of each financial year or interim period.
The amount of any write-down recorded after impairment testing is booked to the income statement as a cost for the year under the item Value adjustments to financial assets and receivables.
If the reasons for the impairment no longer exist following an event that occurred after the recognition of the impairment, write-backs are effected. These write-backs are booked to equity, in the case of equities, and to the income statement in the case of debt securities.
Financial assets are derecognised when they are transferred, transferring substantially all inherent risks and rewards.
At the time of disposal, the effects deriving from the profit or loss accumulated in the reserve relating to available-for-sale financial assets are reversed to the income statement under the item Profits/(Losses) from the management of financial assets and investments.
Dividends and interest relating to available-for-sale financial assets are recognised in the income statement.
Based on the time frame for sale (within or beyond twelve months from the date of closing of the financial year), available-for-sale financial assets are classified under "Other financial assets" in current or non-current assets.

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

Financial assets held for trading
Financial assets are initially recognised at the settlement date 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 designated at fair value, with the recognition of changes in a contra-item in the income statement.
For the determination of the fair value of financial instruments, a three-level hierarchy is envisaged:

1) Listing on an active market, not adjusted. An active market is one where prices, which reflect normal market transactions, are quickly and regularly available via Stock Markets, Brokers, Intermediaries, Industry companies, Listing services or authorised entities and express the price, of actual, adequate, continuous and regular market transactions that occur within a normal reference period.

2) Recognition of the fair value through components observable directly or indirectly on a listed market. In the event in which the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to verify whether said fair value can be considered second or third level.

3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated to it and simultaneously 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 Profit (Loss) from trading of financial assets.

Property inventories (IAS 2)

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

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

Receivables (IAS 32 and 39)

All non-derivative financial assets with fixed or determinable payments that are not listed in an active market are classified under receivables, with the exception of:

- those that are set aside for immediate or short-term sale, which are classified as held for trading and those that, at the moment of initial recognition, are designated at fair value and booked to the income statement;
- those that, at the time of initial recognition, are designated as available for sale;
- those for which there is a risk of all the initial investment not being recovered, not due to the impairment of the receivable, which must be classified as available for sale.

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

- financial receivables;
- sundry receivables and other assets.

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

Cash and cash equivalents (IAS 32 and 39)

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

Hedging derivatives (IAS 32 and 39)

The types of hedging transactions are as follows:

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

Hedging derivatives are designated at fair value and recognised in the items “other financial assets” and “other financial liabilities”; in particular:

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

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

The hedge is considered highly effective if, both at the start and during its life, fair value changes in the monetary amount hedged are almost completely offset by fair value changes in the hedging derivative, i.e. the actual results of the hedge are within a range of 80% - 125%.
The effectiveness of the hedge is initially verified through the prospective test and at the time of preparation of the annual financial statements through the performance of retrospective and prospective tests; the results of said tests justify the application of hedge accounting given that it demonstrates its expected effectiveness.

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

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

Non-current assets held for disposal, disposal groups and discontinued operations whose book value will be recovered mainly through sale rather than continuous use, are measured at the lower of their net book value and the fair value less costs to sell.
In particular, a disposal group is a collection of directly related assets and liabilities held for disposal as part of a single transaction.
Discontinued operations are, by contrast, comprised of a significant component of the group, e.g. an important autonomous branch of activity or geographic business area or a subsidiary acquired on the exclusive basis of a resale.
In compliance with IFRS, the data relating to non-current assets held for disposal, disposal groups and discontinued operations are presented in two specific items of the statement of financial position: assets held for sale and liabilities directly associated to assets held for sale.
Non-current assets held for sale are not subject to amortisation/depreciation and are measured at the lower of their book value and associated fair value, less costs to sell; any difference between the book value and the fair value less costs to sell is charged to the Income statement as a write-down.
With exclusive reference to any discontinued operations, the net economic results achieved by them pending disposal, capital gains/losses deriving from said disposal and the corresponding comparative data of the previous year/period are presented in a specific item of the income statement: net profit (loss) from discontinued operations/assets held for sale.

By contrast, as regards capital gains/losses recorded as a result of the fair value measurement at fair value less costs to sell or from the disposal of non-current assets (or disposal groups) classified as “held for sale” pursuant to IFRS 5, a specific item was created in the income statement called “Income (loss) from non-recurring transactions” included in the result from discontinued operations, as better described in the previous paragraph of the Financial Statements.

Derecognition of financial assets and liabilities

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

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

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

Payables and Bond Loans (IAS 32 and 39)

These financial liabilities are initially recognised at the time the contract is signed, which coincides with the moment the sums collected are received.
Liabilities are initially recognised on the basis of the fair value, normally equal to the amount collected or the issue price, increased by additional costs/income directly attributable to the individual funding transaction and not repaid to the credit counterparty. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.
Depending on their nature and expiry, payables are classified into the following items:
- bond loans;
- financial payables;
- sundry payables and other liabilities.

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

Other financial liabilities (IAS 32 and 39)

Financial liabilities are initially recognised at the settlement date both for debt securities and for derivative contracts.

Upon initial recognition, financial liabilities held for trading are recorded at their fair value which normally corresponds to the consideration collected without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly to the income statement.
Debt securities, 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.

Provisions for personnel (IAS 19)

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

Treasury shares (IAS 32)

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

Business combinations and Goodwill

A business combination consists of an amalgamation of businesses or company activities distinguished into a single entity responsible for preparing the financial statements.
The business combination may give rise to a shareholding relationship between the parent company (acquirer) and the subsidiary (acquiree) or may also involve the acquisition of the net assets of another entity, including goodwill.
Business combinations are accounted for using the acquisition method provided by IFRS 3 – Business Combinations. The cost of a business combination identified as the fair value, on the date control is acquired, of the assets transferred, liabilities assumed and equity instruments issued for the purposes of performing the combination, including directly attributable costs, is therefore allocated by recording, at the acquisition date, the fair value of the identifiable assets, liabilities and contingent liabilities in the acquisition that meet the conditions for recognition set out in IFRS 3.
Additional costs in business combination transactions are booked to the income statement in the period in which they are incurred.
Conditional considerations are considered part of the transfer price of the net assets acquired and designated at fair value on the acquisition date. Similarly, if the business combination contract makes provision for the right to the return of certain price components when specified conditions are met, this right is classified by the acquirer as an asset. Any subsequent changes in fair value shall be recognised to adjust the original accounting treatment only if they are caused by additional or better information about this fair value and if they take place within 12 months from the acquisition date; all other changes shall be recognised in the income statement.
Any positive difference between the cost of the acquisition and the Group's share of the fair value of the acquired identifiable assets, liabilities or contingent liabilities is recorded as goodwill. If the difference is negative, it is booked directly to the Income Statement. If the initial accounting for a business combination can be determined only provisionally, the adjustments to values initially attributed are recorded within 12 months from the acquisition date.
Non-controlling interests in the acquiree are initially measured to the extent of their share of the present values of the assets, liabilities and contingent liabilities recorded.
If a business combination is realised in several phases with subsequent purchases of shares, each phase is measured separately using the cost and information relating to the fair value of the assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any difference.
The initial allocation to the above assets and liabilities, by availing of the option provided by IFRS3, may be determined provisionally before the end of the year in which the transaction was carried out, and it is possible to record the adjustment to the values assigned provisionally in the initial accounting within 12 months from the date of the acquisition of control.
Following the initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill always relates to the profit-generating activities identified, whose income and cash-flow generating capacity is constantly monitored for the purposes of impairment testing.

In the case of an acquisition of a subsidiary in phases, the non-controlling interest held previously, up until that moment accounted for in accordance with IAS 39 – Financial Instruments: Recognition, or according to IAS 28 - Investments in Associates or IAS 31 - Interests in Joint Ventures, is treated as if it had been sold and re-acquired on the date on which control was acquired. This investment is therefore measured at its fair value at the "transfer" date and the profits and losses resulting from the valuation are recorded in the income statement. In addition, each value previously recorded in equity as Other comprehensive profit and loss, booked to the income statement following the transfer of the asset to which it refers, is reclassified in the income statement. Goodwill or income (in the case of badwill) deriving from business concluded with subsequent acquisition is determined as the sum of the price paid to obtain control, the value of non-controlling interests (measured according to one of the methods permitted by the standard), the fair value of the non-controlling interest held previously, net of the fair value of the net identifiable assets acquired.
Accounting of the acquisition of additional investments in companies already controlled are considered transactions with shareholders and, therefore, the differences between the acquisition costs and the book value of the non-controlling shares acquired are booked to equity pertaining to the Group.
Similarly, sales of non-controlling shares without the loss of control do not generate profits/losses in the income statement, but changes to equity pertaining to the Group.

Income taxes (IAS 12)

The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accrual principle are recognised, consistent with the methods of recognition in the financial statements of the costs and revenues that generated them, by applying the applicable tax rates.
Income taxes are recorded in the income statement, with the exception of those relating to items debited from or credited directly to equity.
The provision for income taxes is determined on the basis of a prudential forecast of current, prepaid and deferred taxes.
In particular, current taxes include the net balance of current liabilities in the year and current tax assets represented by payments on account and other tax credits for withholding tax.
Prepaid and deferred taxes are determined on the basis of temporary differences - with no time limits - between the value assigned to an asset or to a liability according to statutory criteria and the corresponding values assumed for tax purposes.
Prepaid tax assets are recognised in the financial statements to the extent they are likely to be recovered, measured on the basis of the capacity of the interested company or group of subscribing companies, due to exercising of the "tax consolidation" option, to generate positive taxable income on an ongoing basis.
Prepaid and deferred taxes are accounted for at equity level by carrying out offsets at said tax level and for each year by taking into account the time profile of expected repayment.
In years in which the deductible temporary differences are higher than the taxable temporary differences, the associated prepaid taxes are recorded under assets in the statement of financial position, in the item deferred tax assets. By contrast, in years in which the taxable temporary differences are higher than the deductible temporary differences, the associated deferred taxes are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
Prepaid and deferred tax assets and liabilities are systematically measured to take account of any changes to the regulations or the tax rates and any different subjective situations of Group companies. In addition to the allocation of current and deferred/prepaid tax items, the Group monitors, in line with IAS 37, any risks that may result from tax assessments already announced or, in any case, ongoing disputes with the tax authorities.

Provisions for risks and charges (IAS 37)

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

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

Revenue recognition (IAS 18)

Revenues are measured at the fair value of the consideration received for the sale of the products or services.

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

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

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

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

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

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

Financial guarantees

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

Earnings per share (IAS 33)

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

Use of estimates

Preparation of the financial statements and the associated notes in application of IFRS requires management to use estimates and assumptions that effect the values of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities at the reporting date.
The estimates and assumptions used are based on experience and other factors considered relevant. The final results may, therefore, differ from said estimates. The estimates and assumptions are reviewed periodically and the effects of each change made to them are reflected in the income statement in the period in which the estimate revision takes place if said revision only has an impact on said period, or also in subsequent periods if the revision has an effect on both the current year and future years.

The main items in the financial statements affected by this estimate process are goodwill, deferred taxes, the fair value of financial instruments and the provision for risks and charges.
Please refer to the specific areas for more details.

Main sources of uncertainty in making financial statement estimates

The critical valuation processes and key assumptions used by the Group in the IAS/IFRS application process are summarised below.

Discretional choices in the accounting standard application process

Available-for-sale financial assets in the portfolio
Available-for-sale financial assets in the portfolio are tested for impairment (evaluation of losses of value dependent on the deterioration in issuers' solvency) each time events occur which suggest that the investment has suffered impairment.
The evaluation process is structured into two phases:

- identification of situations of deterioration in issuers' solvency and identification of impaired assets;
- quantification of losses associated to impairment situations. These losses are compared with the negative difference between the current market value (or, for unlisted instruments, the present value - at current rates of return on investments with similar levels of risk - of expected cash flows) of impaired assets and their book value.

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

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

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

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

More generally speaking, to establish whether there is evidence of impairment of an equity, as well as the presence of the events indicated in IAS 39.59, and the considerations shown previously where applicable, the following two events are to be considered in particular (IAS 39.61):

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

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

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

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

Recoverable value of non-current assets (including goodwill)
Non-current assets include property, plant and equipment and intangible assets (including goodwill), investments and other financial assets. Management periodically reviews the book value of the non-current assets held and used and the assets which must be disposed of, when facts and circumstances request said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has suffered impairment, the Group records a write-down for the value of the excess of the book value of the asset over its recoverable value through use or sale of the same, determined with reference to the Group’s more recent plans.
Owing to the current economic-financial crisis at national and international macroeconomic level which has generated risks of impairment of significant assets belonging to the Parent Company and to the Group it heads up, for the purposes of the drafting of the separate and consolidated financial statements as at 30 September 2014, and in particular, in performing the impairment tests, forecasts of the expected trend in the next year were taken into consideration, as well as the effects of uncertainties identified with respect to the times, originally scheduled, of the process of disposal of investments at consistent values.

Realisability of deferred tax assets
As at 30 September 2014, the Group has deferred tax assets deriving from deductible temporary differences.
Management recorded the value of deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered.
The forecasts are based on taxable income that can be generated with reasonable certainty in light of budget results and the forecasts for subsequent years which consider the reasonable expectation of implementation of the planned transactions.
More specifically, it should be noted that the Group did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the fee due in accordance with the provisions of the tax consolidation contract.

Receivables
For receivables and other assets evaluations are regularly performed in order to verify the existence of objective evidence that these have been impaired. In particular, in measuring receivables, account is taken of creditor solvency and of the characteristics of credit risk which is indicative of the individual debtor’s payment capacity. Any impairment is recorded as cost in the income statement for the year.

Non-current loans and receivables, trade receivables and other receivables originated by the Group fall into this category. The estimate of the bad debt provision is based on expected losses by the Group, determined on the basis of past experience with similar receivables, losses and collections.

Contingent liabilities
The Group is subject to legal and tax disputes, and considering the inherent uncertainties, it is difficult to predict with any certainty the disbursement involved with these disputes. Legal proceedings and disputes derive from complex legal problems, which are subject to a different degree of uncertainty, including facts and circumstances concerning each case. The Group identifies a liability in respect of these disputes when it believes that the dispute will result in a financial outlay and when the amount of the resultant losses can be reasonably estimated. In the event in which a financial outlay becomes possible but the amount cannot be determined, this is reported in the notes to the 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. It should be noted that 2013-2014 was not characterised by changes to the estimate criteria already applied to draft the financial statements as at 30 September 2013.

Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, which clarifies 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.
The Group adopted this new standard prospectively from 1 October 2013.

On 16 June 2011, the IASB issued an amendment to IAS 19 – Employee Benefits, applicable retrospectively from financial years beginning from 1 October 2013. The amendment changes the rules for recognising defined benefit plans and termination benefits.
The main changes made in relation to defined benefit plans involve the full recognition in the statement of financial position of the deficit or surplus in the plan, the introduction of net financial expenses and the classification of net financial expenses on defined benefit plans.
In detail:

- **Recognition of the deficit or surplus in the plan:** The amendment eliminates the option to defer actuarial gains and losses using the “corridor method”, without recognising them in the financial statements, and requires direct recognition under Other Comprehensive Profit (Loss). The amendment also requires the immediate recognition in the income statement of the past service costs.
- **Net financial expense:** The separate determination of financial expenses on the gross liability and the expected return on plan assets is replaced by the concept of the net financial expense on defined benefit plans that aggregates:
  - financial expenses calculated on the present value of liabilities for defined benefit plans,
  - financial income deriving from the measurement of plan assets, and
  - financial income and expenses deriving from any limits to recognition of the surplus on the plan.

  The net financial expense is determined using the discount rate used at the beginning of the period for all of the above components to measure the obligation for defined benefit plans.
- **Classification of net financial expense**: in accordance with the new definition of net financial expense outlined in the amendment, all net financial expense on defined benefit plans is recognised under financial Income/(expense) in the Income Statement.

In application of the previous version of IAS 19, up to 30 September 2013 the Group recognised all expense and income deriving from the measurement of the liabilities relating to defined benefit plans and termination benefits under operating costs, while financial expense relating to defined benefit plans were included under financial Income/(expense).
In accordance with the rules of transition set out in IAS 19, paragraph 173, the Group applied this amendment to IAS 19 retrospectively from 1 October 2013, adjusting the opening values of the statement of financial position as at 1 October 2012 and 30 September 2013, as well as the income statement figures as at 30 September 2014 as if the amendment had always been applied.

In detail, the Group determined the following retrospective effects from the application of the amendment to IAS 19:

Amounts in thousands of Euro	Effects as at 1 October 2012			Effects as at 30 September 2013		
	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the statement of financial position						
Provisions for employee severance indemnity	(1.501)	-	**(1.501)**	(2.313)	-	**(2.313)**
Net deferred taxes	(25.542)	-	**(25.542)**	(29.219)	-	**(29.219)**
Total equity pertaining to the Parent Company	**342.009**	**-**	**342.009**	**327.046**	**-**	**327.046**
Non-controlling interests	**55.525**	**-**	**55.525**	**56.389**	**-**	**56.389**

Amounts in thousands of Euro	Year as at 30 September 2013		
	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the Income Statement			
Labour cost	(11.809)	110	**(11.699)**
EBIT	**(11.809)**	**110**	**(11.699)**
Financial income/expenses	11.398	-	**11.398**
Taxes	(3.717)	(30)	**(3.747)**
Income (loss) pertaining to non-controlling interests	(3.018)	5	**(3.013)**
Profit (loss) for the year	**(38.087)**	**75**	**(38.011)**

Amounts in thousands of Euro	Year as at 30 September 2013		
	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the consolidated statement of comprehensive income			
Profit (loss) for the year (A)	**(41.105)**	**80**	**(41.025)**
Total Other comprehensive profit/(loss) that will not be subsequently reclassified under profit/(loss) for the year, net of taxes (**B1**)	-	(80)	**(80)**
Total Other comprehensive profit/(loss) that will be subsequently reclassified under profit/(loss) for the period, net of taxes (**B2**)	-	-	**-**
Total other comprehensive profit/(loss), net of taxes **(B1)+(B2)=(B)**	**-**	**(80)**	**(80)**
Total comprehensive profit/(loss) (A)+(B)	**(41.105)**	**-**	**(41.105)**

Amounts in thousands of Euro	Year as at 30 September 2013		
	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the cash flow statement			
Cash generated (absorbed) by operating activities in the year:			
Profit (loss) for the year	**(41.105)**	**80**	**(41.025)**
Other non-monetary net income	**(391)**	**(80)**	**(471)**

- IAS 1 – *Presentation of Financial Statements*: the amendment clarifies the method for presenting comparative information where an undertaking changes its accounting standards and makes retrospective restatements or reclassifications and where the entity provides additional statements of financial position in relation to those required by the standard. This amendment was applied at the time of retrospective restatement of the statement of financial position figures regarding the application of the amendment to IAS 19, whose effects were shown in the above tables.

- On 7 October 2010, the IASB published some amendments to IFRS 7 - Financial Instruments: Disclosures, to be applied prospectively by the Group from 1 October 2013. The amendments were issued in order to improve the understanding of transactions involving the transfer (derecognition) of financial assets, including an understanding of the possible effects of any risk which remains for the company that transferred said assets. In addition, the amendments require more information in the event in which a disproportionate amount of said transactions is entered into close to the end of an accounting period. The adoption of this amendment did not have significant effects on the information provided in these financial statements or on the valuation of the relative items.

Accounting standards, amendments and interpretations effective for the year ended as at 30 September 2014 and irrelevant for the Group

- 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 the right to offset financial assets and liabilities on the statement of financial position. The Group adopted these amendments from 1 January 2013. The adoption of the amendment did not impact the disclosure included in these Financial Statements. The amendment must be adopted retrospectively from 1 October 2013.

- IAS 16 – *Property, Plant and Equipment*: the amendment clarifies that spare parts and servicing equipment must be capitalised only if they comply with the definition of Property, plant and equipment, otherwise they must be classified as Inventories.

- IAS 32 – *Financial Instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 – *Income Taxes* and IAS 32 on the recognition of distributions to shareholders, establishing that these must be recorded in the income statement in the amount in which the distribution refers to income generated by transactions originally recorded in the income statement. The amendment must be adopted retrospectively from 1 October 2013.

- 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 designated 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.

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

- On 12 May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* (subsequently amended on 28 June 2012), which replaces SIC-12 - *Consolidation: Special Purpose Entities* and parts of IAS 27 - *Consolidated and Separate Financial Statements*, renamed *Separate Financial Statements* and which governs the accounting of investments in the separate financial statements. The new standard is based on existing standards, identifying a single control model applicable to all entities, including vehicle companies. It also provides a guide for determining the existence of control where it is difficult to ascertain. The IASB requires retrospective application from 1 January 2013. The competent bodies of the European Union have completed the approval process for that standard, postponing its date of application to 1 January 2014, while permitting early application from 1 January 2013. Management is completing the analysis of any variations to the area of consolidation. At present, no significant effects are envisaged on the Group's equity deriving from the determination of the perimeter of consolidation based on the new regulations of IFRS 10.

- On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* (subsequently amended on 28 June 2012) which replaces IAS 31 – *Interests in Joint Ventures* and SIC -13 – *Jointly Controlled Entities* - *Non-Monetary Contributions* by Venturers. The new standard 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. 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 IASB requires retrospective application from 1 January 2013. The competent bodies of the European Union have completed the approval process for that standard, postponing its date of application to 1 January 2014, while permitting early application from 1 January 2013.

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

- On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entitie*s (subsequently amended on 28 June 2012) which constitutes a new and complete standard on disclosure to be provided on each type of interest, including therein on subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated vehicle companies. The IASB requires retrospective application from 1 January 2013. The competent bodies of the European Union have completed the approval process for that standard, postponing its date of application to 1 January 2014, while permitting early application from 1 January 2013. The effects of the adoption of the new standard are limited to the disclosure on investments in other companies to be provided in the Explanatory Notes to the Consolidated Financial Statements.

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

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

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

- On 21 November 2013, the IASB published several minor improvements to IAS 19 – Defined Benefit Plans: employee contributions. These amendments regard the simplification of the accounting treatment of employee contributions to defined benefit plans from employees or third parties in specific cases. The amendments are retrospectively applicable, for financial years beginning from 1 July 2014 and early adoption is permitted.

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

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

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

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

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

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

3. Area of consolidation

The consolidated financial statements are prepared on the basis of the accounting situations as at 30 September 2014 drafted by the respective consolidated companies, adjusted, where necessary, in order to align these to the Group classification criteria and accounting standards compliant with IFRS.
The area of consolidation as at 30 September 2014 is as follows:

	Company name	Office / Country	Consolidation method		Participating company	Direct interest %	Direct availability of votes - %	Total interest %
					Investment relationship			
Parent Company								
	Mittel S.p.A..							
A. Companies fully consolidated								
Direct subsidiaries:								
1	Mittel Partecipazioni Stabili S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
2	Mittel Investimenti Mobiliari S.r.l. in liq.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
3	Mittel Advisory S.p.A.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
5	Mittel Investimenti Immobiliari S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
6	Ghea S.r.l.	Milan	Full		Mittel S.p.A.	51,00%	51,00%	51,00%
7	Earchimede S.p.A.	Milan	Full		Mittel S.p.A.	85,01%	85,01%	85,01%
8	Locaeffe S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
9	Markfactor S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
10	Sunset S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
11	Holinvest S.r.l. in liquidation	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
12	Mittel Management S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
13	CAD Immobiliare S.r.l.	Milan	Full		Mittel S.p.A. - MII S.r.l.	100,00%	100,00%	100,00%
Indirect subsidiaries:								
14	Mittel Advisory Debt and Grant S.p.A.	Milan	Full		Mittel Advisory S.p.A.	100,00%	100,00%	100,00%
15	Esse Ventuno S.r.l.	Milan	Full		MII S.r.l.	90,00%	90,00%	90,00%
16	Gamma Tre S.r.l.	Milan	Full		MII S.r.l.	80,00%	80,00%	80,00%
17	Breme S.r.l.	Milan	Full		MII S.r.l.	100,00%	100,00%	100,00%
18	Santarosa S.r.l.	Milan	Full		MII S.r.l.	60,00%	60,00%	60,00%
19	Fede S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
20	Immobiliare Volta Marconi S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
21	Cerca S.r.l.	Milan	Full		MII S.r.l.	100,00%	100,00%	100,00%
22	Lucianita S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
23	MiVa S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
24	Regina S.r.l.	Milan	Full		MII S.r.l.	100,00%	100,00%	100,00%
25	Iniziative Nord Milano S.r.l.	Milan	Full		MII S.r.l.	75,00%	75,00%	75,00%
26	FD33 S.r.l.	Brescia	Full		Earchimede S.r.l.	100,00%	100,00%	85,01%
27	Fashion District Group S.p.A.	Brescia	Full		Earchimede S.p.A. - FD33 S.p.A..	66,66%	66,66%	56,67%
28	Fashion District Roma S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
29	Fashion District Molfetta S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
30	Fashion District Mantova S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
31	Parco Mediterraneo S.r.l.	Brescia	Full		FD33 – Fashion District G	100,00%	100,00%	59,50%
32	Loft S.r.l.	Brescia	Full		Fashion District G	98,00%	98,00%	55,53%
B. Companies consolidated using the equity method								
Direct associates:								
1	Liberata S.p.A.	Milan	Equity		Mittel S.p.A.	27,00%	27,00%	27,00%
2	Bios S.p.A.	Milan	Equity	(*)	Mittel S.p.A.	50,00%	50,00%	50,00%
3	Tower 6 Bis S.à r.l.	Lussembourg	Equity		Mittel S.p.A.	49,00%	49,00%	49,00%
4	Brands Partners 2 S.p.A. in liquidazione	Milan	Equity		Mittel S.p.A.	25,20%	25,20%	25,20%
5	Mit.Fin. S.p.A.	Milan	Equity		Mittel S.p.A.	30,00%	30,00%	30,00%
6	Chase Mittel Capital Holding II NV	Antille Olandesi	Equity		Mittel S.p.A.	21,00%	21,00%	21,00%
7	Castello SGR S.p.A.	Milan	Equity		Mittel S.p.A.	20,24%	20,24%	20,24%
Indirect associates:								
8	Mittel Generale Investimenti S.p.A.	Milan	Equity		Liberata S.p.A.	100,00%	100,00%	27,00%
9	Superpartes S.p.A.	Brescia	Equity		Earchimede S.p.A.	11,89%	11,89%	10,11%

(*) Investment subject to joint control
MII S.r.l. = Mittel Investimenti Immobiliari S.r.l.

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

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

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

Main transactions that occurred in the year which determined changes in the area of consolidation

The area of consolidation as at 30 September 2014 shows the following changes with respect to 30 September 2013:

Consolidation of Loft S.r.l.

The subsidiary Fashion District Group S.p.A. holds a 98% stake in the capital of Loft S.r.l.. The company was incorporated on 30 April 2013. Its corporate mission is to manage a point of sale within the Street High & Loft project of the Molfetta Outlet, for the sale of home and personal designer items as well as administration services, which was opened to the public in June 2013.

At the date of drafting the financial statements as at 30 September 2013, the newly-incorporated company was unable to provide its results from the first few months of operation, due to difficulty in starting up and integrating the accounting reporting systems and the company organisation and the board of directors of the investee resolved to apply the longer term envisaged for approving the draft financial statements as at 30 September 2013. Therefore, these annual financial statements represent the first time the investee has been consolidated on a line-by-line basis.

Assumption of control of Iniziative Nord Milano S.r.l.

The assets and liabilities of the company Iniziative Nord Milano S.r.l. (company indirectly owned - 75% stake - through the investment held by Mittel Investimenti Immobiliari S.r.l.) were consolidated on a line-by-line basis starting from the second half of the year following the recapitalisation transactions which increased Mittel Investimenti Immobiliari S.p.A.’s stake in Iniziative Nord Milano S.r.l. from 50% to 75%. In particular, in July 2014, Mittel Investimenti Immobiliari S.p.A. fully subscribed the share capital of EUR 50.000. The other shareholder who held the remaining share for the same amount did not participate in the subscription.

Furthermore, following the share capital increase, the two shareholders of the company Iniziative Nord Milano S.r.l. made payments to cover losses in the year, closing the company year as at 31 December 2014, with an equal amount of 50% each, for a total of EUR 1 million.

Iniziative Nord Milano Srl owns a building complex in Bresso (MI), composed of three lots which have been gradually renovated.

For information purposes, details are shown below of net assets deriving from the acquisition of control of the investment in Iniziative Nord Milano S.r.l. as at 30 September 2014 and the associated effects of the acquisition of control of same on the Group’s statement financial position and consolidated economic result.

		Investment as at 01.10.2013	Increase in the year	Investment as at 30.09.2014
	% interest in Iniziative Nord Milano S.r.l.	**50%**		**75%**
Amounts in thousands of Euro				
Other financial assets	46			
Total Non-current assets	**46**			
Property inventories	8.300.000			
Current tax assets	48.846			
Sundry receivables and other assets	40.676			
Cash and cash equivalents	218.261			
Total Current assets	**8.607.783**			
Assets (a)	**8.607.829**			
Financial payables	9.202.548			
Total Non-current liabilities	**9.202.548**			
Sundry payables and other liabilities	157.054			
Total Current liabilities	**157.054**			
Liabilities (b)	**9.359.602**			
Net deficit acquired as at 30.09.2014 (a-b)		(751.773)		
Loss as at 30.09.2014		**(2.256.651)**		
Equity as at 1.10.2013		**454.878**	**226.452**	
Valuation of investment according to the equity method as at 01.10.2013				226.452
Increase in share capital in the year			50.000	50.000
Capital payments			1.000.000	500.000
Recapitalisation measures carried out in the year			**1.050.000**	
Capital gain attributed to the incremental interest pertaining to the Group				351.220
Pro-rata income statement result for the year ended as at 30.09.2014 pertaining to the Group				(1.692.488)
Consolidated net deficit pertaining to the Group as at 30.09.2014				**(564.817)**

Non-controlling interest with recognition of rights that allow the exercising of powers of considerable influence over the company

On 23 July 2014, Earchimede S.p.A, a company 85,01% owned by Mittel S.p.A. acquired an 11,89% share, for EUR 0,5 million, in Superpartes S.p.A., with closing effected on 30 September 2014.
The Group, despite holding an indirect interest of 11,89% in Superpartes S.p.A, is actually able to exercise a significant influence over the investee with reference to particular shareholders' agreements which regulate the company's governance and administration, with particular regard to the right to choose a director with binding veto powers on significant matters as regards the determination of the administrative and management decisions of the investee identified specifically in the agreement. In particular, due to the shareholders' agreements of the investee in place, there are substantive conditions for being able to exercise a significant influence over the governance of the operating and financial decisions of Superpartes S.r.l. which allows the Group headed up by Mittel S.p.A. to fully recognise an associate, without having control over it.
Therefore, the Group's area of consolidation includes the interest in Superpartes S.r.l under investments in associates valued according to the equity method.

Other changes in the area of consolidation:

On 16 May 2014, Mittel S.p.A. participated in the coverage of the interim losses as at 31 March 2014 of the subsidiary Breme S.r.l. (subsidiary already consolidated on a line-by-line basis), resolved by the extraordinary shareholders' meeting through the elimination of share capital of EUR 10 thousand and its recomposition on a payment basis, bringing it to EUR 100 thousand, with premium of EUR 1.100 thousand offered to shareholders for subscription.
Due to the recomposition of the share capital of Breme S.r.l. subscribed exclusively by Mittel S.p.A., its interest in Breme S.r.l. rose from 60% to 100%, given the non-proportional subscription of capital by the other minority shareholder, as it expressly waived the right.

Lastly, it should be noted that, in the last quarter of the year, Mittel S.p.A. sold non-controlling interests held in Everel S.p.A. and in Mi.Re SGR S.p.A. which were therefore deconsolidated.

Plan for the disposal of the group of assets relating to the Mantua and Molfetta outlet centre complexes and the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.

For the purposes of a comparison with the information of the previous year, the effects of the reclassification on the presentation of the statement of financial position and consolidated economic result at 30 September 2014 deriving from the disposal of the group of assets represented by the Mantua and Molfetta Factory Outlet Centres performed by the subsidiary Fashion District Group S.p.A (hereinafter also the “Transaction”) mainly concerned:

- the data relating to the assets of the property complexes held for disposal of the subsidiary Fashion District Group S.p.A. and the corresponding residual financial payable with specific collateral are presented in two special items of the statement of financial position: “Assets held for disposal” classified as held for sale and “Liabilities held for disposal” directly associated to assets held for sale, given they qualify as representative of a group of assets and directly related liabilities, involved in the same disposal transaction carried out in implementation of a single coordinated disposal plan and, at the same time,
- the disposal group consisting of the assets and liabilities at 30 September 2014 of the Factory Outlet Centre management companies, Fashion District Mantova S.r.l and Fashion District Molfetta S.r.l (subsidiaries of Fashion District Group S.p.A) are consolidated on a line-by-line basis through the reclassification to the respective Assets and Liabilities classified as held for disposal without the need to recognise any accounting impact on equity at 1 October 2013, given they fall within the scope of a sale plan which entails the loss of control of said subsidiaries. Therefore, the disposal group includes all company assets and liabilities held for disposal, including current assets, current liabilities and assets excluded from the measurement provisions set out in IFRS 5. Both items are stated in the consolidated financial statements net of intercompany transactions with the two subsidiaries subject to disposal;
- the income statement figures at 30 September 2014 relating to the Factory Outlet Centre management companies, Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., are presented on a line-by-line basis according to the normal rules of full consolidation and are comparable with the corresponding figures of the previous year.

In other words, the consolidated financial statements of the Mittel Group drafted in this way involve the line-by-line consolidation of both the subsidiaries destined to remain within the Group’s area of consolidation, and the subsidiaries incorporated in the group of assets and liabilities held for disposal, indicated separately, given that the associated disposal transaction took effect in the year after 18 November 2014.
Details of the main statement of financial position balances of assets and liabilities held for disposal are shown in the notes, to which reference should be made.

Information on the Consolidated Statement of Financial Position

Non-current assets

5. Intangible assets

These totalled EUR 0,3 million, down by EUR 29,6 million compared to the previous year. The decrease is due in particular to the items "Goodwill" and "Concessions and licences".

The item saw the following changes:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2013	**7.963.000**		**-**	**21.786.892**	**193.316**	**29.943.208**
Changes in the year:						
- acquisitions				86.716	148.200	**234.916**
- change in scope of consolidation						**-**
- disposals			-			**-**
- reclassifications				(21.671.000)	(4.335)	**(21.675.335)**
- amortisation			-	(72.050)	(118.080)	**(190.130)**
- value adjustments	(7.963.000)		-	(1.038)	(38.250)	**(8.002.288)**
Total changes	**(7.963.000)**	**-**	**-**	**(21.657.372)**	**(12.465)**	**(29.632.837)**
Values as at 30.09.2014	**-**		**-**	**129.520**	**180.851**	**310.371**

The item "Goodwill" fell by EUR 8,0 million during the year due to the write-down of the entire goodwill, recorded at the time of the acquisition of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) in January 2013, as a result of the company's persistent negative situation.

The item "Concessions and licences" decreased by EUR 21,7 million as a result of the reclassification under the item "Assets held for sale" of authorisation licences to carry out retail trade activities, held by the subsidiary Fashion District Group S.p.A. as a result of the signing of the sale agreement on 31 July 2014 and finalised on 18 November 2014, regarding the Mantua and Molfetta property complexes (outlets), and associated licences, held by Fashion District Group S.p.A. in favour of a mutual real estate investment fund fully subscribed by entities owned by the Blackstone group.

"Goodwill" impairment

The item "Goodwill" included the residual goodwill deriving from the business combination relating to the acquisition of full control of the company Mittel Advisory S.p.A. in January 2013 and eliminated in full on 30 September 2014. It decreased by EUR 7.963 thousand compared to the previous year due to impairment adjustments.
That goodwill was allocated to a single cash generating unit (CGU) represented by the entire Mittel Advisory S.p.A. investment (excluding the investment it held in Mittel Advisory Debt & Grant S.p.A.).
It is noted that, during the half-year period, the goodwill relating to Mittel Advisory S.p.A. ("MA") was subject to impairment testing based on the related recoverable value compared to the company's value in use.

The year 2013-2014 showed a significant decrease in revenues recorded by MA, which made it necessary to assess the sustainability of the figures from the company's business plan with extreme prudence. Furthermore, with regard to the elements indicating impairment set out by IAS 36, in the first half of the year, there was a significant change in the top management of the organisation of the company headed by Mittel Advisory S.p.A., which is considered be liable to significantly influence the company's future economic performance, which could reasonably be worse than forecast, considering that the value of that business strictly depends on the income generation capacity in relation to its management, organisation, and professional staff. It is noted that in March 2014, Mittel S.p.A. reached an agreement with the Chief Executive Officer, Arnaldo Borghesi, which led to said Chief Executive Officer submitting his resignation from all corporate offices held in the Mittel Group companies, including the office of Chairman of the Board of Directors of Mittel Advisory S.p.A.. This change in the top management of the company should be considered a highly significant factor indicating impairment, considering that the outlook for Mittel Advisory S.p.A. closely depends on Arnaldo Borghesi, the founder of that company, as well as his degree of operational involvement in the company's business.
Therefore, based on said indications of impairment, the value of the goodwill recognised in relation to the business conducted by Mittel Advisory S.p.A., totalling EUR 7.963 thousand, was subject to verification of its recoverable value.
As goodwill generates flows indistinct from those of the sole Cash Generating Unit (CGU) it refers to, impairment testing consists in comparing the recoverable value of all MA business with its carrying amount of invested operating capital (excluding surplus assets with respect to the operating activities of core business) including the respective allocated goodwill.

For the purpose of estimating recoverable value, the value in use of the CGU is used as a reference.
The value in use was determined using a financial criterion (Discounted Cash Flows - DCF), according to which the value of the asset equals the sum of the present value of future operating cash flows that can be generated, discounted at a rate that considers the risk of such flows.
In other words, the value in use was estimated by applying the unlevered (or "asset side") version of the Discounted Cash Flow model, with the formula that includes the discounting of cash flows analytically expected over the duration of the forecast plans and the calculation of the Terminal Value.
Therefore, this value in use is a function of the two time periods, the first one defined by the time period of the latest plan approved by Company Management and the second by the so-called Terminal Value.
To this end, the operating cash flows considered refer to the operating result (EBIT), net of taxes, plus amortisation/depreciation and write-downs and reduced to reflect the operating investments and the generation/absorption of cash deriving from the change in operating working capital.
Cash inflows and outflows generated by financial management and any extraordinary transactions are not taken into consideration.
These operating cash flows calculated are discounted using a discount rate which makes it possible to reflect the weighted opportunity cost of all sources of capital (WACC), on the basis of a target financial structure.
The Cost of Equity is estimated in line with the rules set out in IAS 36, and taking account of the Guidelines for impairment testing of goodwill in scenarios of financial or real crises by the Italian Accounting Standard Authority (OIV), based on the "Capital Asset Pricing Model":

Cost of Equity = Risk Free + Beta x Equity Risk Premium

The opportunity Cost of capital is equal to the sum of the risk free rate and a specific company risk premium corresponding to the product of the Beta coefficient attributed to the company risk (risk ratio of the company with respect to the market average, an expression of the correlation between the profitability flows of the company and those expected by the market and is calculated on the basis of an average of the Unlevered Beta of comparable companies) and the overall market risk premium (Equity Risk Premium).
More specifically, the main amounts used to calculate the value in use are as follows:

- the scheduled flows envisaged in the 2014-2015 budget, subject to approval by the investee's Board of Directors in December 2014, and the future outlook for the two subsequent years based on the reasonable development of revenues/costs as a result of the actions set forth in the plan for the next two years ended 30 September 2016 and 2017, in line with the Mittel Group's growth strategies, approved in December 2014.
  Therefore, the period 2015-2017 was used as the explicit time horizon for determining cash flows, in which the estimates of cash flows were revised on updated basis, as follows:
  - for the year from 1 October 2014 to 30 September 2015, the economic-financial estimates in the Budget approved by MA's Board of Directors in December 2014 were used;
  - for the financial years ending as at 30 September 2016 and 2017, reference was made to the economic-financial projections developed on the basis of the assumptions and estimates considered in making the forecasts in the plan drawn up by Mittel Advisory S.p.A.
- the Weighted average cost of capital (WACC) was estimated at 16,68%, considering:

- Debt/Equity financial structure assumed to be fully financed using equity, in line with sector practice;
- Equity Risk premium equal to 7,85%;
- Levered Beta = 1,25x;
- Risk free = 1,37% (15-year bund, 6-month average);
- Specific risk factor determined on the basis of the intrinsic risk of MA's business sector and of the market in which it operates, correlated to the limited liquidity of the investment ("Lack of marketability discount") and the close relationship between the company's economic prospects and the degree of operational involvement of management ("Key Person discount") = 5,5%.

With reference to the Terminal Value of the valuation, representative of a synthetic estimate of future results beyond the time period explicitly considered (perpetual yield), a prospective value was considered corresponding to the unlimited capitalisation of normalised EBIT, net of figurative taxes forecast for the period following the reference time period.
In particular, the perpetual yield method was used to calculate the Terminal Value, on the basis of which the residual value is determined by discounting the normalised cash flow subsequent to the explicit time period considered with a multiplier derived from the ratio *(1 + g) / (Ke - g)*, where "*g*" (perpetual growth rate) is estimated by taking into account the capacity for cash flow growth, and the long-term growth prospects of company business.
More specifically, the estimate of the Terminal Value, in line with the objective evaluations of growth of reference business sector, is based on the consideration of a cash flow projection based on reasonable and sustainable assumptions able to represent the best estimate by company management of the profitability conditions of the CGU when operating at full capacity, which can be considered stable and long-lasting ("steady state"), with reference to the expected profile of the company's profit cycle. In addition, in line with the objective growth evaluations of the reference business sector, it was deemed appropriate to adopt an annual long-term growth rate of the perpetually sustainable normalised operating cash flow equal to zero.

Based on the overall valuation range of the value in use of the CGU totalling around EUR 2,2 million, which is compared to the net invested capital of the CGU as at 30 September 2014 of roughly EUR 2,2 million, no recoverable value of the goodwill is highlighted.
Therefore, based on the results of the impairment test conducted, the goodwill of the CGU originally posted, amounting to EUR 7.963 thousand, was fully written down due to impairment, as a result of which, as at 30 September 2014, said goodwill did not highlight the posting of a residual value.

6. Property, plant and equipment

The item totalled EUR 1,7 million, falling by EUR 136,0 million as at 30 September 2013 as a result of the reclassification under the item "Assets held for sale" of two property complexes in which the Fashion District outlet of Bagnolo San Vito (MN) and Fashion District outlet of Molfetta (BA) operate respectively, owned by the subsidiary Fashion District Group S.p.A. as a result of the signing of the sale agreement on 31 July 2014 and finalised on 18 November 2014, in favour of a mutual real estate investment fund fully subscribed by entities owned by the Blackstone group.

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 01.10.2013	**19.334.045**	**107.257.140**	**9.452.004**	**469.159**	**1.146.522**	**137.658.870**
Changes in the year:						
- acquisitions		80.156	38.468	48.735	118.087	**285.446**
- change in scope of consolidation						**-**
- disposals	(58.973)			(18.494)	(66.623)	**(144.090)**
- reclassifications	(19.100.000)	(93.899.815)	(8.386.796)		(449.140)	**(121.835.751)**
- amortisation	(11.013)	(12.874.232)	(977.605)	(127.805)	(437.292)	**(14.427.947)**
- other changes	-			21.116	111.152	**132.268**
Total changes	**(19.169.986)**	**(106.693.891)**	**(9.325.933)**	**(76.448)**	**(723.816)**	**(135.990.074)**
Values as at 30.09.2014	**164.059**	**563.249**	**126.071**	**392.711**	**422.706**	**1.668.796**

The item investment property is attributable to the Fashion District Group, for items not included in the above-mentioned sale agreement.

7. Investments accounted for using the equity method

These totalled EUR 56,2 million, down by EUR 21,1 million.

	30.09.2014	30.09.2013
Chase Mittel Capital Holding II NV in liquidation	6.249	6.249
Tower 6 bis S.a.r.l.	19.727.213	20.965.564
Brands Partners 2 S.p.A. in liquidation	419.432	22.361.701
Liberata S.p.A.	6.763.145	2.824.700
Bios S.p.A.	25.666.455	23.509.209
Everel Group S.p.A.	-	3.300.000
Sunset S.r.l. in liquidation	500	500
Castello SGR S.p.A.	2.945.313	2.866.529
Mit.Fin S.p.A.	156.181	314.354
MiRe SGR S.p.A.	-	925.285
Iniziative Nord Milano S.r.l.		226.452
Superpartes S.p.A.	500.000	
	56.184.488	**77.300.543**

The change in the item is as follows:

Name	% interest	Balances 01/10/2013	Purchases	Sales	Profit (loss) pro-rata	Adjustments to valuation reserve	Other changes	Dividends distributed	Closing balances 30/09/2014
Direct associates:									
Liberata S.p.A.	27%	1.761.231			-1.056.960		4.596.563		5.300.834
Tower 6 bis S.a.r.l.	49%	20.965.564			-312.696	-925.655			19.727.213
Chase Mittel Capital Holding II NV	28%	6.249							6.249
Brands Partners 2 S.p.A. in liquidation	25%	22.361.701			25.834.239	-20.085.599	104.691	-27.795.600	419.432
Castello SGR S.p.A.	20%	2.866.529			613.060	-15.908	-145.695	-372.673	2.945.313
Everel Group S.p.A.	30%	3.300.000		-3.300.000					0
Bios S.p.A.	50%	23.509.209				2.157.246			25.666.455
Sunset S.r.l. in liquidation	100%	500							500
MiRe SGR S.p.A.	35%	925.285		-930.000	26.307		-21.592		0
Mit.Fin Compagnia Finanziara S.p.A.	30%	314.354			-158.173				156.181
Indirect over Liberata S.p.A.									
Mittel Generale Investimenti S.p.A.	27%	1.063.469			841.262	-425	532.151	-974.146	1.462.311
Over Mittel Investimenti Immobiliari S.r.l.									
Iniziative Nord Milano S.r.l.	75%	226.452					-226.452		0
Over Earchimede S.p.A.									
Superpartes S.p.A.	12%	0	500.000						500.000
		77.300.543	**500.000**	**-4.230.000**	**25.787.039**	**-18.870.341**	**4.839.666**	**-29.142.419**	**56.184.488**

The other changes in the year relate mainly:

- for EUR 4,6 million, to the investee Liberata S.p.A., of which EUR 3,6 million due to the conversion of Lines A and B shareholders' loans disbursed by Mittel S.p.A. for the equity strengthening of the investee;
- for EUR 2,1 million to the investee Bios S.p.A. due to the overall renegotiation and restructuring of equity assets on 23 December 2013. For a description please refer to the Directors' Report.

8. Financial receivables

These totalled EUR 146,8 million, up by EUR 41,5 million.

	30.09.2014	30.09.2013
Loans	146.421.025	90.808.628
Other receivables	419.649	14.553.438
Security deposits		
	146.840.674	**105.362.066**

The item Loans is composed as follows:

	30.09.2014	30.09.2013
- Loans - financial institutions	30.000.000	30.000.000
- Loans - customers	116.421.025	60.808.628
	146.421.025	**90.808.628**

The item “Loans” mainly includes:

- loans of EUR 33,7 million, in place between Mittel S.p.A. and Liberata S.p.A., taken out on the transfer of the Mittel Generale Investimenti S.p.A. investment and subject to renegotiation, as illustrated under significant events in the year;
- the mortgage loan of EUR 30,0 million due from Fondo Augusto acquired at the time of the transfer of the Mittel Generale Investimenti S.p.A. investment;
- non-current credit positions of EUR 17,7 million originally held by Hopa S.p.A. (incorporated into Mittel S.p.A. on 5 January 2012) and its subsidiaries;
- the receivable of EUR 1,6 million of Fashion District Group S.p.A. for a loan granted to investee Alfa Park;
- the receivable of EUR 13,4 million due from Sofimar SA currently at the dispute phase, deemed to be fully recoverable;
- the receivable of EUR 50 million due to Ghea from Bios S.p.A..

The increase in the item is due primarily to the reclassification of certain positions under medium/long-term pertaining to financial receivables which became collectable after 12 months during the year. In particular, the main changes refer to:
- the increase of EUR 50 million due to the reclassification under the item non-current financial receivables of the receivable due to Ghea S.r.l. from Bios S.p.A., booked for a value of EUR 50,0 million in the current year and stated in the financial statements as at 30 September 2013 under current financial receivables; said reclassification was made necessary in light of the renegotiation of the receivable completed on 20 December 2013, whose collectability was extended until 22 December 2015;
- the increase of EUR 8,1 million due to the reclassification of past due instalments of the receivable due from Sofimar S.A., reclassified entirely in the current year to non-current receivables, in light of the ongoing dispute and forecast collection time;
- the decrease in the item due to the reclassification to current receivables of the receivable due from Fashion District Roma S.r.l., resulting from the earn-out, recorded in the financial statements as at 30 September 2013 for EUR 15,1 million under non-current financial receivables. The receivable was collected for EUR 11,4 million on 23 December 2014, while an additional EUR 1,3 million will be collected in March 2015;
-the decrease of EUR 4,5 million in the non-interest bearing loan granted to the investee Alfa Park S.r.l. for the adjustment of the discounting calculation to take account of the deferment of the loan repayment as a result of the financial measure which is still to be finalised, as well as the application of an annual discount rate which takes account of the characteristics and credit quality. For a more in-depth analysis, please refer to the section “available-for-sale assets” in these financial statements.

9. Other financial assets

These totalled EUR 96,4 million, down by EUR 23,2 million.

The item is composed as follows:

	30.09.2014	30.09.2013
Available-for-sale financial assets		
Equities and shares of funds	96.359.888	119.563.635
Bonds	30.000	30.000
Derivative financial instruments		
Financial assets designated at fair value		
	96.389.888	**119.593.635**

Available-for-sale financial assets

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

	30.09.2014	30.09.2013
Available-for-sale financial assets		
Equities and shares of funds:		
Alfa Park S.r.l.		6.478.477
Alfieri Ass. Inv. S.A.	2.680.907	2.812.499
Azimut - Benetti S.p.A.	20.189.000	29.186.630
CIS S.p.A.		-
Consorzio Polo Turistico	4.000	4.000
Dimensioni Network		175.734
Equinox Two S.c.a. Earchimede	6.860.000	6.036.999
Equinox Two S.c.a. Mittel	3.732.366	3.282.300
Fondo Augusto	14.417.999	14.552.159
Fondo Cosimo I	4.038.109	4.006.589
Fondo Progressio Investimenti	1.006.327	10.018.109
Fondo Progressio Investimenti II	3.335.312	4.273.618
Frendy Energy	115.967	159.360
IGI Sud	193.007	798.971
Industrial Stars	200.000	200.000
Inn. Tec S.r.l.	980	980
Intesa San Paolo S.p.A.	10.827.000	9.150.000
Investitori Associati II S.A.	906.692	917.531
Isfor 2000 S.c.p.a.	3.000	3.000
Istituto Atesino di Sviluppo S.p.A.	3.312.953	3.312.953
Mc Link	131.076	131.076
Medinvest International S.A.	1.356.954	1.605.275
Credit Access Asia NV (già Micro Ventures Finance S.p.A.)	4.088.703	4.088.703
Micro Ventures Investments S.c.a. Sicar		
Micro Ventures S.p.A.		
Nomisma S.p.A.	100.000	100.000
Opera 2 Participations S.C.A.	1.362.920	1.797.620
Opera Participations S.C.A.		-
Pioneer - Fondo comune di investimento	1.125.998	1.095.672
Progressio SGR S.p.A.	245.000	649.711
RCS Media Group S.p.A.	6.035.646	6.818.984
SIA - SSB S.p.A.	1.400.000	1.400.000
Società Editoriale Vita S.p.A.	9.354	9.354
UBI Banca - Unione di Banche Italiane S.c.p.a.	8.675.842	6.492.555
Warrant Mc Link	4.776	4.776
Bonds:		
A2A S.p.A.		
Editoriale Vita S.p.A.	30.000	30.000
Financial assets designated at fair value:		
AXA policy		
	96.389.888	**119.593.635**

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

Amounts in EUR		Changes in the period							
Name/company name	Value as at 01.10.2013	Purchases	(Recall of funds) Reimbursements	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Reclassification in the current and other changes	Value as at 30.09.2014
Non current available-for-sale financial assets:									
SIA - SSB S.p.A.	1.400.000								1.400.000
Azimut - Benetti S.p.A.	29.186.630					(8.997.630)			20.189.000
Intesa San Paolo S.p.A.	9.150.000						3.964.500	(2.287.500)	10.827.000
UBI Banca - Unione di Banche Italiane S.c.p.a.	6.492.555						3.806.428	(1.623.141)	8.675.842
RCS Media Group S.p.A.	6.818.984					(783.338)			6.035.646
Istituto Atesino di Sviluppo S.p.A.	3.312.953								3.312.953
Progressio SGR S.p.A.	649.711	325.108				(729.819)			245.000
Fondo Progressio Investimenti	10.018.109		(3.950.513)			(1.696.003)	(3.365.266)		1.006.327
Fondo Progressio Investimenti II	4.273.618	146.915	(568.071)			(517.150)			3.335.312
Fondo Cosimo I	4.006.589						31.520		4.038.109
Fondo Augusto	14.552.158						(134.160)		14.417.999
Equinox Two S.c.a. Mittel	3.282.299		342.625			(75.980)	183.421		3.732.365
Equinox Two S.c.a. Earchimede	6.036.999		626.474			(139.057)	335.584		6.860.000
Credit Access Asia NV (già Micro Ventures Finance S.p.A.)	4.088.703								4.088.703
Società Editoriale Vita S.p.A.	9.354								9.354
Nomisma S.p.A.	100.000								100.000
Mc Link	131.076								131.076
warrant Mc Link	4.776								4.776
Frendy Energy	159.360		(5.200)				(38.192)		115.968
Industrial Stars	200.000								200.000
Alfa Park S.r.l.	6.478.477					(6.478.477)			-
Inn. Tec S.r.l.	980								980
Isfor 2000 S.c.p.a.	3.000								3.000
Fondo comune di investimento Pioneer	1.095.672						30.326		1.125.998
Medinvest International S.A.	1.605.275					(248.321)			1.356.954
Opera 2 Participations S.C.A.	1.797.622		67.000			(501.702)			1.362.920
Investitori Associati II S.A.	917.531						(10.839)		906.692
Alfieri Ass. Inv. S.A.	2.812.499		293.407			(424.999)			2.680.907
Dimensioni Network	175.734					(175.734)			-
IGI Sud	798.971		(193.303)			(412.661)			193.007
Consorzio Polo Turistico	4.000								4.000
Obbligazioni Editoriale Vita S.p.A.	30.000								30.000
	119.593.635	**472.023**	**(3.387.581)**	**0**	**0**	**(21.180.871)**	**4.803.322**	**(3.910.641)**	**96.389.888**
Current available-for-sale financial assets:									
Intesa San Paolo S.p.A. (corrente)	11.864.500			(12.448.500)	584.000		1.321.500	2.287.500	3.609.000
UBI Banca - Unione di Banche Italiane S.c.p.a. (corrente)	5.961.575			(6.893.900)	935.528		1.271.315	1.623.141	2.897.659
Assets held for sale:									
Moncler S.p.A.		9.689.548					(649.548)		9.040.000
Danieli S.p.A. ord.		94.830					(3.030)		91.800
Danieli S.p.A. risp.		180.825					(7.405)		173.420
	17.826.075	**9.965.203**	**0**	**(19.342.400)**	**1.519.528**	**0**	**1.932.832**	**3.910.641**	**15.811.879**
	137.419.710	**10.437.226**	**(3.387.581)**	**(19.342.400)**	**1.519.528**	**(21.180.871)**	**6.736.154**	**0**	**112.201.767**

Some information on the main changes in current and non-current financial assets is provided below:

- increases for purchases/subscriptions totalling EUR 10,4 million, of which EUR 9,7 million as a result of the purchase, on 16 June 2014, of 800.000 Moncler S.p.A. shares from Brands Partners 2 S.p.A in liquidation; in particular, this acquisition took place at the time of the settlement of a forward contract entered into in October 2013 and involved the recognition of the underlying security at the fair value on the settlement date (amounting to EUR 9,7 million), in respect of the consideration of EUR 8,3 million paid and the simultaneous recognition of a positive profit component on the forward purchase of EUR 1,4 million;
- decreases of EUR 3,4 million attributable to the algebraic sum of reimbursements and calls; the former refer mainly, for an amount of EUR 4,0 million to Fondo Progressio Investimenti (Progressio Investimenti Fund) and, for an amount of EUR 0,6 million to Fondo Progressio Investimenti II (Progressio Investimenti II Fund); the latter refer to Equinox Two S.c.a. Mittel, for EUR 0,3 million, Equinox Two S.c.a. Earchimede, for EUR 0,6 million and to Alfieri Ass. Inv. S.A. for EUR 0,3 million;
- decreases for transfers of EUR 19,3 million for the sale of listed securities owned by Mittel Partecipazioni Stabili S.r.l.;

- decreases for write-downs for EUR 21,2 million of which EUR 9,0 million for Azimut Benetti S.p.A., EUR 6,5 million for Alfa Park S.r.l. and EUR 1,4 for Fondo Progressio Investimenti (Progressio Investimenti Fund);
- net increases amounting to EUR 6,7 million in positive adjustments to the fair value of the listed investments Intesa Sanpaolo S.p.A. (EUR 5,3 million) and UBI banca S.c.p.a. (EUR 5,1 million), partially offset by the negative adjustment to the Fondo Progressio Investimenti (Progressio Investimenti Fund) of EUR 3,4 million and Moncler S.p.A. (EUR 0,6 million).

These write-downs were the result of reductions in the recoverable value of investments due to impairment or effects of future cash flows which may be reliably estimated, or due to the presence of a significant or long-lasting reduction in the present fair value of the investment as compared to its cost.

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

- Azimut Benetti S.p.A. for EUR 9,0 million;
- Alfa Park S.rl. for EUR 6,5 million;
- Fondo Progressio Investimenti (Progressio Investimenti Fund) for EUR 1,7 million;
- RCS Mediagroup S.p.A. for EUR 0,8 million;
- Progressio SGR S.p.A. for EUR 0,7 million;
- Opera 2 Participation S.C.A. for EUR 0,5 million;
- Fondo Progressio Investimenti II (Progressio Investimenti II Fund) for EUR 0,5 million;
- Alfieri Ass. Inv. S.A. for EUR 0,4 million,
- IGI Sud S.g.r. for EUR 0,4 million;
- Medinvest International S.A. for EUR 0,2 million;
- Dimensione Network S.c.a. for EUR 0,2 million;
- Equinox Two S.c.a. totalling EUR 0,2 million.

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

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

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

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

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

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

These criteria, as far as applicable, are also adopted for the impairment of shares of funds held.
Specifically, when an impairment loss occurs, the write-down of the financial asset is posted to the income statement through a reversal from the revaluation reserve recognised under equity up to the limit of the same, and the remaining amount is posted directly in the income statement. With regard to equities for which previous impairment losses have been recognised, the loss is determined using the "original cost" of the investment as reference, not the value determined following the previous impairment. Therefore, the "significance" and "prolonged nature" of the decrease in fair value, which resulted in the recognition of an impairment loss to be transferred to the income statement, are commensurate to the amount of the original cost of the investment and the duration of the period in which it dropped below the original cost.

With regard to the investment of 5,465% in the capital of Azimut Benetti S.p.A., as at 30 September 2014, these equities recorded a decline in their fair value measurement determined
by applying a market method.
This decline in the fair value of the investment emerged from the confirmation of effective indications and risk factors that are significant enough to require an analysis of the fundamental economic values of the equity investment, which led to the verification of the actual existence of indicators of impairment based on factors that could have a negative impact on the current and future income, equity and financial situation.
Therefore, said variation in the fair value involved the automatic recognition of impairment, with an impact on the economic result for the year.
The valuation method adopted involves the use of market multiples taken from a set of values of comparable markets identified on the basis of specific qualitative and quantitative measurement factors for the specific investment, recorded in relation to a representative sample of comparable companies operating in the business segment of the investee company, which led to the estimate of the economic value in an indirect and mediated manner, for the difference between the so-called Enterprise value (economic value of assets) and the market value of the financial payables.
Specifically, this valuation method involved using market multiples to estimate the value of economic capital of the investment, taking as reference the information obtained by comparing the prices drawn from stock market listing with the values deemed to better represent the income performance of those companies.
In detail, the selected market multiples measured as at 30 September 2014 were obtained by comparing the market capitalisation with the final revenues and the EBITDA (the latest figures available). The average value of the market multiple of total revenues (EV/S) equalled 1,19x and the EBITDA multiple (EV/Ebitda) was 12,49x.
The use of this valuation approach makes it possible to estimate the fair value of the investment by correlating the price the market is prepared to pay to acquire said investment and, therefore, an adjustment coefficient estimated at 25% was applied to the valuation obtained from the historic/accurate market multiples calculated, in order to reflect a specific risk premium, which qualifies as a small size premium, connected with the low minority percentage of the investment held and with the subsequent limitations related to its effective transferability outside an active market with prescribed exchange conditions.
As at 30 September 2014, the fair value of the investment in Azimut Benetti S.p.A. was valued at
EUR 20.189, based on which the book value of the investment decreased by EUR 8.998 through the recognition of a valuation loss at fair value, posted to the income statement in the year, also through the reversal of the fair value loss booked to equity in the first half of the year.

Alfa Park S.r.l. is a holding company for investments which mainly holds 100% of the amusement parks in Valmontone (Rainbow Magicland) and Molfetta (Miragica) through the companies Rainbow Magicland S.r.l. (formerly Alfa 3 S.r.l.), Miragica S.r.l. (formerly Alfa 6 S.r.l.) of which it is the parent company and single shareholder, carrying out their capitalisation based on the requirements for operations and to carry on projects under way. Through Alfa 4 S.r.l. with sole shareholder, Alfa Park S.r.l. operates in hotel sector in the Integrated Tourist Area of the park of Valmontone.
The overall performance of the group headed up by Alfa Park S.r.l. was marked by the continuation, also in 2014, of unsatisfactory income statement results, which are reflected in the current statement of financial position of Alfa Park S.r.l., characterised by excess debt and the prospect of inadequate cash flows from operating activities related to amusement parks to service the debt in the absence of new capital contributions.
Due to the company's financial imbalance, it was necessary to identify highly effective interventions for a future economic-financial rebalancing, to be implemented by redefining the plans for repayment of the total financial debt (approximately EUR 180 million as at 31 December 2013) in line with sustainable cash flows from Group operating activities which resulted in the presentation to the main bank creditors, as well as the majority shareholders, of a recovery plan to restore the economic, financial and equity balance of the Group over the long term.
During the company year 2014 the business plan and financial measures were presented to the banking system and, at the banks' request, the company granted an independent auditing firm the assignment to draw up an Independent Business Review of the proposed long-term plan. The investment of 18,4% in the capital of Alfa Park S.r.l., held through the subsidiary Fashion District Group S.p.A., is posted in the consolidated financial statements at the beginning of the half year in an amount of EUR 6.478 thousand, and represents a

minority interest for which there is no active market and the indications of recent comparable market transactions cannot be used. The reference fair value of the investment was measured based on the fundamental economic value of the investment considered equivalent to its presumed realisable value. In 2014, the value of the investment was adjusted to consider the actual current trading conditions of the investment, which must adequately take account of the absence of control powers attributable to a non-controlling interest which make it difficult to convert the investment to cash, the non-existence of an active market and restrictions deriving from the implementation of a financial measure still in the course of being finalised which makes provision for the restructuring and/or amendment of the terms and conditions of the long-term financial debt. The determination of a fair value of the company resulted in a value of the Alfa Park S.r.l. investment equal to zero. Based on this, as at 30 September 2014, the book value of the investment was eliminated by posting a write-down totalling EUR 6,5 million. In addition, in 2014, with respect to the previous year, the value of the non-interest bearing loan granted for a total of EUR 6,1 million was adjusted to take account of the timing of the expected repayment and of the likely postponement of the repayment of shareholders' loans, and through the application of an annual rate of return which took account of the conditions and characteristics of the credit quality. The amortisation of the discounting, amounting to EUR 4,5 million, was charged to the income statement. More specifically, the date of repayment of the loans was set for December 2027 and the discount rate applied was 10,50%.

10. Sundry receivables and other assets

The item "Sundry receivables and other assets" totalled EUR 278 thousand (EUR 295 thousand as at 30 September 2013) and is composed as follows:

	30.09.2014	30.09.2013
Tax receivables	34.788	34.788
Other receivables	219.219	232.485
Other assets	23.598	27.551
	277.605	**294.824**

11. Prepaid taxes

These totalled EUR 5,5 million, down by EUR 3 million.

	30.09.2014	30.09.2013
Tax assets with contra-item in Income statement	5.483.022	8.440.557
Tax assets with contra-item in Shareholders' Equity	21.671	86.175
	5.504.693	**8.526.732**

	30.09.2014	30.09.2013
Prepaid taxes		
Assets/liabilities held for trading	5.947	64.741
Investments	-	1.251.000
Property, plant and equipment/intangible assets	992.254	1.696.502
Allocations	503.359	159.624
Other assets/liabilities	272.277	570.745
Receivables	1.322.903	501.518
Retained losses	2.400.811	4.272.445
Other	7.142	10.157
	5.504.693	**8.526.732**

The item tax assets is mainly composed of the contribution from the Fashion District Group to the consolidated total, which consists of prepaid taxes totalling EUR 4,5 million. The Advisory sector contributed EUR 0,6 million. Changes in the item tax assets with a contra-item in the income statement are as follows:

	30.09.2014	30.09.2013
Opening Balance	**8.440.557**	**7.043.572**
Increases	**1.579.823**	**2.281.305**
Prepaid taxes recorded in the year:	**1.563.717**	**2.036.930**
- relating to previous years	-	-
- other	1.563.717	2.036.930
Increases in tax rates	-	-
Other increases	16.106	244.375
Decreases	**(4.537.358)**	**(884.320)**
Prepaid taxes cancelled in the year:	**(1.654.294)**	**(251.675)**
- reversals	(1.654.294)	(251.675)
Decreases in tax rates	-	-
Other reductions	(2.883.064)	(632.645)
	5.483.022	**8.440.557**

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

	30.09.2014	30.09.2013
Opening Balance	**86.175**	**2.412.834**
Increases	**9.539**	**21.434**
Prepaid taxes recorded in the year:	**200**	**21.434**
- relating to previous years	-	-
- other	200	21.434
Increases in tax rates	-	-
Other increases	9.339	-
Decreases	**(74.043)**	**(2.348.093)**
Prepaid taxes cancelled in the year:	**(74.043)**	**-**
- reversals	(74.043)	-
Decreases in tax rates	-	-
Other reductions	-	(2.348.093)
	21.671	**86.175**

Prepaid taxes are recognised given that it is deemed likely that positive taxable income will be generated to allow the use of the amount recognised as at 30 September 2014.

Management recorded the value of deferred tax assets in Group companies up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered within a time period implicit in the Group's planning.

The tax losses of the companies participating in Mittel's tax consolidation, net of offsets for the purposes of the financial statements as at 30 September 2014, amounted to EUR 30,8 million. The Group companies did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the fee due in accordance with the provisions of the tax consolidation contract.

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

Current assets

12. Property inventories

As at 30 September 2014, the item amounted to EUR 115,8 million, a decrease of EUR 6,2 million compared to the previous year. In particular, the item is composed as follows:

	30.09.2014	30.09.2013
Properties under construction	107.720.721	112.091.696
Properties under development	8.070.000	9.920.000
	115.790.721	**122.011.696**

As regards "properties under construction", see the table below which shows the changes in the item, while the item "properties under development" refers to a development site in the province of Catania held via Parco Mediterraneo S.r.l.. In particular, it relates to an area located in the Municipality of Belpasso (CT) of around 600.000 square metres used for the "Centro di Logistica Mediterraneo" ('Mediterranean Logistics Centre') property project. In previous years, the company abandoned the project for the construction of an outlet centre in Sicily and is currently assessing a different valuation of the property asset held by the Company, written down in previous years and in the current year to take account of the presumed realisable value, based on an estimate drafted by an independent expert. In particular, in the current year, the company wrote down the value of land for EUR 1,8 million, bringing the total cost adjustment to EUR 5,3 million.

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

	30.09.2014	30.09.2013
Breme S.r.l.	11.514.158	12.158.621
CAD Immobiliare S.r.l.	20.118.866	21.803.712
Fede S.r.l.	8.277.037	8.635.240
Gamma Tre S.r.l.	5.992.400	9.479.989
Iniziative Nord Milano S.r.l.	8.300.000	
Lucianita S.r.l.	7.992.379	15.365.674
Mittel Investimenti Immobiliari S.r.l.	14.060.000	15.523.668
MiVa S.r.l.	16.323.622	15.584.580
Regina S.r.l.	1.616.721	1.547.212
Santarosa S.r.l.	13.525.538	11.993.000
Total	**107.720.721**	**112.091.696**

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

	30.09.2013	initiative transfers	Increases for capitalisation of costs	Decreases for sales	Write-downs	Other changes	30.09.2014
Breme S.r.l.	12.158.621		23.420		-667.883		11.514.158
CAD Immobiliare S.r.l.	21.803.712	273.866	36.839	(818.991)	(1.176.561)		20.118.865
Fede S.r.l.	8.635.240		1.327		-359.530		8.277.037
Gamma Tre S.r.l.	9.479.989		673.815		(4.112.804)	(48.600)	5.992.400
Iniziative Nord Milano S.r.l.	0	9.905.277			(1.605.277)		8.300.000
Lucianita S.r.l.	15.365.674		840.464	(7.370.094)		(843.664)	7.992.380
Mittel Investimenti Immobiliari S.r.l.	15.523.668		343.643	(666.301)	(1.104.598)	(36.412)	14.060.000
MiVa S.r.l.	15.584.580		1.205.027			(465.985)	16.323.622
Regina S.r.l.	1.547.212		69.509				1.616.721
Santarosa S.r.l.	11.993.000		682.533			850.005	13.525.538
Spinone S.r.l. in liquidation							0
Total	**112.091.696**	**10.179.143**	**3.876.577**	(8.855.386)	(9.026.653)	(544.656)	**107.720.721**

In order to allow a better analysis of the Group's property portfolio, in support of the financial statement information, reference is made to the recognition criteria used and to the market values applied.
The property portfolio includes buildable areas, properties under construction, properties completed for sale and properties held for sale. The properties and buildable areas which fall under the property development projects are valued at the lower of the acquisition cost and the corresponding presumed net sale value. The cost is increased by incremental expenses and the financial expenses which can be capitalised. Any write-down to the net sale value is effected on the basis of a valuation of the individual properties, carried out by independent experts.

The market value of the property portfolio
Market value means the value determined by appraisals of individual properties, carried out by independent experts; the valuation is conducted at the reporting date. For development projects, the valuations make use of information that mainly regards: the time span and the characteristics of the property transaction (area quantification and usage breakdown), amount of expenses and commitments borne by the owners.
In the case of a particular property development project relating to an owned buildable area for industrial use to be allocated for the construction of a residential complex of the subsidiary Gamma Tre S.r.l., in consideration of strategic change of use of the buildable area which called for a necessary evaluation of different sale possibilities dissimilar from those in the initial project, the market value adopted for the purposes of the financial statement valuation as at 30 September 2014 was estimated on the basis of an "immediate sale" criterion, understood to mean the value which may be reasonably obtained from an immediate and forced sale of a good and, therefore, in derogation of the "adequate marketing" principles.
The goods involved in the preliminary sale, not subject to conditions which may entail the withdrawal of the promissory purchaser, are valued at the envisaged consideration.
More specifically, for "property development" projects, the criteria adopted by the independent experts involved the use of the Transformation Method which is based on the discounting, at the estimate date, of the cash flows generated by the property transaction over the period of time corresponding to its duration, by taking into account, by using the appropriate discount rates, the financial components and business risk of the transaction. Given the cash flows are the result of the difference between revenues and costs, more concisely, the value of the initiative determined using this method may be defined as the difference between the value of the transformed property and the costs incurred for its transformation.
The information available is considered, through the necessary adjustments, taking into consideration factors like: period of time for the sale, location, age, quality and condition of the buildings (accessibility, area, construction type, state of repair, functionality) and payment methods.

As at 30 September 2014, the Group's property portfolio recorded an overall write-down based on the lower of the net sale value and the market value, carried out on the basis of the valuations performed on the individual properties by independent experts, for a total of EUR 10.876.653, which is broken down, for the individual subsidiaries to which the specific property initiatives, as follows:

Write –down and losses in property inventories	Euro
Gamma Tre S.r.l	4.112.804
Parco Mediterraneo S.r.l	1.850.000
Iniziative Nord Milano S.r.l	1.605.277
CAD Immobiliare S.r.l.	1.176.561
Mittel Investimenti Immobiliari S.r.l.	1.104.598
Breme S.r.l.	667.883
Fede S.r.l.	359.530
	10.876.653

13. Financial receivables

As at 30 September 2014, the item amounted to EUR 23,3 million, a decrease of EUR 60,2 million, and is composed as follows:

	30.09.2014	30.09.2013
Loans	10.113.522	80.717.133
Other receivables	13.234.437	2.783.322
Security deposits		
	23.347.959	**83.500.455**

The item loans is composed as follows:

	30.09.2014	30.09.2013
Loans - financial institutions	3.266.273	3.178.991
Loans - customers	6.847.249	77.538.142
	10.113.522	**80.717.133**

Current financial receivables are composed of the following:

- for EUR 12,5 million, of the receivable due from Fashion District Roma S.r.l. for the earn-out envisaged for the transfer of management of the Valmontone outlet, partially collected, for an amount of EUR 11,4 million on 23 December 2014, with the remainder expected by April 2015;
- for EUR 3,8 million, of the receivable due to Mittel, of which EUR 3,6 million from Tower 6 Bis S.a.r.l. whose collection is forecast for the end of January 2015;
- for EUR 3,2 million, for the residual receivable due from Locaeffe S.r.l. in liquidation;
- EUR 3,1 million for the outstanding receivable for a giro account credit balance in place between Earchimede and Mittel Generale Investimenti S.p.A.;
- for EUR 0,7 million, for the residual receivable due from Markfactor S.r.l. in liquidation;

As regards the change in the item, it should be noted that the decrease is due to the reclassification of some positions from current to non-current. The most significant position subject to reclassification is the one relating to Ghea, whose receivable, amounting to EUR 50,0 million, was reclassified under non-current receivables, in light of the renegotiation of the receivable completed on 20 December 2013, whose collectability was extended until 22 December 2015. In addition, the Sofimar S.A. receivable was classified under non-current for EUR 8,1 million, booked under current financial receivables in the previous year and reclassified in view of the ongoing dispute and expected deferment of collection. This decrease is in contrast to the reclassification to current receivables of the receivable due from Fashion District Roma S.r.l., recorded under non-current financial receivables in the financial statements as at 30 September 2014.

14 Other financial assets

As at 30 September 2014 the item refers mainly to the value of the stake of shares held by Mittel Partecipazioni Stabili S.r.l., reclassified under current assets as a result of the planned disposal of said securities in the next year, and to Moncler shares held by Mittel S.p.A..
The item is composed as follows:

	30.09.2014	30.09.2013
Bonds	-	-
Equity instruments	15.811.879	17.826.076
Derivative financial instruments	-	-
	15.811.879	**17.826.076**

The change in current financial assets breaks down as follows:

Amounts in EUR		Changes in the period						
Name/company name	Value as at 01.10.2013	Reclassification from non current	Purchases and subscriptions	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Value as at 30.09.2014
Current available-for-sale financial assets:								
Intesa San Paolo S.p.A. (current)	11.864.500	2.287.500		(12.448.500)	584.000		1.321.500	3.609.000
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)	5.961.575	1.623.141		(6.893.900)	935.528		1.271.315	2.897.659
Assets held for sale:								
Moncler S.p.A.			9.689.548				(649.548)	9.040.000
Danieli S.p.A. ord.			94.830				(3.030)	91.800
Danieli S.p.A. risp.			180.825				(7.405)	173.420
	17.826.075	**3.910.641**	**9.965.203**	**(19.342.400)**	**1.519.528**		**1.932.832**	**15.811.879**

For comments on the item refer to note 9. Other financial assets

15. Tax assets

As at 30 September 2014, the item amounted to EUR 17,5 million, an increase of EUR 1,6 million.

	30.09.2014	**30.09.2013**
IRES (corporate income tax)	14.834.231	14.767.567
IRAP (regional business tax)	2.014.096	519.714
Other taxes	643.871	647.993
	17.492.198	**15.935.274**

Current IRES tax assets relate, for EUR 9,9 million, to the receivable due from the tax authorities deriving from tax withholdings and payments on account made as of today relating to Mittel S.p.A. and deriving from National Global Tax Consolidation – former Hopa S.p.A. - currently interrupted and in force up to 31 December 2011.

The item showed the following changes:

	30.09.2014	**30.09.2013**
Opening balance	**15.935.274**	**16.580.927**
Increases	**3.564.929**	**1.465.906**
Current tax assets recorded in the year:	**2.886.871**	**421.881**
- relating to previous years	1.423.520	-
- other	1.463.351	421.881
Other increases	678.058	1.044.025
Decreases	**(2.008.005)**	**(2.111.559)**
Current tax assets cancelled in the year:	**(62.822)**	**(395.529)**
- reimbursements	(62.822)	(395.529)
- Other decreases	(1.945.183)	(1.716.030)
	17.492.198	**15.935.274**

16. Sundry receivables and other assets

As at 30 September 2014, the item amounted to EUR 23,4 million, decreasing by EUR 3,5 million, and was composed as follows:

	30.09.2014	**30.09.2013**
Trade receivables	5.742.537	9.275.014
Receivables from leases	867.936	1.707.106
Other tax receivables	12.701.497	12.229.685
Other receivables	3.030.055	1.899.486
Accrued income and prepaid expenses	1.046.972	1.798.174
	23.388.997	**26.909.465**

The item trade receivables is mainly comprised of receivables due from the customers of the companies in the Advisory sector deriving from ordinary operations (EUR 5,6 million).
Receivables from leases refer to the Outlet group's contribution to the consolidated financial statements, and refer to lease rentals from single tenants of the Valmontone centre.
Tax receivables comprise EUR 7,5 million in current tax receivables, of which EUR 7,2 million, in receivables due from the tax authorities and acquired by Bios S.p.A. in execution of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011 and relating to the IRES (corporate income tax) surplus, for which a refund was requested, and EUR 5,2 million relating to the Group VAT receivable.
The item other receivables comprises EUR 2,6 million in receivables due from companies in the real estate sector, of which EUR 1,8 million to receivables due from the Tax Authorities for VAT for which a refund was requested and EUR 0,8 million to advances to suppliers for construction activities in the real estate sector and EUR 0,3 million for the contribution to the item from the Outlet sector.

The item accrued income and prepaid expenses is composed of the contribution of the Fashion District Group (EUR 0,5 million), and relates to the costs incurred by the Valmontone Outlet centre management companies for the marketing of commercial units through the stipulation of rental agreements for business units, and the contribution to the consolidated financial statements of the parent company Mittel S.p.A., mostly due to the deferral of the expenses of insurance policies taken out by said entity (EUR 0,4 million).

17. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 32,4 million (EUR 45,6 million as at 30 September 2013), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	30.09.2014	**30.09.2013**
Cash	706.022	47.614
Bank and postal deposits	31.718.367	45.569.487
	32.424.389	**45.617.101**

As regards changes in the item, please refer to the consolidated cash flow statement. Cash and cash equivalents are mainly held in the accounts of the subsidiary Earchimede S.p.A., which recorded cash and cash equivalents of EUR 21,8 million as at 30 September 2014.

18. Assets and liabilities held for sale

As at 30 September 2014, assets held for sale totalled EUR 131,4 million and liabilities held for sale came to EUR 61,9 million. These items refer to the plan for the disposal of the group of assets relating to the Mantua and Molfetta outlet centre complexes controlled by Fashion District Group SpA.

On 18 November 2014, Fashion District Group S.p.A. (56,7% owned by Earchimede S.p.A. indirectly, through the 66,7% investment held by Earchimede S.p.A., in turn 85% owned by Mittel S.p.A.) and a fund managed by IDeA FIMIT SGR S.p.A (fully subscribed by entities owned by the Blackstone group) executed the sale contract preliminarily signed in July 2014, regarding the two property complexes in which the Fashion District outlet of Bagnolo San Vito (MN) and the Fashion District outlet of Molfetta (BA) operate respectively, and 100% of the share capital of the two companies responsible for the local commercial management of the aforementioned outlets, Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l..
More specifically, the sale agreement (hereinafter the "Contract") involves the sale (hereinafter also the "Transaction") from Fashion District Group S.p.A.:
(i) of 100% of the share capital of Fashion District Mantova S.r.l.;
(ii) of 100% of the share capital of Fashion District Molfetta S.r.l.;
(iii) of the property complex in which the associated outlet operates, located in Bagnolo San Vito (MN) and
(iv) of the property complex in which the associated outlet operates, located in Molfetta (BA).

The completion of the Transaction was coordinated with the stipulation of specific transaction deeds which were finalised on 18 November 2014, the date on which control of the group of assets concerning the property complexes and the investments in the Mantua and Molfetta management companies was actually transferred to the purchaser.
In this regard, it should be noted that the Transaction took place after a number of preliminary obligations requested by the purchasing counterparty were fulfilled successfully in the last quarter of the year, which concerned, in particular, personnel, properties and the companies transferred as part of the transaction, and

which led to the change of certain terms and conditions set out in the purchase contract through the stipulation of a contractual addendum on 28 October 2014.
As a result of said change, the Purchase Contract envisaged a provisional consideration totalling EUR 120,1 million for the Transaction as a whole.
This total consideration was paid in full at the execution date, also through the simultaneous repayment of mortgages for a residual amount of around EUR 51 million to banks that had financed the construction of the property complexes. In particular, said total consideration, changed following the integration set out in the contractual addendum stipulated on 28 October 2014 relates, for EUR 18,6 million, to the sale price of the 100% investments of the two management companies, and for EUR 101,5 million, to the properties.
In addition, the contractual addendum, which amended the framework agreement of the Transaction, determined an addition to the forecast considerations relating to the transfer of the investments in the two management companies for around EUR 2,1 million, recognised to the seller, Fashion District Group S.p.A. in respect of the expected assumption, by the management companies, of given current payables and potential liabilities which are certain and/or likely to arise after 30 September 2014.
This integration of the transfer price of the disposal group is to be considered as a component of the consideration of the Transaction subject to specific contractual conditions, together with additional consideration differences subject to subsequent definitive adjustment of the forecast considerations to be verified in relation to the equity figures of the net assets transferred as at 18 November 2014, to be drafted on the basis of specific contractual configurations.
The settlement of said components of the considerations of the Transactions subject to contractual conditions is indicatively envisaged for 6 months from the date of execution of the purchase contract (28 November 2014).

It should be noted that, as part of the agreements underlying the Transaction, provision was also made for a portion of the consideration (EUR 5 million) to be placed as a security deposit in an escrow account at the date of execution of the Transaction, in order to fulfil the obligations pertaining to the declarations and guarantees set out in the contractual clauses. The escrow account was set up through the opening of a joint trust account via a third party agent, with expiry taking effect 30 days from the date of execution of the Transaction (18 November 2014), whose expiration conditions are provided, according to the guarantee terms established, so that the agreement may be considered concluded.

As part of the contractual commitments to which the Transaction is subject, provision has also been made for the transfer to the selling party, Fashion District Group S.p.A., of assets for trade receivables and deferred tax benefits totalling around EUR 4,5 million and the commitment to sustain the recapitalisation of the company Fashion District Molfetta S.r.l. through the waiving of receivables due from the latter to the account for the coverage of losses for roughly EUR 7 million. The expenses deriving from the commitments assumed after the Transaction, were charged to the income statement during the year, to a specific item known as “Income (loss) from non-recurring transactions”.

With reference to the effects of the Transaction in relation to the sector-based profile which marks out the Mittel group’s operating activities, it should be noted that the outlet sale agreement set forth that Fashion District Group S.p.A. will remain responsible for managing the Mantua and Molfetta outlet centres for twelve months, based on a specific tender contract for property management services and administrative and commercial support.

The presentation of the effects of the Transaction in the Consolidated statement of financial position as at 30 September 2014 involved the classification of the disposal group under items relating to Assets and Liabilities held for disposal which include:

- the data relating to the assets of the property complexes held for disposal of the subsidiary Fashion District Group S.p.A. and the corresponding residual financial payable with specific collateral are presented in two special items of the statement of financial position: assets held for sale and liabilities directly associated to assets held for sale, given they qualify as representative of a group of assets and directly related liabilities, involved in the same disposal transaction carried out in implementation of a single coordinated disposal plan and, at the same time,
- the disposal group consisting of the assets and liabilities at 30 September 2014 of the Factory Outlet Centre management companies, Fashion District Mantova S.r.l and Fashion District Molfetta S.r.l (subsidiaries of Fashion District Group SpA) are consolidated on a line-by-line basis through the reclassification to the respective Assets and Liabilities classified as held for sale, given they fall within the scope of a sale plan which entails the loss of control of said subsidiaries. Therefore, the disposal group includes all company assets and liabilities held for disposal, including current assets, current liabilities and assets excluded from the measurement provisions set out in IFRS 5. Both items are stated in the consolidated financial statements net of intercompany transactions with the two subsidiaries subject to disposal.

Considering the relevance of the values involved in the Transaction and their expected development, with particular reference also to the repayment, at the same time as the transfer of the Transaction's considerations by the subsidiary Fashion District Group S.p.A., of its financial debt, it should be noted that, as part of the sector-based subdivision of the Group, the items included in Assets and Liabilities held for disposal in the consolidated statement of financial position are included in the "Outlet/Entertainment" sector.
The implementation of the programme for the sale of the disposal group regarding the Transaction which started in the last quarter of the year, was deemed highly likely to be closed in the year ended 30 September 2014 and, therefore, the initial classification of the disposal group as held for disposal is stated in the consolidated financial statements for the year ended 30 September 2014 in compliance with the reference accounting standards which, for the purposes of the evaluations of disposal groups, made provision for the application of the following criteria:

- before initial classification of the disposal group as held for disposal, the book values of all assets and liabilities of the group were valued in accordance with the applicable IFRS;
- the values relating to the property complexes included in the disposal group were subject to depreciation for the entire year;
- the recognition of financial expenses and other costs attributable to financial liabilities related to the disposal group classified as held for sale continued for the entire year;
- the book values of all assets and liabilities which do not fall within the field of application of the measurement provisions of IFRS 5, but which are included in a disposal group classified as held for sale, were redetermined in compliance with the applicable IAS/IFRS and
- the fair value was recalculated net of total costs to sell of the disposal group, determining the recognition of an impairment loss as the initial write-down of the disposal group at the fair value less costs to sell. This impairment loss recognised for the disposal group analytically reduced the book value of the assets of the disposal group which fall within the field of application of the measurement provisions of IFRS 5, following a subdivision order which essentially reflects a proportionality criterion with respect to the book values of each asset forming part of the disposal group.

This presentation meant that, as at 30 September 2014, the items Assets and Liabilities held for disposal included the values of the property complexes held for disposal and the associated debt as well as the equity values of the two subsidiaries Fashion District Mantova Srl and Fashion District Molfetta Srl; as at 30 September 2014, they were incorporated in the perimeter of the disposal group, adjusted for the valuation loss at fair value less costs to sell, as analytically detailed in the following note:

	Book values as at 30.09.2014 of the disposal group before reclassification under assets/liabilities held for sale					
Amounts in thousands of Euro	**Outlet management companies**	**Property complexes**	**Total disposal group**	Cancellations of intercompany transactions	Allocation of net capital loss for impairment of fair value less costs to sell	**Consolidated 30.09.2014**
			(a)	*(b)*	*(c)*	*(a+b+c)*
Intangible assets	21.676	-	21.676	-	-	21.676
Property, plant and equipment	1.696	120.139	121.835	-	(15.067)	106.768
Sundry receivables and other assets	47	-	47	-	-	47
Prepaid tax assets	3.936	-	3.936	-	(3.308)	628
Total Non-current assets	**27.355**	**120.139**	**147.494**	**-**	**(18.375)**	**129.119**
			-			
Sundry receivables and other assets	3.896	-	3.896	(2.696)	-	1.200
Cash and cash equivalents	1.115	-	1.115	-	-	1.115
Total Current assets	**5.011**	**-**	**5.011**	**(2.696)**	**-**	**2.315**
			-			
Assets held for sale	**32.366**	**120.139**	**152.505**	**(2.696)**	**(18.375)**	**131.434**
Provisions for personnel	(159)	-	(159)	-	-	(159)
Deferred tax liabilities	(6.805)	-	(6.805)	-	-	(6.805)
Provisions for risks and charges	(31)	-	(31)	-	-	(31)
Total Non-current liabilities	**(6.995)**	**-**	**(6.995)**	**-**	**-**	**(6.995)**
			-			
Financial payables	-	(51.887)	(51.887)	-	-	(51.887)
Sundry payables and other liabilities	(10.891)	-	(10.891)	7.868	-	(3.023)
Total Current liabilities	**(10.891)**	**(51.887)**	**(62.778)**	**7.868**	**-**	**(54.910)**
			-			
Liabilities associated to assets held for sale	**(17.886)**	**(51.887)**	**(69.773)**	**7.868**	**-**	**(61.905)**

19. Shareholders’ equity pertaining to the Group

Equity pertaining to the Group stood at EUR 280,6 million, a decrease of EUR 46,4 million over 30 September 2013.

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

	30.09.2014	30.09.2013
Share capital	87.907.017	87.907.017
Legal reserve	16.760.462	16.760.462
Treasury shares	(26.514.895)	(26.514.895)
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	52.745.644	65.811.570
Other reserves	120.903.018	120.903.018
Profit (loss) of previous years	8.677.068	46.474.784
Profit (loss) for the year	(33.589.692)	(38.012.266)
Shareholders' equity	**280.604.840**	**327.045.908**

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

Share capital

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

Treasury shares

As at 30 September 2014, the Parent Company held 15.308.706 treasury shares.

Valuation reserve

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

The breakdown and changes in the valuation reserve in the year are shown below:

Fair value measurement reserve	**Evaluation reserve pertaining to the Group as at 01.10.2013**	**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 30.09.2014	**Share pertaining to non controlling interests as at 30.09.2014**	**Total evaluation reserve as at 30.09.2014**
			Increases	Decreases					
Available-for-sale financial assets:									
Ubi Banca Scpa	3.081.880		5.077.743		(1.474.449)		6.685.174		6.685.174
RCS Media Group SpA	0						0		0
Intesa San Paolo SpA	5.323.660		5.286.000		(2.660.760)		7.948.900		7.948.900
Isa SpA	969.044						969.044		969.044
Fondo Progressio Investimenti	2.439.821			(2.439.821)			0		0
Fondo Progressio Investimenti II	0						0		0
Fondo Cosimo I	721.947		22.852				744.799		744.799
Fondo Augusto	(324.685)			(97.267)		421.952	0		0
Mc Link SpA	(15.618)						(15.618)		(15.618)
Editoriale Vita SpA	(90.645)					90.645	0		0
Frendy Energy SpA	60.160			(38.192)			21.968		21.968
SIA - SSB SpA	1.168.128						1.168.128		1.168.128
Equinox SCA	0		183.421				183.421		183.421
Equinox SCA (Earchimede)	0		285.280				285.280	50.304	335.584
Fondo dimensione Network	103.812			(103.812)			0	0	0
Investitori Associati II SA (in liquidation)	466.122			(9.088)			457.034	80.590	537.624
Opera 2A Partecipations SCA	(107.743)					107.743	0		0
Opera 2C Partecipations SCA	(115.054)					114.888	-166		-166
Fondo Pioneer	96.038		8.400				104.438	79.849	184.287
Total	**13.776.867**	**0**	**10.863.696**	**(2.688.180)**	**(4.135.209)**	**735.228**	**18.552.402**	**210.743**	**18.763.145**
							0		0
Investments valued using the equity method:									0
Tower 6 bis S.a.r.l.	18.625.677			(925.655)			17.700.022		17.700.022
Bios SpA	14.312.244		2.157.245				16.469.489		16.469.489
Brands Partners 2 SpA	20.212.597			(20.085.598)			126.999		126.999
Castello SGR SpA	16.406		15.078				31.484		31.484
Total	**53.166.924**	**0**	**2.172.323**	**(21.011.253)**	**0**	**0**	**34.327.994**		**34.327.994**
									0
Financial instruments for the hedging of cash flows:									0
Derivative instruments for interest rate hedging	(950.432)		0	950.432		0	0		0
Total	**(950.432)**	**0**	**2.172.323**	**(20.060.821)**	**0**	**0**	**0**		**0**
Employee defined benefit plans (IAS19 revised):									0
Reserve for actuarial gains and losses	(181.789)		47.037				(134.752)	8.875	(125.877)
Total	(181.789)	**0**	47.037	0	**0**	**0**	**(134.752)**	8.875	(125.877)
	65.811.570	**0**	**15.255.379**	**(43.760.254)**	**(4.135.209)**	**735.228**	**52.745.644**	**219.618**	**52.965.262**

Other comprehensive profit/(loss)

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

			Non controlling interests		Income (loss) pertaining to the Group	
	01.10.2013 30.09.2014	**01.10.2012 30.09.2013 (*)**	**01.10.2013 30.09.2014**	**01.10.2012 30.09.2013 (*)**	**01.10.2013 30.09.2014**	**01.10.2012 30.09.2013 (*)**
Profit (loss) for the year (A)	**(51.947.945)**	**(41.024.946)**	**(18.358.253)**	**(3.012.680)**	**(33.589.692)**	**(38.012.266)**
Effective part of the profits/(losses) on cash flow hedges	2.313.383	1.161.556	1.002.443	503.330	1.310.940	658.226
Profits/(losses) from the redetermination of available-for-sale financial assets	7.261.450	5.651.139	36.837	-	7.224.613	5.651.139
Profits/(losses) from the transfer of available-for-sale financial assets	(4.095.952)	676.844	-	196.240	(4.095.952)	480.604
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	894.732	4.302.438	39.257	-	855.475	4.302.438
Profits/(losses) of companies valued using the equity method	(18.838.930)	37.871.209	-	-	(18.838.930)	37.871.209
Utili/(Perdite) da rimisurazione dei piani a benefici definiti	67.645	(110.570)	-	(7.137)	67.645	(103.433)
Tax effect relating to other profits/(losses)	134.589	(1.945.702)	(275.694)	(136.453)	410.283	(1.809.249)
Total other profits/(losses), net of taxes (B)	**(12.263.083)**	**47.606.914**	**802.843**	**555.980**	**(13.065.926)**	**47.050.934**
Total comprehensive profit/(loss) (A) + (B)	**(64.211.028)**	**6.581.968**	**(17.555.410)**	**(2.456.700)**	**(46.655.618)**	**9.038.668**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1.

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

	01.10.2013 30.09.2014			01.10.2012 30.09.2013 (*)		
	Gross value	**Tax expense/benefit**	**Net value**	**Gross value**	**Tax expense/benefit**	**Net value**
Effective part of the profits/(losses) on cash flow hedges	2.313.383	(636.180)	1.677.203	1.161.556	(319.428)	842.128
Profits/(losses) from the redetermination of available-for-sale financial assets	7.261.450	950.882	8.212.332	5.651.139	(1.034.175)	4.616.964
Profits/(losses) from the transfer of available-for-sale financial assets	(4.095.952)		(4.095.952)	676.844	(622.506)	54.338
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	894.732	(159.505)	735.227	4.302.438		4.302.438
Profits/(losses) of companies valued using the equity method	(18.838.930)	-	(18.838.930)	37.871.209		37.871.209
Profits (losses) from remeasurement of defined benefit plans	67.645	(20.608)	47.037	(110.570)	30.407	(80.163)
Other components of the statement of comprehensive income reclassified to the income statement						-
Total other profits/(losses)	**(12.397.672)**	**134.589**	**(12.263.083)**	**49.552.616**	**(1.945.702)**	**47.606.914**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1.

20. Equity pertaining to non-controlling interests

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

	30.09.2014	**30.09.2013**
Share capital pertaining to non controlling interests	6.305.255	6.284.255
Tresury shares pertaining to non controlling interests	-	-
Other reserves pertaining to minority interests	50.857.046	53.720.741
Non controlling interests - Reserve from available-for-sale financial assets	210.722	134.646
Non controlling interests - Cash flow hedge reserve	-	(726.771)
Non controlling interests - Reserve from valuation IAS 19	-	(11.048)
Profit (loss) for the year pertaining to non controlling interests	(18.358.253)	(3.012.680)
Equity pertaining to non-controlling interests	**39.014.770**	**56.389.143**

Non-current liabilities

21. Bond loans

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

	30.09.2014	30.09.2013
Bond "Mittel S.p.A. 2013-2019" TF 6%	-	-
Current portion	1.313.142	1.320.537
Non current portion	96.660.922	96.103.299
	97.974.064	**97.423.836**

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

	30.09.2014	30.09.2013
Current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	1.313.142	1.320.537
Non current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	99.853.522	99.853.522
Total nominal repayment	**101.166.664**	**101.174.059**
Evaluation at amortized cost	(3.192.600)	(3.750.223)
Total book value	**97.974.064**	**97.423.836**

The single issue of the bonds in service of the OPSC and OPSO has a duration of 6 years from the issue date, accrues annual interest of at least 6% and is earmarked for listing on the MOT (Screen-based bond market).
Starting from the fourth year from the issue date, Mittel will have the right of early redemption from a minimum of 25% up to a maximum of 50% of the value of the bond issued.
The Bonds involved in the OPSO were offered and issued at a price equal to 98,500% of their nominal value ("Offer Price"). The Bonds accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the "Nominal Interest Rate") of 6,000%.
The gross effective annual rate of return on expiry of the Bonds involved in the OPSO, (i) calculated on the basis of the Nominal Interest Rate of the Bonds of 6,000% and the Offer Price equal to 98,500% of the nominal value of said Bonds and (ii) assuming that the Issuer does not make any early redemption of the Bonds, is equal to 6,304%.
The Bonds paid during the OPSC have the same characteristics as the bonds involved in the OPSO and, therefore, accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the "Nominal Interest Rate") of 6,000%. The gross annual rate of return on expiry of the Bonds offered for exchange, (i) calculated on the basis of the Nominal Interest Rate and of the issue price of the Bonds offered for exchange equal to 100% of the nominal value and (ii) assuming that the Issuer does not make any early redemption, is equal to 6,000%, and, therefore, coincides with the Nominal Interest Rate.
The prospectus for the bond loan is available on the website www.mittel.it, in the section "Investor Relations".
The Bonds were listed on the MOT from 12 July 2013.
Therefore, the total nominal value and the number of the bonds issued in service of the OPSC and OPSO, with a nominal value of EUR 1,75 each as at 30 September 2014 were as follows:

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

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

	Currency	Issue amount (Euro)	Redemption Nominal Value Euro	Interest rate and coupon timing	Issue date	Expiry date	Issue price per bond (Euro)	Market price on 30/09/2014 (Euro)
Bond "Mittel S.p.A. 2013-2019" subscription public offer ("OPSO")	Euro	72.867.561	73.977.220	yearly 6,00% coupon paid every six months on a deferred basis	**12/07/13**	**12/07/19**	**1,75**	**1,89**
Bond "Mittel S.p.A. 2013-2019" public exchange offer ("OPSC")	Euro	25.876.302	25.876.302					
		98.743.863	**99.853.522**					

Note that for the purposes of drawing up the financial statements, no separate value was recognised for the right to partial early redemption in the fourth and/or fifth year of the term of the bond loan, for an amount of 25% or 50% of the nominal value of the loan for each year of partial early redemption, without prejudice to the maximum limit of 50% of the nominal value which may overall be subject to early redemption based on a partial early redemption price in the fourth year at 102% of the nominal value and in the fifth year at 101% of the nominal value. This right pertains to a call option for early redemption incorporated in a host debt contract represented by the bond loan, which may influence the redemption cash flows, with regard to the trend in the benchmark interest rates and based on its economic characteristics. The issuer's call option can be measured based on the difference between the fair value of the embedded instrument (equal to the product of the amount of principal redeemed and the effective interest rate spread of the host debt compared to the interest rate perceptible at the date of early redemption, which may be reinvested in an equivalent contract for the term of redemption of the host debt) and the fair value of the host contract. Nonetheless, note that the lender of the host instrument (the bondholders) have no influence on the issuer's call option. Therefore, the option should be deemed strictly correlated to the host financial instrument, and impossible to record separately in the accounts from the host debt.
Furthermore, at the current state of play, the consideration for the year for the early redemption option of the issuer does not reimburse the bondholders in an amount equal to or less than the approximate present value of the interest lost during the residual term of the bond loan.

22. Financial payables

As at 30 September 2014, the item amounted to EUR 41,2 million, a decrease of EUR 62,6 million over the previous year.

The item is composed as follows:

	30.09.2014	30.09.2013
Bank loans	37.511.425	100.167.917
Other financial payables	3.639.610	3.625.610
	41.151.035	**103.793.527**

The item comprises the non-current bank payables of the parent company Mittel S.p.A., amounting to EUR 34,4 million (EUR 39,2 million at 30 September 2013) and the non-current payables of the subsidiary Mittel Investimenti Immobiliari S.r.l., totalling EUR 3,1 million (EUR 9,2 million at 30 September 2013). The decrease is due to the reclassification under the item "Liabilities held for sale" of non-current bank payables by the subsidiary Fashion District Group S.p.A., totalling EUR 51,7 million at 30 September 2013, following the signing of the sale agreement on 18 November 2014, which made provision for their full repayment on the same date.

The bank payables of the Parent Company Mittel S.p.A., amounting to EUR 34,4 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 31,7 million) for the acquisition of the Hopa S.p.A. investment. This loan was disbursed on 23 December 2008, expiring on 23 December 2015, and contains a set of clauses and commitments of Mittel, which are usual for that type of loan. Specifically, the contract provides for, inter alia: (i) commitments by Mittel S.p.A. not to implement specific types of extraordinary transactions without the advance approval from the banks, (ii) a negative pledge, and (iii) pari passu clauses, i.e., of non-deferral, which, if breached, could result in Mittel's obligation of early repayment of the amounts disbursed, with resulting negative effects on the Group's economic, equity and financial position.

- a loan granted by Banco di Brescia S.p.A. (EUR 2,7 million), expiring on 23 October 2015, at a rate of 4%.

	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Bank loans	37.511.425				37.511.425
Other financial payables				3.639.610	3.639.610
	37.511.425			3.639.610	41.151.035

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

23. Provisions for personnel

As at 30 September 2014, the item amounted to EUR 2,3 million, decreasing by EUR 0,1 million, and was composed as follows:

	30.09.2014	30.09.2013
Employee severance indemnity	2.274.730	2.313.169
Other allowances		93.600
	2.274.730	**2.406.769**

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

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

	30.09.2014	30.09.2013
Opening balances	**2.313.169**	**1.500.636**
Increases:		
- Allocation in the year	504.632	625.803
- Increase due to business combination		
- Other increases	13.013	427.351
Decreases:		
- Liquidations carried out	(366.745)	(199.703)
- Other decreases	(189.339)	(40.918)
	2.274.730	**2.313.169**

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

The actuarial assumptions adopted refer to:

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

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

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

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

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

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

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

For revaluation purposes, employee severance indemnity is increased, with the exclusion of the portion accrued in the year, each year through the application of a rate with a fixed component of 1,50%, on a fixed basis, and a variable component of 75% of the projected inflation rate. Substitute income tax of 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 of 1,52%, that an increase in the rate of 10% (from 1,69% to 1,86%) involves, on the whole, a reduction of around 1,37% in the amount of the employee severance indemnity provision on an IAS basis - for Companies as at 30 September 2014.
Similarly, a reduction in the annual rate of inflation of 10% (from 1,00% to 0,90%) involves, on the whole, a reduction of 0,65% in the amount of the provision for Group Companies as at 30 September 2014.

24. Deferred tax liabilities

These amounted to EUR 20,5 million and include deferred taxes calculated on the basis of temporary differences which emerge between the values of assets and liabilities in the financial statements and the corresponding values relevant for tax purposes.

The item is composed as follows:

	30.09.2014	**30.09.2013**
Tax liabilities whit contra-item in income statement	11.891.403	12.570.976
Tax liabilities with contra-item in shareholders' equity	8.660.710	25.175.203
	20.552.113	**37.746.179**

	30.09.2014	30.09.2013
Deffered liabilities		
Receivables	11.971.315	12.700.905
Assets/liabilities held for sale	295.826	1.039.429
Investments		
Property, plant and equipment/intangibles assets	8.249.155	23.987.003
Other assets/liabilities	35.817	18.842
Other		
	20.552.113	**37.746.179**

This item primarily included EUR 8,0 million in deferred taxes calculated on the value adjustment to the receivable due to Ghea from Bios, EUR 12,3 from the contribution to the consolidated total of the Outlet sector, and EUR 0,3 million from the contribution of the parent company Mittel S.p.A.. The contribution to the consolidated total of the Fashion group, amounting to EUR 12,3 million, is determined, for an amount of EUR 4,0 million, by the tax effect deriving from the allocation of deferred taxes calculated on the collection of the deferred price (“earn-out”) on the transfer to REEF Inv. Gmbh of ownership of the business unit including the commercial licences relating to the Valmontone outlet (Rome), by the subsidiary Fashion District Roma S.r.l. and, for an amount of EUR 8,2 million, by deferred taxes calculated for the transfer to IDEA Fimit Sgr of the Mantua and Molfetta outlets and the two companies Fashion District Mantova S.r.l and Fashion District Molfetta S.r.l., finalised on 18 November 2014.

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

	30.09.2014	30.09.2013
Opening balance	**12.570.976**	**9.412.477**
Increases	**50.017**	**5.508.522**
Deferred taxes recorded in the year:	**42.468**	**5.508.522**
- relating to previous years	-	-
- other	42.468	5.508.522
Increases in tax rates	-	-
Other increases	7.549	-
Decreases	**(729.590)**	**(2.350.023)**
Deferred taxes cancelled in the year:	**(729.590)**	**(2.217.422)**
- reversals	(729.590)	(2.217.422)
Decreases in tax rates	-	-
Other reductions	-	(132.601)
	11.891.403	**12.570.976**

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

	30.09.2014	30.09.2013
Opening balance	**25.175.203**	**25.585.953**
Increases	**185.694**	**1.076.132**
Deferred taxes recorded in the year:	**185.694**	**1.076.132**
- relating to previous years	-	-
- other	185.694	1.076.132
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(16.700.187)**	**(1.486.882)**
Deferred taxes cancelled in the year:	**(8.933.154)**	**(1.486.882)**
- reversals	(8.933.154)	(1.486.882)
Decreases in tax rates	-	-
Other reductions	(7.767.033)	-
	8.660.710	**25.175.203**

25. Provisions for risks and charges

As at 30 September 2014, the item amounted to EUR 11,7 million, marking an increase of EUR 6,0 million, and was composed as follows:

	30.09.2014	30.09.2013
Provision for risks:		
Legal disputes		
Disputes with personnel		
Contractual disputes	7.275.857	4.971.026
Other disputes	150.000	
Other provisions:		
Expenses for personnel		
Other expenses	4.295.812	716.960
	11.721.669	**5.687.986**

The item saw the following changes:

	30.09.2014	30.09.2013
Opening balance	**5.687.986**	**4.510.158**
increases:		
Allocation in the year	6.598.901	4.974.626
Other increases	-	845.044
Decreases:		
Use in the year	(531.999)	(4.492.678)
Other decreases	(33.219)	(149.164)
	11.721.669	**5.687.986**

The item is made up primarily (EUR 7,3 million) of provisions for contractual risks and pertaining to the parent company Mittel S.p.A. allocated to cover potential losses in respect of which, at the date of these financial statements, the amounts and date of occurrence could not be determined, of provisions for other expenses (EUR 4,3 million) deriving, from the contribution from the Outlet sector (EUR 3,7 million), the contribution from the real estate sector (EUR 0,4 million) and the contribution from the Advisory sector (EUR 0,2 million).
In particular, the provision allocated in the subsidiary Fashion District Group S.p.A. is composed of the allocation of EUR 2,5 million for the current obligation relating to an existing rental contract of the subsidiary Loft S.r.l. and the provision for risks and charges (EUR 1,1 million), set aside to cover contractual costs linked to the termination of the lease with RREEF, and relating to the recalculation of the leasing fee and property complex maintenance costs payable by the tenant, whose definition is still at the completion phase. The provision of the real estate sector was established (EUR 0,4 million) in respect of the allocation of a provision for risks and charges that will be incurred and relating to delays in the delivery of a living unit, for which the necessary deed has still to be drawn up.
The item other disputes relates to an ongoing labour law case relating to the advisory sector.

26. Sundry payables and other non-current liabilities

These totalled EUR 0,90 million, a decrease of EUR 2,0 million, mainly due to the effect of the sale of land located in Naples to Espansione Mediterranea S.r.l., in respect of which, a payable of EUR 1,9 million was set aside at 30 September 2013 for the advance received. The item is composed (EUR 0,6 million) of advances and down payments received as a result of the sale of living units and of the residual payable (EUR 0,3 million) to the Direzione Regionale delle Entrate (Regional Revenue Department) for the payment resulting from the settlement of the Mittel Generale Investimenti dispute for the tax periods 2004-2005 and 2005-2006.

Current liabilities

27. Bond loans

These amount to EUR 1,3 million and refer to the interest accrued in the period from 12 July 2014 to 30 September 2014, the date of issue of the bond loan and the reporting date.

28. Financial payables

Financial liabilities totalled EUR 80,7 million, down by EUR 36,7 million.
The item mainly comprises the contribution to the consolidated total from the parent company Mittel S.p.A. amounting to EUR 50.3 million (EUR 56.2 million as at 30 September 2013), the contribution of EUR 21,7 million from the real estate sector (EUR 39,2 million at 30 September 2013), the EUR 8,2 million contribution of Mittel Partecipazioni Stabili S.r.l. (EUR 9,6 million at 30 September 2013) and the contribution of EUR 0,4 million from the Advisory sector (EUR 0,3 million at 30 September 2013). The item, compared to the previous year, does not include the financial payables of the Outlet sector (these amounted to EUR 11,7 million at 30 September 2013), which were reclassified to the item "Liabilities held for sale", following the extraordinary transaction on 18 November 2014, which made provision for their full repayment on the same date.

The item is composed as follows:

	30.09.2014	30.09.2013
Bank loans	66.967.635	90.139.765
Current portion of medium/long-term bank loans	12.530.714	20.369.234
Other loans	-	5.736.238
Other financial payables	1.211.772	1.182.422
	80.710.121	**117.427.659**

In particular, the bank loans are composed of hot money granted by leading banks, regulated at rates indexed to the 1-3 month Euribor with short-term expiry (EUR 52,5 million), of which EUR 42,5 million relating to Mittel and EUR 10,0 million relating to Mittel Investimenti Immobiliari S.r.l..

The loans of Mittel Partecipazioni Stabili S.r.l. are composed of a partially used credit line totalling EUR 20 million, in respect of which 6.000.000 Intesa Sanpaolo S.p.A. shares and 1.381.763 UBI Banca S.c.p.a. shares are pledged at the daily Eonia rate plus 125 bps.

The current portion of medium/long-term bank loans is composed of the contribution from Mittel S.p.A. (EUR 6,5 million) and of Mittel Investimenti Immobiliari S.r.l. (EUR 6,0 million). The decrease is due to the elimination of the contribution from Fashion District Group S.p.A. which amounted to EUR 9,5 million at 30 September 2013.

The item "Other financial payables" relates to the payable of EUR 1.212 thousand due to Liberata S.p.A., posted in relation to the capital replenishment, rendered necessary as a result of the settlement of a tax dispute, substantially adjusting the price paid to acquire the 100% investment of Mittel Generale Investimenti S.p.A..

29. Other financial liabilities

Other financial liabilities totalled EUR 2,8 million, down by EUR 1,9 million. The item is composed as follows:

	30.09.2014	30.09.2013
Derivative financial instruments	2.803.791	4.740.747
Other financial liabilities		
	2.803.791	**4.740.747**

The item other liabilities includes the negative mark-to-market value of the interest rate swaps contracted by the Fashion District Group S.p.A..

It should be noted that the hedging derivatives entered into by the subsidiary Fashion District Group S.p.A. were closed on 9 January 2015, following the full repayment of the underlying mortgages, as a result of the transfer of the Mantua and Molfetta Outlet centres. The consideration paid for the aforementioned extinguishment was essentially in line with the book value of the corresponding liability.

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

Derivative financial instruments

	Type of underlying asset					
	Interest rates	**Currencies**	**Equities**	**Other**	**30.09.2014**	**30.09.2013**
"Over the counter" derivative financial instruments						
Interest Rate Swap	2.803.791	-	-	-	2.803.791	3.652.379
Equity Linked Swap		-	-	-	-	-
Options	-	-	-	-	-	1.088.367
Other derivative financial instruments						
Interes rate swap	-	-	-	-	-	-
Equity Linked Swap	-	-	-	-	-	-
Options	-	-	-	-	-	-
					2.803.791	**4.740.746**

The derivative transactions of the Mittel Group as at 30 September 2014 are detailed below:

Amounts in thousands of Euro

			Mark to market (clean price)		
Desciption	**Outcome of “hedging” tests**	**Notional value**	**Non-current portion**	**Current portion**	**Total**
IRS operation performed by Fashion District Group SpA, subscribed on 01/09/2008 expiring on 31/03/2018 on the Unicredit mortgage loan, notional EUR 19.607.499, with which the fixed interest rate of 4,75% was transformed to a variable 3-month Euribor rate.	Ineffective hedge relationship	8.107	-	(709)	(709)
Capped dual rate IRS operation performed by Fashion District Group SpA, subscribed on 31/12/2006 expiring on 30/06/2019 on the Efibanca mortgage loan, notional EUR 23.314.890, with which the interest rate with a fixed component of + 1/2 6-month Euribor was transformed to a variable 6-month Euribor rate.	Effective hedge relationship	10.965	-	(934)	(934)
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	12.379	-	(1.160)	(1.160)
Total cash flow hedge derivatives		**31.451**	**-**	**(2.803)**	**(2.803)**

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.

30. Tax liabilities

As at 30 September 2014, the item amounted to EUR 1,0 million, a decrease of EUR 0,3 million compared to the previous year, and was composed of tax payables which break down as follows:

	30.09.2014	**30.09.2013**
IRES (corporate income tax)	348.338	386.493
IRAP (regional business tax)	607.444	954.091
Other	61.257	
	1.017.039	**1.340.584**

The item showed the following changes:

	30.09.2014	30.09.2013
Opening balance	**1.340.584**	**739.783**
Increases	**1.167.821**	**1.211.542**
Current tax liabilities recorded in the year:	**425.380**	**767.696**
- relating to previous years	-	-
- other	425.380	767.696
Other increases	742.441	443.846
Decreases	**(1.491.366)**	**(610.741)**
Current tax liabilities cancelled in the year:	**(344)**	**-**
- reimbursements	(344)	-
Other decreases	(1.491.022)	(610.741)
	1.017.039	**1.340.584**

31. Sundry payables and other liabilities

This item amounted to EUR 26,2 million, down by EUR 7,3 million compared to the previous year. The item is composed as follows:

	30.09.2014	30.09.2013
Trade payables	10.499.698	13.068.354
Tax payables	474.755	1.397.197
Payables relating to employees	1.861.636	2.216.314
Payables relating to other personnel	58.565	5.471
Payables due to directors and statutory auditors	865.957	447.001
Payables due to social security institutions	443.900	563.347
Other payables	11.369.223	15.004.429
Accrued expenses and deferred income	668.487	841.712
	26.242.221	**33.543.825**

The item “Trade payables” mainly includes the payables recorded by Fashion District Group S.p.A. for invoices received and to be received (EUR 6,3 million), the contribution of the real estate sector to the respective property projects in place (EUR 0,7 million) and the contribution of the private equity and investments sector (EUR 3,1 million and the Advisory sector (EUR 0,4 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 payable due to Bios S.p.A. was settled by the parent company on 15 December 2014.
The item also includes the payables posted for a “non-interest bearing loan” (EUR 1,7 million) disbursed by Equinox Two S.C.A. in previous years.

32. Liabilities held for disposal

This item amounted to EUR 61,9 million, not present in the previous year. For details please refer to note 18. Assets and liabilities held for disposal.

Information on the consolidated income statement

33. Revenues

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

	30.09.2014	30.09.2013
Revenues from property sales	12.123.177	7.232.040
Revenues from rent	35.657.695	33.733.337
Revenues from provision of services	389.612	971.079
Other revenues	3.868.924	7.811.533
	52.039.408	**49.747.989**

The item revenues from property sales recorded a sizeable increase due to the crucial contribution from the initiative relating to Lucianita S.r.l., which contributed sales of EUR 10,4 million realised for the property in Milano, Via Lomellina no. 12, following the conclusion of the project's implementation phase, augmented by the contribution from CAD Immobiliare S.r.l. for EUR 0,9 million, relating to the sales made for the residential complex in the area located in the Municipality of Paderno Dugnano and for EUR 0,7 million, relating to the project in Arluno (Milan) relating to Mittel Investimenti Immobiliari S.r.l..
The item revenues from rent comprises EUR 34,7 million relating to the contribution of the Outlet sector to the consolidated financial statements of the Mittel Group as well as EUR 0,3 million to the rental agreement in force on a portion of the property held by Fede S.r.l..

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

Other revenues comprise EUR 1,3 million in revenues from advisory services performed by Mittel Advisory S.p.A. and EUR 2,5 million for the activities performed by Mittel Advisory Debt & Grant S.p.A..

34. Other income

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

	30.09.2014	30.09.2013
Recoveries of various expenses	37.838	54.520
Contingent assets	1.629.757	1.684.135
Income from elimination of assets	10.684	25.001
Other revenues and income	3.590.592	1.883.846
	5.268.871	**3.647.502**

The item other revenues and income is composed of the revenue deriving from the sale of an area of land in Naples to Espansione Mediterranea S.r.l. (EUR 2,5 million), augmented by the contribution from the outlet sector (EUR 1,0 million), relating to the compensation for the illegal tenancy of the outlet relating to rental agreements for business units terminated by law for which the tenants continued to occupy the space, as well as other compensation for contractual terminations.

The item contingent assets is mainly composed of the contribution from the Private Equity and Investments Sector (EUR 0,4 million), the contribution from the real estate sector (EUR 0,5 million), the contribution from the advisory sector (EUR 0,3 million) and the contribution to the item from the outlet sector (EUR 0,4 million).

35. Variations in property inventories

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

	30.09.2014	30.09.2013
Increases in property inventories	3.876.577	15.076.336
Decreases in property inventories	(8.855.385)	(6.627.604)
Write-down and losses in property inventories	(10.876.653)	(2.808.704)
	(15.855.461)	**5.640.028**

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

36. Costs for purchases

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

	30.09.2014	30.09.2013
Purchases and property increases	(1.786.503)	(11.089.419)
Provision of services and consultancy	(169.524)	(288.158)
Urbanisation expenses	(307.644)	-
Registration tax	-	-
Insurance	(35.368)	(27.386)
Maintenance	(14.520)	(10.159)
Other	(546.355)	(126.628)
	(2.859.914)	**(11.541.750)**

The item costs for purchases recorded a considerable decrease attributable to a lower commitment in the Real Estate sector, due to the completion of some property projects during the current year, which were already at an advanced stage. The item specifically includes the contribution of EUR 0,3 million from Gamma Tre S.r.l., EUR 0,5 million from Miva S.r.l., EUR 0,3 million from Mittel Investimenti Immobiliari S.r.l., EUR 0,2 million from Lucianita S.r.l. and EUR 0,4 million from Santarosa S.r.l..

37. Costs for services

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

	30.09.2014	30.09.2013
Legal consultancy	(2.636.553)	(1.757.132)
Notary consultancy	(163.853)	(67.633)
Other consultancy	(4.124.160)	(3.678.589)
General services and maintenance	(3.627.466)	(3.568.598)
Administrative, organisational and audit services	(443.846)	(387.495)
Project-based partner costs	(73.218)	(95.502)
Directors' fees	(5.181.808)	(2.734.938)
Board of Statutory Auditors' fees	(452.016)	(607.046)
Supervisory Body's fees	(174.705)	(117.857)
Fees for prosecutors and Manager in charge	(45.032)	(16.000)
Rentals	(14.074.995)	(13.895.186)
Leases	(540.540)	(650.041)
Insurance	(973.924)	(779.892)
Utilities	(1.325.649)	(1.217.234)
Advertising	(1.120.230)	(2.638.863)
Commercial services	(2.236.303)	(1.529.501)
	(37.194.298)	**(33.741.507)**

The item legal consultancy recorded a total increase of EUR 0,9 million, mainly attributable to the parent company Mittel S.p.A., which increased its contribution to the consolidated financial statements by EUR 0,6 million, to EUR 1,9 million as at 30 September 2014.

The item other consultancy recorded an overall increase of EUR 0,4 million, attributable for an increase for the same amount, to consultancy expenses incurred by the subsidiary Fashion District Group S.p.A. related to the transfer of the Mantua and Molfetta outlets.

The item directors' fees recorded an increase of EUR 2,5 million, mainly due to the item to extraordinary costs deriving from the agreement signed with the Chief Executive Officer, Mr. Arnaldo Borghesi, which applied the provisions of the directors' agreement in place between the Company and Mr. Borghesi regarding the possible early termination of the executive position without just cause, in relation to the positions of Board Member and Chief Executive Officer of Mittel S.p.A..

The item commercial services posted an increase totalling EUR 0,7 million, of which EUR 0,3 million attributable to Fashion District Group S.p.A. which contributed EUR 1,8 million compared to EUR 1,50 million in the previous year and EUR 0,4 million for costs relating to events and conventions incurred by the subsidiary Mittel Management S.r.l. in relation to the expected launch of the funds Rexelera and Estability.

38. Personnel costs

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

	30.09.2014	30.09.2013
Wages and salaries	(8.398.588)	(8.297.677)
Social security costs	(2.523.559)	(2.571.636)
Employee termination indemnity	(97.000)	(93.600)
Pension costs	(24.588)	(24.922)
Allocation to employee severance indemnity	(494.441)	(472.511)
Payments to external supplementary pension funds	(29.389)	(4.161)
Other personnel costs	(107.796)	(233.598)
	(11.675.361)	**(11.698.105)**

Employee costs were essentially unchanged with respect to the same figure in the previous year. Specifically, the Advisory sector contributed EUR 3,6 million compared to EUR 3,9 million in the previous year. The parent company contributed EUR 3,4 million compared to EUR 3,8 million in the previous year. The Outlet sector contributed EUR 4,1 million compared to EUR 3,8 million in the previous year and Mittel Investimenti Immobiliari S.r.l. contributed EUR 0,4 million, compared to EUR 40 thousand in the previous year, and Mittel Investimenti Immobiliari S.r.l. contributed EUR 0,3 million, unchanged with respect to the same figure in the previous year.

Average number of Group employees broken down by category:

	Exact number 30 september 2014	Average in year 2013/2014	Average in year 2012/2013
Managers	13	14	17
Officials	25	27	26
Employees	89	90	94
Total	**127**	**131**	**137**

39. Other costs

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

	30.09.2014	30.09.2013
Taxes and duties	(3.706.420)	(3.912.792)
Losses on receivables	(577.823)	(561.013)
Capital losses from transfer of property, plant and equipment	(8.780)	(4.097)
Extraordinary contingent liabilities	(564.420)	(491.443)
Other sundry operating expenses	(970.509)	(861.610)
	(5.827.952)	**(5.830.955)**

The item taxes and duties registered a decrease of EUR 0,2 million, and is mainly composed of taxes of EUR 1,2 million for the Outlet sector, taxes of EUR 2,1 million for Mittel S.p.A. and taxes of EUR 0,4 million for the Real Estate sector.

Losses on receivables include EUR 0,3 million from the contribution of the advisory sector and EUR 0,2 million from the contribution of the group headed by the Fashion District Group.

40. Dividends and similar income

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

	30.09.2014	30.09.2013
Dividends from financial assets held for trading	80.000	-
Dividends from available-for-sale financial assets	7.640.952	1.947.030
	7.720.952	**1.947.030**

The item dividends from financial assets held for trading refers to the dividend distributed by Moncler S.p.A..
The item dividends from available-for-sale financial assets is composed of EUR 0,5 million in dividends received by Mittel Partecipazioni Stabili S.r.l. on the UBI Banca S.c.p.A. and Banca Intesa S.p.A. shares, and EUR 7,2 million in dividends received by the parent company Mittel S.p.A. on investments held in Fondo Augusto (Augusto Fund) of EUR 0,7 million, SIA S.p.A. of EUR 0,3 million, Fondo Progressio (Progressio Fund) of EUR 5,8 million and Progressio SGR S.p.A. of EUR 0,4 million.

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

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

	30.09.2014	30.09.2013
Available-for-sale financial assets		
Capital gains	5.654.737	1.093.663
Other income	149.196	759.241
Capital losses	(51.043)	(15.607)
Other	-	-
Capital gains (losses) from transfer of receivables	**-**	**(222.139)**
Capital gains (losses) from transfer of investments	**97.599**	**160.388**
Capital gains (losses) from change in equity interest	**-**	**-**
Write-backs/value adjustments of investments	**-**	**572.039**
	5.850.489	**2.347.585**

Capital gains are attributable to the transactions of Mittel Partecipazioni Stabili S.r.l. and relate to the sales of listed shares (UBI Banca S.c.p.A. and Intesa Sanpaolo S.p.A.).

42. Amortisation and value adjustments to intangible assets

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

	30.09.2014	30.09.2013
Intangible assets		
Amortisation	(190.130)	(142.896)
Adjustments for impairment	(7.963.000)	(376.500)
Write-backs	-	-
Property, plant and equipment		
Amortisation of investment property	(12.874.232)	(12.542.418)
Amortisation of other assets owned	(1.553.715)	(1.594.615)
Assets relating to financial leasing	**-**	**-**
	(22.581.077)	**(14.656.429)**

The impairment adjustment refers to the impairment recorded as a result of the comparison between the book value of goodwill of Mittel Advisory S.p.A. allocated during the initial consolidation and the relative recoverable value determined by the value in use as at 30 September 2014, which highlighted the need for a full write-down of goodwill which was recognised in the income statement. For more details see the description in the item intangible assets in these financial statements.

The item amortisation is mainly attributable to the contribution of the Fashion District Group S.p.A., in particular relating to the depreciation of properties transferred on 18 November 2014.

43. Allocations to the provision for risks

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

	30.09.2014	30.09.2013
Provisions for ongoing disputes:		
Provision for contractual disputes	(3.024.526)	(4.971.026)
Other provisions	(3.574.375)	(21.846)
	(6.598.901)	**(4.992.872)**

The item “provisions for contractual disputes” refers (EUR 2,4 million) to an allocation set aside by Mittel S.p.A. to cover potential losses on contractual guarantees, in respect of which, at the date of these financial statements, the amounts and date of occurrence were still undetermined, to an allocation of a risk provision for costs (EUR 0,4 million) that will be incurred in relation to delays in the delivery of living units for which the necessary deed has still to be drawn up, and for an ongoing labour law dispute (EUR 0,2 million).
The item other provisions refers to the allocation in Fashion District Group S.p.A., of which EUR 2,5 million for excess expenses (with respect to the market consideration) calculated on the basis of the obligation relating to an existing rental contract of the subsidiary Loft S.r.l. and the provision for charges (EUR 1,1 million), set aside to cover contractual costs linked to the termination of the lease with RREEF, and relating to the recalculation of the leasing fee and property complex maintenance costs payable by the tenant, whose definition is still at the completion phase.

44. Value adjustments to financial assets and receivables

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

	30.09.2014	30.09.2013
Write-downs of financial receivables	(2.392.190)	(6.275.234)
Write-downs of other receivables	(2.172.847)	(1.661.823)
Write-downs of available-for-sale financial assets	(21.939.571)	(20.899.137)
Write-backs of financial assets	541.816	-
	(25.962.792)	**(28.836.194)**

Write-downs of financial receivables are mainly attributable to the contribution of the Outlet sector and, in particular refer to the adjustment to the earn-out due on the sale of the Valmontone outlet.

Write-downs of other receivables mainly refer to write-downs in the advisory sector (EUR 0,5 million), the real estate sector (EUR 0,5 million) and the Outlet sector (EUR 1,1 million).

Write-downs of available-for-sale financial assets refer predominantly to the following equity investments:

- EUR 9,0 million for Azimut Benetti S.p.A.;
- EUR 6,5 million for Alfa Park S.r.l.;
- EUR 1,7 million for Fondo Progressio Investimenti (Progressio Investimenti Fund);
- EUR 0,8 million for RCS MediaGroup S.p.A.;
- EUR 0,7 million for Progressio SGR S.p.A.;
- EUR 0,5 million for Fondo Progressio Investimenti II (Progressio Investimenti Fund II);
- EUR 0,5 million for Opera 2 Participations S.c.a.;
- EUR 0,4 million for IGI Sud;
- EUR 0,4 million for Alfieri Ass. Inv. S.A.;
- EUR 0,2 million for Medinvest International S.A.;
- EUR 0,2 million for Dimensione Network;

- EUR 0,1 million for Equinox Two S.c.a..

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

The item includes:

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

The item is composed as follows:

	30.09.2014	30.09.2013
Pro-rata profits		
Brands Partners 2 S.p.A. in liquidation	25.834.239	-
Castello SGR S.p.A.	613.060	574.782
Mit-Fin		28.725
Mi Re SGR S.p.A.	26.307	64.678
Mittel Generale Investimenti (through Liberata S.p.A.)	841.262	293.239
	27.314.868	**961.424**
Pro-rata losses		
Iniziative Nord Milano S.r.l.		(199.430)
Brands Partners 2 S.p.A. in liquidation		(432)
Mit-Fin	(158.173)	
Tower 6 Bis Sarl	(312.696)	(58.955)
Liberata S.p.A.	(1.056.960)	
Loft S.r.l.		(377.300)
	(1.527.829)	**(636.117)**
	25.787.039	**325.307**

46. Income (loss) from non-recurring transactions

The item, a negative EUR 18,4 million, refers to the plan for the disposal of the group of assets relating to property complexes and the management of the Mantua and Molfetta outlet centres controlled by Fashion District Group SpA.
The item includes the net capital loss recognised as a result of the fair value measurement less costs to sell of the disposal group classified as “held for sale” pursuant to IFRS 5, for a total of EUR 18,4 million, whose breakdown is shown in the following note:

Amounts in thousands of Euro	Disposal group	Income-generating components excluded from consideration	Waiving of parent company receivables	Direct expenses connected with the disposal	**Total 30.09.2014**	
Intangible assets	21.676	-	-	-	21.676	
Property, plant and equipment	121.835	-	-	-	121.835	
Sundry receivables and other assets	47	-	-	-	47	
Prepaid tax assets	3.936	(3.308)	-	-	628	
Total Non-current assets	**147.494**	**(3.308)**	**-**	**-**	**144.186**	
Sundry receivables and other assets	3.896	(1.178)	-	-	2.718	
Cash and cash equivalents	1.115	-	-	-	1.115	
Total Current assets	**5.011**	**(1.178)**	**-**	**-**	**3.833**	
Provisions for personnel	(159)	-	-	-	(159)	
Deferred tax liabilities	(6.805)	-	-	-	(6.805)	
Provisions for risks and charges	(31)	-	-	-	(31)	
Total Non-current liabilities	**(6.995)**	**-**	**-**	**-**	**(6.995)**	
Financial payables	-	-	-	-	-	
Sundry payables and other liabilities	(10.891)	-	-	-	(10.891)	
Total Current liabilities	**(10.891)**	**-**	**-**	**-**	**(10.891)**	
Net of assets of disposal group	**134.620**	**(4.486)**	**-**	**-**	**130.134**	*(a)*
Expenses connected with the disposal:						
Losses connected with the commitments to waive intercompany receivables due from companies subject to disposal			(7.010)		**(7.010)**	*(b)*
Net marginal sale costs				(1.323)	**(1.323)**	*(c)*
Consideration for the transfer of the disposal group:						
Temporary consideration for transfer of 100% of the Fashion District Mantova Srl investment					**12.683**	
Temporary consideration for transfer of 100% of the Fashion District Molfetta Srl investment					**5.908**	

Consideration for transfer of the property complex of the Mantua outlet centre	63.730	
Consideration for transfer of the property complex of the Molfetta outlet centre	37.770	
	120.091	*(d)*
Net capital loss of the disposal group due to lower fair value less costs to sell	**(18.375)**	*(a+b+c+d)*

47. Financial income

The item is composed as follows:

	30.09.2014	30.09.2013
Bank interest income	100.606	107.508
Interest income on financial receivables	5.483.132	5.590.599
Other interest income	639.346	165.116
Other financial income	110.422	17.004.374
Hedging activities		
Fair value hedging derivatives	589.000	1.256.040
	6.922.506	**24.123.637**

It should be noted that, in last year's financial statements, the item "Other financial income" was composed of EUR 16,7 million deriving from the redefinition of the recovery forecasts and the related timeframes for the receivable due to Ghea S.r.l. from Bios S.p.A., which resulted in the recalculation of the related amortised cost and the release of higher interest income. As regards the redefinition of the agreements for the above-mentioned loan, refer to the information set forth in the description of the investees Bios S.p.A. and Ghea S.r.l..

48. Financial expenses

The item is composed as follows:

	30.09.2014	30.09.2013
Interest expense on bonds	(6.541.439)	(1.403.569)
Interest expense on bank current accounts	(166.148)	(169.335)
Interest expense on bank loans	(6.190.713)	(7.518.256)
Interest expense on other loans	(4.863.175)	(381.017)
Other interest expenses	(128.055)	(121.729)
Other financial expenses	(773.123)	(834.304)
Hedging activities		
Fair value hedging derivatives	(3.459.402)	(2.296.145)
Exchange losses	(337)	(256)
	(22.122.392)	**(12.724.611)**

Specifically, interest expense was recorded in relation to the issue of the Mittel S.p.A. 2013-2019 bond loan for the entire year, while in the previous year, interest expense was recognised but limited to the amount pertaining to the 12 July 2013 - 30 September 2013 period.

In relation to interest expense on other loans, the item includes the adjustment to the non-interest bearing loan disbursed to Alfa Park S.r.l. totalling EUR 6,1 million, adjusted during the year by EUR 4,5 million to take account of both the time profile of the expected repayment following the financial measure in the course of being approved by the banking system and the application of a discount rate which takes account of the characteristics of credit quality.

As regards the evaluation of hedging derivatives in place by the subsidiary Fashion District Group S.p.A., it should be noted that they were closed on 9 January 2015, following the corresponding repayment of all mortgages, as a result of the transfer of the Mantua and Molfetta outlet centres.

The item includes the reversal to the income statement of the Cash Flow Hedging reserve, deferred in terms of equity, until 30 September 2013.

49. Profit (loss) from trading of financial assets

The item is composed as follows:

	30.09.2014	30.09.2013
Financial assets designated at fair value		
Trading profit/loss	(659.983)	(13.910)
Derivative financial instruments	3.085.708	(1.163.825)
	2.425.725	**(1.177.735)**

The item is attributable to the net effect:

- of the forward purchase of the Moncler security by the Parent Company, which involved the recognition, at the date of the effective settlement of the purchase (June 2014), of a profit of EUR 1,4 million, calculated as the differential between the fair value of the security at the time of the settlement and the contractually defined purchase price;
- of the negative change in the fair value (EUR 0,7 million) of the securities classified as financial assets held for trading, attributable almost entirely to the Moncler security acquired under the transaction described previously;
- of the positive contribution of EUR 1,7 million from Mittel Partecipazioni Stabili S.r.l. due to the management of some derivatives with underling assets in the form of the listed shares held by said entity.

50. Income taxes

The amount is composed as follows:

	30.09.2014	30.09.2013
IRES (corporate income tax)	299.817	(906.318)
IRAP (regional business tax)	(945.065)	(805.775)
Taxes of previous years	3.326.860	557.968
Total current taxes	**2.681.612**	**(1.154.125)**
Deferred tax liabilities	9.661.492	(3.350.655)
Prepaid income taxes	(1.252.682)	795.209
Total deferred taxes	**8.408.810**	**(2.555.446)**
Other taxes	-	(37.500)
Total income taxes	**11.090.422**	**(3.747.071)**

The company’s income taxes stood at a positive EUR 11,1 million, marking an increase of EUR 14,8 million compared to the previous year. This effect is mainly due, for an amount of EUR 8,9 million, to the release of surplus deferred tax liabilities allocated on the higher book values of the properties with respect to the corresponding tax values, which were reversed to the income statement in the year following the finalisation of the sale of the Mantua and Molfetta outlet centres.

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

The item is composed as follows:

	30.09.2014	30.09.2013
Profit (loss) for the year pertaining to non controlling interests	(18.358.253)	(3.012.680)
	(18.358.253)	**(3.012.680)**

52. Basic and diluted earnings (loss) per share

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

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

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

Basic and diluted earnings or loss per share attributable to the Parent Company as at 30 September 2014, compared with the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	**30.09.2014**	**30.09.2013(*)**
From income statement:		
- Basic	(0,463)	(0,458)
- Diluted	(0,463)	(0,458)
From comprehensive income:		
- Basic	(0,643)	0,109
- Diluted	(0,643)	0,109

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 1 October 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of basic earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 30 September 2014, compared with the previous year, is as follows:

Basic earnings/(loss) per share attributable to the Parent Company	**30.09.2014**	**30.09.2013**
(no. ordinary shares)		
No. of shares at start of the year	87.907.017	84.352.014
Average weighted number of ordinary shares subscribed in the year		-
No. of shares at start of the year	(15.308.706)	-
Average weighted number of treasury shares acquired in the year	-	(3.240.868)
Average weighted number of treasury shares sold in the year	-	1.888.930
Average weighted number of shares outstanding at the end of the year	**72.598.311**	**83.000.077**
EUR		
Net profit/(loss) attributable to the Parent Company	**(33.589.692)**	**(38.012.266)**
EUR		
Basic earnings/(loss) per share attributable to the Parent Company	**(0,463)**	**(0,458)**
EUR		
Total net profit/(loss) attributable to the Parent Company	**(46.655.618)**	**9.038.668**
EUR		
Total basic earnings/(loss) per share attributable to the Parent Company	**(0,643)**	**0,109**

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 consolidated statement of comprehensive income as at 30 September 2014, compared with the previous year, is as follows:

Diluted earnings / (loss) per share	**30.09.2014**	**30.09.2013**
(no. ordinary shares)		
Average weighted number of shares outstanding at the end of the year	72.598.311	83.000.077
plus shares necessary for:		
subscription of shares	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the year	**72.598.311**	**83.000.077**
EUR		
Net profit/(loss) attributable to the Parent Company	(33.589.692)	(38.012.266)
Effect of subscriptions of potential new shares	-	-
Net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(33.589.692)**	**(38.012.266)**
EUR		
Diluted earnings / (loss) per share	**(0,463)**	**(0,458)**
EUR		
Net profit/(loss) attributable to the Parent Company	(46.655.618)	9.038.668
Effect of subscriptions of potential new shares	-	-
Total net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(46.655.618)**	**9.038.668**
EUR		
Total diluted earnings/(loss) per share attributable to the Parent Company	**(0,643)**	**0,109**

The figures relating to the consolidated result and diluted earnings per share of discontinued operations in the current year and in the previous year are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	**30.09.2014**	**30.09.2013**
From assets transferred and disposed:		
- Basic	0,000	0,002
- Diluted	0,000	0,002

53. Consolidated net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with the Recommendation of CESR dated 10 February 2005 “Recommendations for the consistent implementation of the regulation of the European Commission on prospectuses”, it should be noted that the net position of the Mittel group as at 30 September 2014 was a negative EUR 201,8 million (a negative EUR 226,4 million as at 30 September 2013), as shown in the table below:

(Thousands of Euro)	30.09.2014			30.09.2013
	Group	Assets liabilities held for sale (1)	Total	Total
Cash	706		706	48
Other cash equivalents (*) (***)	34.772	1.115	35.887	48.534
Securities held for trading (**)	15.812	-	15.812	17.826
Current liquidity	**51.290**	**1.115**	**52.405**	**66.407**
Current financial receivables (***)	**20.294**	**-**	**20.294**	**30.575**
Current bank payables	(66.968)	(51.902)	(118.870)	(90.140)
Current portion of medium/long-term bank loans	(12.531)	-	(12.531)	(20.369)
Bonds	(1.313)	-	(1.313)	(1.321)
Other current financial payables	(4.016)	-	(4.016)	(11.659)
Current financial debt	**(84.827)**	**(51.902)**	**(136.729)**	**(123.489)**
Net current financial debt	**(13.243)**	**(50.787)**	**(64.030)**	**(26.506)**
Non-current bank payables	(37.511)	-	(37.511)	(100.168)
- Bank payables expiring in the medium-term	(37.511)	-	(37.511)	(100.168)
- Bank payables expiring in the long-term	-	-	-	-
Bonds issued	(96.661)		(96.661)	(96.103)
Other financial payables	(3.640)	-	(3.640)	(3.626)
Non-current financial debt	**(137.812)**	**-**	**(137.812)**	**(199.897)**
Net financial position	**(151.055)**	**(50.787)**	**(201.842)**	**(226.403)**

1) This relates to the net financial debt forming part of the assets and liabilities subject to sale.
(*) The item includes EUR 20 million in liquidity invested in certificates of deposit maturing in May 2015, classified under bank deposits to reflect the agreements made with the issuing bank, which state that the certificates can be readily converted with no risk of a change in the value.
(**) Available-for-sale assets posted under current assets were reclassified to this item.
(***) As at 30 September 2013 and 2014, the item other cash equivalents included EUR 3,0 million in amounts owed classified under current financial receivables in the financial statements, referring to the giro account in place between Earchimede and the investee Mittel Generale Investimenti S.p.A.. This inclusion reflects the fact that the receivables can readily be converted to a known amount of cash, with no risk of a change in the value.

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

54. Commitments and guarantees

As at 30 September 2014, the guarantees below were given, summarised in the following table:

	30.09.2014	30.09.2013
Guarantees:		
financial	-	-
commercial	41.149.414	42.253.580
assets pledged as collateral for third party bonds	4.501.763	15.161.763
Commitments:		
disbursement of funds	17.246.845	20.093.861
other irrevocable commitments	4.283.544	5.687.591
	67.181.566	**83.196.795**

Commercial guarantees refer to the contribution of the Parent Company Mittel S.p.A (EUR 22,2 million), and are mainly composed of EUR 20 million for the guarantee in favour of Liberata S.p.A. issued to secure the equity of Mittel Generale Investimenti S.p.A. against risks on credit, labour law and tax losses, EUR 1,9 million for the sureties in favour of the Italian Inland Revenue for VAT for which a refund/offset was requested and EUR 0,2 million for a surety issued for the rental of its offices. A total of EUR 8,8 million refers to the guarantees issued by Mittel Investimenti Immobiliari S.r.l., Gamma Tre S.r.l., Miva S.r.l. and Lucianita S.r.l., relating to their real estate activities. EUR 10,1 million relates to commercial guarantees of the Fashion District Group, including EUR 2,9 million for a 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 as collateral for third party bonds are composed of EUR 4,5 million in shares owned by Mittel Partecipazioni Stabili S.r.l, represented by 6.000.000 ordinary shares of Intesa Sanpaolo S.p.A. with a nominal value of EUR 0.52 each, and 1.381.763 shares of UBI Banca ScpA with a nominal value of EUR 1 each, to secure a credit facility of EUR 20 million, of which around EUR 8,2 million was used as at 30 September 2014.

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

The item other irrevocable commitments comprises EUR 4,3 million for the guarantee given in the years 2003, 2004 and 2005 in favour of the acquirers of leasing contracts transferred by the subsidiary Locaeffe S.r.l. in liquidation.

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

55. Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, in the year 2013-2014, 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	0	85.238.152	30.026.950	**115.265.102**
Current assets				**-**
Financial receivables	0	3.054.017	260.077	**3.314.094**
Sundry receivables and other assets	0	3.050	20.807	**23.857**
Non-current liabilities				
Financial payables	0	0	0	**0**
Current liabilities				
Financial payables	0	1.211.772	0	**1.211.772**
Sundry payables and other liabilities	995.307	7.208.513	0	**8.203.820**
Conto economico				
Ricavi	0	388.252	293.150	**681.402**
Other income	0	7.500	3.921	**11.421**
Costs for services	(6.068.171)	(369.940)	0	**(6.438.111)**
Personnel costs	(27.173)	0	(747.986)	**(775.159)**
Dividends	0	0	668.400	**668.400**
Financial income	0	1.962.776	857.689	**2.820.465**
Financial expenses	0	(214.027)	0	**(214.027)**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Liberata S.p.A. (EUR 33,7 million), by Ghea S.r.l. to Bios S.p.A. (EUR 50,0 million) and to the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 1,6 million). Receivables due from other related parties (EUR 30 million) relate to the loan in place with "Fondo Augusto", a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by Castello SGR S.p.A..

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

- The item sundry receivables and other assets refers to the amount due to Mittel S.p.A. from Castello and Bios S.p.A. and chargebacks of rents and sundry services.

- The item financial payables refers to the price adjustment for Liberata S.p.A. (EUR 1,2 million) relating to the transfer of Mittel Generale Investimenti S.p.A..

- The item sundry payables and other current liabilities refers to the amount due to directors and statutory auditors for fees accrued but still to be paid and to the amount due to the joint subsidiary Bios S.p.A. (EUR 7,2 million) following the acquisition by Mittel S.p.A. of a corresponding tax receivable amount, for which a refund was requested, in execution of the agreement of 18 May 2011 relating to the acquisition of Tethys S.p.A. shares as per the contract of 18 May 2011.

- The item Revenues and other income refers to the chargeback of administrative services and direct debit services provided to third parties.

- The item costs for services refers to EUR 5,2 million in directors' fees (of which EUR 2,4 million relating to the agreement reached with Mr. Arnaldo Borghesi, better detailed in "significant events in the year"), fees to the Board of Statutory Auditors (EUR 0,5 million), the chargeback of services by Mittel Investimenti Immobiliari S.r.l. to Mittel Generale Investimenti S.p.A. (EUR 0,1 million), the chargeback of services by Mittel S.p.A. to Mittel Generale Investimenti S.p.A. (EUR 0,3 million) and fees paid to attorneys and key managers of Mittel S.p.A. (EUR 0,4 million). For further details, please refer to the "Report on Remuneration" which will be available on www.mittel.it, "investor relations" section, according to the legal terms.

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

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

- The item financial income refers to interest income of EUR 1,9 million accrued by Mittel S.p.A. from Liberata S.p.A., interest of EUR 0,9 million accrued from Fondo Augusto (Augusto Fund), and the remainder relating to interest income accrued from Everel Group S.p.A., and interest income accrued by Earchimede S.p.A. from Mittel Generale Investimenti S.p.A..

- The item financial expenses essentially refers to interest expenses accrued on loans granted by Mittel Generale Investimenti S.p.A. to Mittel Investimenti Immobiliari S.r.l. and Breme S.r.l..

56. Additional disclosures on financial instruments and risk management policies

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

56.1 Fair value measurement

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

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

For the financial instruments outstanding as at 30 September 2014, and for comparative purposes, as at 30 September 2013, the table below illustrates the fair value hierarchy of financial assets and liabilities designated at fair value on a recurring basis: level 3 includes the book values of unlisted available-for-sale financial assets recognised at cost in the absence of an available fair value, amounting to EUR 8,9 million as at 30 September 2014 and EUR 5,6 million as at 30 September 2013):

	30 September 2014			30 September 2013		
(Thousands of Euro)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Available-for sale assets designated at fair value:						
Investments designated at fair value with a contra-entry in Other comprehensive profit/(loss)	33.423	26.935	42.509	41.678	32.648	63.064
Investments designated at fair value with a contra-entry in the Income Statement	-	-	-	-	-	-
Other non-current securities	-	-	30	-	-	30
Total Assets	**33.423**	**26.935**	**42.539**	**41.678**	**32.648**	**63.094**
Other financial liabilities:						
Hedging derivatives	-	(2.804)	-	-	(3.652)	-
Trading derivatives	-	-	-	(1.088)	-	-
Total liabilities	**-**	**(2.804)**	**-**	**(1.088)**	**(3.652)**	**-**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 30 September 2014, and for comparative purposes, as at 30 September 2013, are shown indicating the valuation criteria applied and, for financial instruments designated at fair value, the exposure (income statement or equity), specifically assigning the fair value category. The last column of the table shows, where applicable, the fair value of the financial instrument at the end of the year.

Situation as at 30 September 2014

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

Notes

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

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

Situation as at 30 September 2013

(Thousands of Euro)

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements – Financial instruments designated at fair value – with change in fair value with contra-item recognised in: *Income statement*	*Equity in Other comprehensive profit (loss)*	Total Fair Value (A)	Fair Value Hierarchy – Level 1	Level 2	Level 3	Financial instruments designated at amortised cost (B)	Unlisted investments measured at cost (Level 3) (C)	Financial statement total as at 30 September 2013 (A+B+C)	Fair value as at 30 September 2013
ASSETS										
Investments (e)	3.300	-	**3.300**	-	-	3.300	**-**	**-**	**3.300**	**3.300**
Available-for-sale investments (c)	-	-	**-**	-	-	-	**-**	**5.597**	**5.597**	**5.597**
Available-for-sale investments (a) (d)	-	131.792	**131.792**	41.678	32.647	57.467	**-**	**-**	**131.792**	**131.792**
Available-for-sale debt securities (a) (d)	-	30	**30**	-	-	30	**-**	**-**	**30**	**30**
Other available-for-sale financial assets (d)	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
Non-current financial receivables (b)	-	-	**-**	-	-	-	**90.808**	**-**	**90.808**	**84.882**
Other receivables and financial assets (*) (b)	13.627	-	**13.627**	-	-	13.627	**926**	**-**	**14.553**	**14.553**
Other assets (*)	-	-	**-**	-	-	-	**259**	**-**	**259**	**259**
Current financial receivables (b)	-	-	**-**	-	-	-	**80.717**	**-**	**80.717**	**80.491**
Trade receivables (*) (b)	-	-	**-**	-	-	-	**12.881**	**-**	**12.881**	**12.881**
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**2.783**	**-**	**2.783**	**2.783**
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**45.617**	**-**	**45.617**	**45.617**
	16.927	**131.822**	**148.749**	**41.678**	**32.647**	**74.424**	**233.991**	**5.597**	**388.337**	**382.185**
LIABILITIES										
Bond loans (current and non current) (b)	-	-	**-**	-	-	-	**(97.424)**	**-**	**(97.424)**	**(103.277)**
Financial payables (current and non current) (*) (b)	-	-	**-**	-	-	-	**(217.596)**	**-**	**(217.596)**	**(217.596)**
Financial payables (b) (f)	-	-	**-**	-	-	-	**(3.626)**	**-**	**(3.626)**	**na**
Other financial liabilities (d)	(1.088)	(3.652)	**(4.740)**	(1.088)	(3.652)	-	**-**	**-**	**(4.740)**	**(4.740)**
Trade payables (*) (b)	-	-	**-**	-	-	-	**(13.068)**	**-**	**(13.068)**	**(13.068)**
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(15.004)**	**-**	**(15.004)**	**(15.004)**
	(1.088)	**(3.652)**	**(4.740)**	**(1.088)**	**(3.652)**	**-**	**(346.718)**	**-**	**(351.458)**	**(353.685)**

Notes

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

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

Fair value valuation techniques:

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

I. Fair value measurement of financial assets and liabilities:

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

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

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

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

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

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

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

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

Measurement of non-controlling interests recorded in the portfolio of financial assets held for trading refer to the current fair value with recognition of the changes in the Income statement.
As at 30 September 2014, 100% of non-controlling interests recorded in the statement of financial position under assets held for trading are listed in active markets, for which a listing or a price is available, classified in level 1 of the fair value hierarchy. Instruments listed on active markets, both Official and Over the Counter, fall into this category;
As at 30 September 2014, the investments designated at fair value include the shares of Moncler S.p.A. (EUR 9,0 million) and of Danieli S.p.A. (EUR 0,3 million).

III. Fair value measurement of equities represented by non-controlling interests recorded in the AFS portfolio

The valuation techniques used to measure the fair value of the non-controlling interests recognised in the AFS portfolio include:

- the reference to market values that can be indirectly linked to the instrument to be measured and taken from similar products in terms of risk characteristics (comparable approach);
- valuations performed by using inputs not taken from observable market parameters for which use is made of estimates and assumptions prepared by the evaluator (mark to model approach).

In detail, for the fair value measurement of equities, different valuation methods are to be used, which involve the use of inputs deriving from direct transactions, i.e.:

- significant share transactions over a period of time deemed sufficiently short with respect to the time of the valuation and under constant market conditions;
- comparable transactions of companies that operate in the same sector and with any type of product/service supplied similar to those of the investee subject to valuation;
- application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee, and
- the application of analytical financial, profit and equity valuation methods.

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

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

As at 30 September 2014, 58,4% of non-controlling interests recorded in the statement of financial position under available-for-sale assets was valued according to methods using the fundamental analysis of the company (level 3).
As at 30 September 2014, 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).

Variations in the year to financial assets designated at fair value level 3

In the year ended 30 September 2014, no transfers of financial assets and liabilities designated at fair value on a recurring basis from level 3 to other levels and vice-versa were effected, and vice versa, deriving from changes to significant input variables of observable valuation techniques, with the exception of “Istituto Atesino di Sviluppo” available-for-sale financial assets, held by Mittel Partecipazioni Stabili S.r.l., whose book value (EUR 3,3 million), originally calculated as fair value level 2, was qualified this year as cost (level 3) at the time of first-time application of IFRS 13.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the year ended at 30 September 2014, including profits/(losses) booked to the income statement, are shown below:

Amounts in EUR		**Financial assets:**	
	At fair value through profit or loss (FVTPL)	Available-for-sale assets (AFS)	Derivatives
Balance as at 1 october 2013	**-**	**63.094**	**-**
Profit/losses in the year:			
- in the income statement	-	(18.226)	-
- in the statement of comprehensive income	-	(2.985)	-
Other changes:			
Purchases	-	1.294	-
Transfers	-	-	-
Reimbursements	-	(3.951)	-
Accounting eliminations and reclassifications	-	-	-
Reclassifications to other levels of the fair value hierarchy	-	3.313	-
Balance as at 30 september 2014	**-**	**42.539**	**-**

Available-for-sale financial assets designated at fair value level 3 refer mainly to the shares held in the share capital of Azimut Benetti S.p.A. for EUR 20,2 million (EUR 29,2 million as at 30 September 2013), shares held in Fondo Augusto (mutual real estate investment fund) amounting to EUR 14,5 million (EUR 14,4 million at 30 September 2013), shares held in the mutual investment funds Fondo Progressio Investimenti I and II (Progressio Investimenti Funds I and II), amounting to EUR 14,3 million (EUR 4,3 million at 30 September 2013), shares held in Micro Venture Finance S.p.A. amounting to EUR 4,1 million (EUR 4,1 million at 30 September 2013), shares held in the mutual real estate investment fund Cosimo I amounting to EUR 4,0 million (EUR 4,0 million at 30 September 2013) and shares held in Equinox Two ScA amounting to EUR 3,2 million (EUR 3,7 million at 30 September 2013).

The values shown in the previous table also include unlisted available-for-sale financial assets booked at cost in the absence of an available fair value, which present a value of EUR 8,9 million, an increase compared to EUR 5,6 million in the previous year, due to the described reclassification of the security “Istituto Atesino di Sviluppo” (amounting to EUR 3,3 million).

With reference to financial instruments subject to fair value measurement and classified in level 3 of the fair value hierarchy (shares in private equity funds, non-controlling interests, etc.), a sensitivity analysis is not produced because the fair value quantification methods do not allow alternative hypotheses to be developed as regards the non-observable inputs used for the measurement, or because the effects of the change of said inputs are not deemed relevant, with the exception of the investment in Azimut Benetti S.p.A., in respect of which a sensitivity analysis is possible, owing to the measurement model used; in particular, in the event of use of the maximum value envisaged for the non-observable inputs (cash discount), a lower investment value would be recorded with respect to the one reported in the financial statements, with an impact on the income statement totalling EUR 2,7 million; otherwise, if the minimum value is used, a higher gross value would be recorded in the valuation reserve for EUR 2,7 million with respect to the value reported in the financial statements.

56.2 Classifications of financial instruments

Categories of financial assets and liabilities

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

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

	IAS 39 CATEGORIES				
Financial assets at 30 September 2014	Financial instruments designated at fair value	Assets held to maturity	Loans and recevaibles	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	96.359.888	**96.359.888**
Bonds	-	-	-	30.000	**30.000**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	146.840.674	-	**146.840.674**
Sundry receivables	-	-	277.605	-	**277.605**
Receivables due from related parties	-	-		-	**-**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	23.388.997	-	**23.388.997**
Current financial assets:					
Financial receivables	-	-	10.113.522	-	**10.113.522**
Sundry receivables	-	-	13.234.437	-	**13.234.437**
Other financial assets	9.305.220	-	-	6.506.659	**15.811.879**
Cash and cash equivalents					
Bank and postal deposits	-	-	31.718.367	-	**31.718.367**
TOTAL FINANCIAL ASSETS	**9.305.220**	**-**	**225.573.602**	**102.896.547**	**337.775.369**

Financial assets at 30 September 2013	IAS 39 CATEGORIES 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 and fund shares	-	-	-	119.563.635	**119.563.635**
Bonds	-	-	-	30.000	**30.000**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	105.362.066	-	**105.362.066**
Sundry receivables	-	-	294.824	-	**294.824**
Receivables due from related parties	-	-		-	**-**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	26.909.465	-	**26.909.465**
Current financial assets:					
Financial receivables	-	-	80.717.133	-	**80.717.133**
Sundry receivables	-	-	2.783.322	-	**2.783.322**
Investments and fund shares	-	-	-	17.826.076	**17.826.076**
	-	-	-	-	**-**
Cash and cash equivalents					
Bank and postal deposits	-	-	45.569.487	-	**45.569.487**
TOTAL FINANCIAL ASSETS	**-**	**-**	**261.636.297**	**137.419.711**	**399.056.008**

Financial liabilities as at 30 September 2014	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	-	37.511.425	**37.511.425**
Other financial liabilities	-	3.639.610	**3.639.610**
Sundry payables and other liabilities	-	896.054	**896.054**
Bonds	-	96.660.922	**96.660.922**
Current liabilities:			
Payables due to banks and other lenders	-	80.710.121	**80.710.121**
Trade payables	-	10.499.698	**10.499.698**
Sundry payables	-	15.742.523	**15.742.523**
Bonds	-	1.313.142	**1.313.142**
Other financial liabilities:			
Hedging derivatives	2.803.791	-	**2.803.791**
Non-hedge derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**2.803.791**	**246.973.495**	**249.777.286**

As regards financial assets and liabilities held for disposal (values not included in the table shown above), refer to note 18 of these financial statements.

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

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

56.3 Risk management policies

1. Credit risks

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

As regards credit risk pertaining to income components that contribute to the calculation of Net financial debt, it should be noted that the management of Group liquidity is based on prudential criteria and is structured into the following areas:

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

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

Qualitative information

General aspects

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

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

Quantitative information

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

Credit exposures

Credit exposures: gross and net values

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

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Exposures written down	23.713.295	(20.463.882)	-	3.249.413
- Restructured exposures	1.788.435	-	-	1.788.435
	25.501.730	**(20.463.882)**	**-**	**5.037.848**
Performing exposures				
- Past due exposures	13.411.528	-	-	13.411.528
- Other exposures	151.739.257	-	-	151.739.257
	165.150.785	**-**	**-**	**165.150.785**
Total as at 30 September 2014	**190.652.515**	**(20.463.882)**	**-**	**170.188.633**
Total as at 30 September 2013	**212.630.696**	**(23.768.175)**	**-**	**188.862.521**

The data relating to the financial statements for year ended 30 September 2013 are shown below.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Exposures written down	23.844.958	(20.601.798)	-	3.243.161
- Restructured exposures	2.182.889	-	-	2.182.889
	26.027.847	**(20.601.798)**	**-**	**5.426.050**
Performing exposures				
- Past due exposures	13.143.598	-	-	13.143.598
- Other exposures	173.459.251	(3.166.378)	-	170.292.873
	186.602.849	**(3.166.378)**	**-**	**183.436.471**
Total as at 30 September 2013	**212.630.696**	**(23.768.175)**	-	**188.862.521**
Total as at 30 September 2012	**225.105.269**	**(19.513.919)**	**-**	**205.591.350**

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

Details of trade receivables as at 30 September 2014 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"):

	30.09.2014		
	Nominal value	Write-downs	Net value
Falling due	8.006.823	(1.678.336)	6.328.487
0-180 days	830.021	(567.373)	262.648
180-360 days	1.196.359	(1.196.359)	-
After 360 days	3.211.836	(3.192.498)	19.338
	13.245.039	**(6.634.566)**	**6.610.473**

The data relating to the financial statements for year ended 30 September 2013 are shown below.

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

Positions for which there is an objective condition of partial or total uncollectability are subject to an individual write-down. The amount of the write-down takes account of the estimate of recoverable flows, the relative collection date and the fair value of any guarantees.

With reference to the valuation criteria of loans and receivables, it should be noted that these financial assets are subject to impairment only if there is objective evidence of a reduction in value as a result of one or more events that occurred after the initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the asset.
Expected losses from future events are not incorporated in the impairment estimates, regardless of the likelihood of occurrence (expected loss). If the presence of impairment is verified, Group companies proceed with the evaluation with reference to each receivable when individually significant or when it becomes significant in consideration of the receivables as a whole.
Group companies calculate impairment according to rules which are differentiated by the different credit accounting methods; in particular, the method for calculating the amount of impairment applicable to the loans and receivables recorded at amortised cost requires the impairment loss on loans and receivables or investments held to maturity and recognised at amortised cost to be measured as the difference between the book value of the asset and present value of estimated future cash flows discounted at the original effective interest rate of the financial instrument.
From an accounting point of view, the value of the asset must be reduced directly or indirectly through an allocation to the liability provision; the amount of the adjustment is recognised in the income statement in the period.

Cash and cash equivalents

Cash and cash equivalents of the Group totalled EUR 32.424 thousand (EUR 45.617 thousand as at 30 September 2013) and are composed of bank deposits.
As regards the choice of counterparties for the management of temporary surpluses of cash and the stipulation of financial hedge contracts (derivative instruments), the Group only uses contacts with a high credit standing.
In this regard, it should be noted that, as at 30 September 2014, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given

The financial statement values as at 30 September 2014 and 2013 relating to the financial and commercial guarantees issued, assets pledged as collateral in favour of third parties for financial liabilities and irrevocable commitments are shown below:

	30.09.2014	**30.09.2013**
Financial guarantees issued	4.501.763	15.161.763
Commercial guarantees issued	41.149.414	42.253.580
Irrevocable commitments to disburse funds	17.246.845	20.093.861
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	4.283.544	5.687.591
	67.181.566	**83.196.795**

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

2. Market risks

Interest rate risk

General aspects

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

Derivative financial instruments hedging interest rate risk

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

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

Hedge accounting is carried out from the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate report (so-called hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness.
In particular, the "cash flow hedge" method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, adjusting the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary prospective tests.
Hedge Accounting is carried out from
the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate report (the hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness. In particular, the "cash flow hedge" method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, which is used to adjust the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary retrospective and prospective tests.
The fair value of the Interest Rate Swap contracts is obtained by discounting cash flows, determined as the differential between fixed and variable interest rates provided for in the contract. It should be noted that, on 9 January 2015, all Interest Rate Swaps were closed, also as a result of the sale of the outlets finalised by the subsidiary Fashion District Group S.p.A. and subsequent repayment of the mortgages subject to hedging.
For more details, please refer to previous note 29 which contains an analysis of the economic effect of derivative financial instruments.

Quantitative information

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

Distribution by repricing date of financial assets and liabilities

Amounts in thousands of Euro

Items/residual duration	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Assets							
Debt securities							-
Medium/long-term financial receivables			97.450.592	45.863.318	1.618.737	1.908.027	146.840.674
Current financial receivables	21.223.379	2.124.580					23.347.959
	21.223.379	**2.124.580**	**97.450.592**	**45.863.318**	**1.618.737**	**1.908.027**	**170.188.633**
Liabilities							
Non-current bank loans			(37.511.425)				(37.511.425)
Current bank loans	(75.053.901)	(5.656.220)					(80.710.121)
Other financial payables						(3.639.610)	(3.639.610)
Bonds	(1.313.142)				(96.660.922)		(97.974.064)
	(75.053.901)	**(5.656.220)**	**(37.511.425)**	**-**	**-**	**(3.639.610)**	**(219.835.220)**
Financial derivatives							
Hedging derivatives	(2.803.791)						(2.803.791)
Trading derivatives							-
	(2.803.791)	**-**	**-**	**-**	**-**	**-**	**(2.803.791)**
	(56.634.313)	**(3.531.640)**	**59.939.167**	**45.863.318**	**1.618.737**	**(1.731.583)**	**(52.450.378)**

The data relating to the previous year are shown below:

Amounts in thousands of Euro

Items/residual duration	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Assets							
Debt securities							-
Medium/long-term financial receivables			55.031.435	32.250.000	14.797.811	3.282.820	105.362.066
Current financial receivables	68.164.690	15.335.764					83.500.454
	68.164.690	**15.335.764**	**55.031.435**	**32.250.000**	**14.797.811**	**3.282.820**	**188.862.520**
Liabilities							
Non-current bank loans			(68.369.623)	(15.686.447)	(16.111.848)		(100.167.918)
Current bank loans	(100.325.274)	(10.183.725)					(110.508.999)
Other financial payables	(6.918.659)					(3.625.610)	(10.544.269)
Bonds	(1.320.537)				(96.103.299)		(97.423.836)
	(107.243.933)	**(10.183.725)**	**(68.369.623)**	**(15.686.447)**	**(16.111.848)**	**(3.625.610)**	**(318.645.022)**
Financial derivatives							
Hedging derivatives	(748.452)	(492.351)	(1.326.366)	(1.085.211)			(3.652.380)
Trading derivatives	(1.088.367)						(1.088.367)
	(1.836.819)	**(492.351)**	**(1.326.366)**	**(1.085.211)**	**-**	**-**	**(4.740.747)**
	(40.916.062)	**4.659.688**	**(14.664.554)**	**15.478.342**	**(1.314.037)**	**(342.790)**	**(134.523.249)**

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

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

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

Qualitative information

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
Market risks are composed of position, settlement and concentration risk, with reference to the trading portfolio for supervisory purposes; from exchange risk to the position risk on commodities, with reference to the entire financial statements.
The investment process starts with an analytical activity carried out jointly on a daily basis by the Manager of Securities Investments and the Front Office Manager, which together form the Securities Investments Area. This activity consists essentially of an analysis of the market scenario (i.e. the existing macroeconomic context in terms of real variables, monetary conditions, current dominant themes..) plus verification of the temporary phase of the various financial markets (in terms of volatility, liquidity,..), supplementing the data with detailed technical information available (research on specific aspects). This analysis is conducted by using IT platform media (mainly Bloomberg and the Internet) and written research distributed via e-mail and the web by the main foreign and Italian intermediaries. Subsequently, via discussions and an exchange of opinions, the “market view” is prepared, which is, in any case, updated constantly during each day of operations. This phase of the process consists of: (i) the preparation/revision of expectations regarding development in the values of the various asset classes (bonds, shares, currencies,..); (ii) the identification of the target asset classes for the construction of investment portfolios; (iii) the evaluation of relationships of correlation between the different asset classes.

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

Quantitative information

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

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

Other quantitative information on price risk

Qualitative information

General aspects

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

Quantitative information

The Group has no exposures in foreign currency.

Sensitivity analysis

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

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

- the sensitivity analyses were carried out by applying reasonably possible changes in the relevant risk variables to financial statement values as at 30 September 2014, assuming that said values are representative of the entire year;
- changes in the value of fixed rate financial instruments, other than derivative instruments, brought about by variations in interest rates, generate an impact on profit only when accounted for at their fair value, as per IAS 39. All fixed rate instruments which are accounted for at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- changes in the value of the financial instruments designated in a cash flow hedge relationship, brought about by variations in interest rate, generate an impact on the level of debt and equity and, therefore, are taken into consideration in this analysis;
- changes of value brought about by variations in interest rates, variable rate financial instruments, other than derivative instruments, which are not part of a cash flow hedge relationship, generate an impact on financial income and expenses in the year; therefore, they are taken into consideration in this analysis.

Interest rate risk – Sensitivity analysis

The variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income. In particular, in relation to the variation in interest rates: if, at 30 September 2014, the interest rates were 100 basis points higher/lower than the rates actually registered, at income statement level, higher/lower financial expenses would be recorded, before the associated taxes, amounting to EUR 1,1 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 was taken of the book value and, as regards financial assets, of the intrinsic nature (financial characteristics and duration) of the transactions considered, rather than solely the contractually defined conditions.

Amounts in thousands of Euro	30 September 2014		
	Fixed rate	Variable rate	Total
Bank loans	31.727	85.283	**117.010**
Bonds	97.974		**97.974**
Other financial liabilities	3.640	1.212	**4.851**
Total	**133.340**	**86.495**	**219.835**

The data relating to the previous year are shown below:

Amounts in thousands of Euro	30 September 2013		
	Fixed rate	Variable rate	Total
Bank loans	31.394	179.283	**210.677**
Bonds	97.424		**97.424**
Other financial liabilities	6.248	4.296	**10.545**
Total	**135.066**	**183.579**	**318.645**

Amounts in thousands of Euro	30 September 2014		
	Fixed rate	Variable rate	Total
Financial receivables	74.385	95.804	**170.189**
Other financial assets	-	-	**-**
Total	**74.385**	**95.804**	**170.189**

The data relating to the previous year are shown below:

Amounts in thousands of Euro	30 September 2013		
	Fixed rate	Variable rate	Total
Financial receivables	6.514	182.349	**188.863**
Other financial assets			**-**
Total	**6.514**	**182.349**	**188.863**

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

Effective interest rate

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

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

Amounts in thousands of Euro

	30 September 2014		30 September 2013	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	32.424	0,2%	45.617	0,5%
Other financial assets	170.189	3,5%	188.863	4,6%
Total	**202.613**	**2,95%**	**234.480**	**3,77%**

Amounts in thousands of Euro

	30 September 2014		30 September 2013	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	117.010	(5,63)%	210.677	(4,17)%
Bonds	97.974	(6,90)%	97.424	(6,90)%
Other financial liabilities	4.851	(1,24)%	10.544	(3,61)%
Total	**219.835**	**(6,10)%**	**318.645**	**(4,99)%**

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

Currency risk – Sensitivity analysis

As at 30 September 2014 (as at 30 September 2013), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the individual companies and, therefore, currency risk is not subject to sensitivity analysis.

3. Liquidity risk

Liquidity risk is the risk of a company finding it difficult to fulfil future obligations associated to the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and expiry dates.
The Group pursues the objective of having an adequate degree of financial flexibility, by maintaining a solvency margin that allows refinancing requirements to be met at least for the next twelve months through the availability of irrevocable bank credit lines, liquidity and short-term hot money.
The company’s goal is to maintain a balance between the bank credit line capacity and the flexibility of financial resources through the use of overdrafts.
A total of 26,4% of gross non-current financial debt as at 30 September 2014 (nominal repayment values) will fall due and/or is subject to revocation within twelve subsequent months.

With reference to the expiries of cash flows related to the Group’s financial exposure, for liquidity risk purposes, the repayment plan set forth for medium-term debt, including medium-term loans obtained for projects to acquire investments, assumes particular significance.
The risk analysis performed is aimed at quantifying, based on contractual expiries, the cash flows deriving from the repayment of non-current financial liabilities held by the company as at 30 September 2014, given deemed relevant for liquidity risk purposes.
For the purposes of a representation of the liquidity risk on the financial exposure of the company deriving from expected cash flows for the repayment of financial debt and other non-current liabilities, the development of cash flows relating to the plan of payments for annual periods is shown below.

Amounts in thousands of Euro	**expiring within 30.9 of the year:**				
	2015	**2016**	**2017**	**After 2017**	**Total**
Bank loans	79.498	37.511	-	-	117.010
Other loans	1.212	-	-	3.640	4.851
Bonds	5.992	5.992	5.992	111.838	129.814
Derivative financial instruments	2.804	-	-	-	2.804
Total	**89.506**	**43.503**	**5.992**	**115.478**	**254.479**

Amounts in thousands of Euro	expiring within 30.9 of the year:				
	2015	**2016**	**2017**	**After 2017**	**Total**
Hedging derivatives - net disbursement (collections)	2.804	-	-	-	2.804
Non-hedge derivatives - net disbursements (collections)					-
Total	**2.804**	**-**	**-**	**-**	**2.804**

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 6 million ordinary Intesa Sanpaolo S.p.A. shares and 1.381.763 UBI Banca S.c.p.A. shares, classified under available-for-sale financial assets, to secure a credit facility of EUR 20 million, of which around EUR 8,2 million was used as at 30 September 2014.

It should be noted that the above table does not show the current bank payables of the Group headed up by Fashion District Group S.p.A., amounting to EUR 51,9 million, classified under the item Liabilities held for disposal and fully repaid in December 2014, following the transfer of the Outlet centres.

It should be noted that non-compliance with covenants would involve the acceleration clause. As at 30 September 2014, these covenants were respected.

For additional information on the covenants of the Mittel Group, please refer to the paragraph Risk of default and debt covenants in the report on operations.

4. Information on equity

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

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

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. under extraordinary administration) are detailed in the paragraph "Main ongoing legal proceedings".

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

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

1) Auditing services which include:
   - auditing of the annual accounts, targeted at expressing a professional judgment;
   - auditing of the interim accounts.

2) Certification services which include offices with which the auditor assesses a specific element, whose determination is made by another responsible party, through the necessary criteria, in order to reach a conclusion that provides the recipient with a degree of reliability in relation to said specific element.
3) Tax consultancy services.
4) Other services.

The fees shown in the table, pertaining to the year 2013-2014, are those set out in the contract, including any indexing (but not including out-of-pocket expenses, any supervisory fees and VAT).

As per the aforementioned provision, the fees paid to any secondary auditors or subjects in the respective networks are not included.

Type of services	Service provider		Recipient	Fees (in €/.000)
	Independent auditors	Other entities belonging to the network		
Auditing	Deloitte & Touche S.p.A.		Mittel S.p.A.	201
Certification services*	Deloitte & Touche S.p.A.		Mittel S.p.A.	15
Tax consultancy services				
Other services - Signing of tax declarations	Deloitte & Touche S.p.A.		Mittel S.p.A.	4
Total				**220**

*Certification on Financial Covenants

Type of services	Service provider		Recipient	Fees (in €/.000)
	Independent auditors	Other entities belonging to the network		
Auditing	Deloitte & Touche S.p.A.		Mittel Group	289
Certification services				
Tax consultancy services				
Other services - Signing of tax declarations	Deloitte & Touche S.p.A.		Mittel Group	13
Total				**302**

Milan, 19 January 2015

for the Board of Directors

The Chairman

(Franco Dalla Sega)

Annexes and supplementary statements

List of investments

					%		€/000		€/000	€/000	€/000	€/000	€/000
	Registered office		Share capital	Nominal value	Interest	Availability votes in shareholders' meeting	Business performed	Book value	Close of the year	Assets Statements of financial position	Liabilities Statements of financial positions	Shareholders' equity	Last result	Revenues
Investments														
Direct														
Chase Mittel Capital Holding II NV in liquidation	Netherlands Antilles	€	18.720	-	27,55	27,55	Financial	6	31 Dicembre	-	-	9	-	-
Tower 6 bis S.a.r.l.	Luxembourg	€	4.500.000	10	49,00	49,00	Investment Holding	19.727	31 Dicembre	25.192	20.245	4.947	(130)	-
Brands Partners 2 S.p.A. in liquidation	Milan - Italy	€	150.000	1	25,20	25,20	Investment Holding	420	31 Ottobre	8.663	128	8.535	11	50
Liberata S.p.A.	Milan - Italy	€	6.750.000	1	27,00	27,00	Investment Holding	5.301	30 Settembre	80.733	70.602	10.131	(333)	3.682
Bios S.p.A.	Milan - Italy	€	3.000.000	1	34,37	34,37	Investment Holding	25.666	31 Dicembre	201.270	101.105	100.165	62.627	-
Everel Group S.p.A.	Verona - Italy	€	15.359.290	-	30,00	30,00	Industrial	-	31 Dicembre	34.257	20.104	14.153	1.049	50.770
Sunset S.r.l. in liquidation	Brescia - Italy	€	55.529	1	100,00	100,00	-	1	31 Dicembre	35	1.335	(1.300)	(71)	-
Castello SGR S.p.A.	Milan - Italy	€	2.664.556	1	20,24	20,24	Fund management	2.945	31 Dicembre	18.170	4.460	13.710	2.194	9.995
Mit.Fin S.p.A.	Milan - Italy	€	200.000	1	30,00	30,00	Financial	156	31 Dicembre	1.148	248	900	33	1.625
Indirect														
Mittel Generale Investimenti S.p.A.	Milan - Italy	€	17.000.000	1	100,00	100,00	Financial	1.462	30 Settembre	208.986	123.438	85.548	3.891	7.933
Superpartes S.p.A.	Brescia - Italy	€	260.436		11,89	11,89		500	31 Dicembre	721	403	318	(167)	392
Total								**56.184**						

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

The undersigned Giorgio Franceschi, Appointed Director and Pietro Santicoli, Manager responsible for preparing the Company's financial reports of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, attest to the adequacy of the characteristics of the company and the effective application of administrative and accounting procedures for the preparation of the consolidated financial statements for the year ended as at 30 September 2014.

It is also certified that the consolidated financial statements for the year ended as at 30 September 2014:

a) were drafted in compliance with the international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the book results and accounting records;

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

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

Milan, 19 January 2015

Appointed Director	Manager responsible for preparing the Company's financial reports
Giorgio Franceschi	Pietro Santicoli

Deloitte.

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

To the Shareholders of MITTEL S.p.A.

1. We have audited the consolidated financial statements of Mittel S.p.A. and subsidiaries (the "Mittel Group"), which comprise the statement of financial position as of September 30, 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

   The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the Company's Directors restated some of the corresponding figures included in the prior year consolidated financial statements audited by us, whose report was dated January 27, 2014. We have examined the methods used to restate the prior year corresponding figures and the related disclosures for the purpose of expressing an opinion on the consolidated financial statements as of September 30, 2014.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Mittel Group as of September 30, 2014, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of Mittel S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the consolidated financial statements of the Mittel Group as of September 30, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
January 27, 2015

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

Separate Financial Statements as at 30 September 2014

STATEMENT OF FINANCIAL POSITION (*)

Amounts in Euro

	Notes	30.09.2014	30.09.2013 (**)	01.10.2012(**)
Non-current assets				
Intangible assets	4	173.783	94.634	33.467
Property, plant and equipment	5	394.738	794.959	1.115.755
Investments	6	135.602.653	188.711.861	190.804.293
Financial receivables	7	122.848.208	113.221.372	150.158.056
Other financial assets	8	53.043.990	72.092.385	64.865.718
Sundry receivables and other assets	9	160.105	160.252	263.838
Prepaid tax assets	10	180.501	159.624	972.206
Total non-current assets		**312.403.978**	**375.235.087**	**408.213.333**
Current assets				
Financial receivables	11	77.030.502	89.401.367	54.841.983
Other financial assets	12	9.305.220	-	
Tax assets	13	15.742.692	14.650.220	15.621.044
Sundry receivables and other assets	14	11.668.420	11.526.156	10.212.306
Cash and cash equivalents	15	5.619.207	3.545.199	4.063.954
Total current assets		**119.366.041**	**119.122.942**	**84.739.287**
Assets held for sale		-	-	2.550.000
Total assets		**431.770.019**	**494.358.029**	**495.502.620**
Equity				
Share capital		87.907.017	87.907.017	87.907.017
Share premium		53.716.218	53.716.218	53.716.218
Treasury shares		(25.778.526)	(25.778.526)	-
Reserves		160.652.047	190.120.504	186.138.048
Profit (loss) for the year		(50.366.130)	(27.606.247)	-
Totale Equity	16	**226.130.626**	**278.358.966**	**327.761.283**
Non-current liabilities				
Bond issue	17	96.660.922	96.103.299	-
Financial payables	18	34.379.199	39.163.897	43.825.716
Provisions for personnel	19	834.238	796.627	522.280
Deferred tax liabilities	20	282.512	1.076.132	-
Provisions for risks and charges	21	7.425.857	5.517.826	4.196.800
Sundry payables and other liabilities	22	318.974	2.635.502	1.900.000
Total non-current liabilities		**139.901.702**	**145.293.283**	**50.444.796**
Current liabilities				
Bond issue	23	1.313.142	1.320.537	-
Financial payables	24	50.339.811	56.233.114	101.152.517
Tax liabilities		-	-	348.721
Sundry payables and other liabilities	25	14.084.738	13.152.129	15.745.303
Total current liabilities		**65.737.691**	**70.705.780**	**117.246.541**
Total equity and liabilities		**431.770.019**	**494.358.029**	**495.452.620**

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

(**) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

INCOME STATEMENT (*)

Amounts in Euro

		01/10/2013 30/09/2014	01/10/2012 30.09.2013 (**)
Revenues	26	1.343.789	1.499.317
Other income	27	2.987.542	1.145.305
Costs for services	28	(10.886.237)	(7.643.897)
Personnel costs	29	(3.443.289)	(3.731.234)
Other costs	30	(2.405.454)	(1.833.330)
Dividends	31	35.416.608	9.548.741
Profit (loss) from management of financial activities	32	147.884	160.388
Gross operating margin (EBITDA)		**23.160.843**	**(854.710)**
Amortisation and value adjustments to intangible assets	33	(461.022)	(395.257)
Allocations to the provision for risks	34	(2.440.031)	(4.971.026)
Value adjustments to financial assets and receivables	35	(12.959.912)	(8.736.068)
Value adjustments to investments	36	(57.212.776)	(11.059.549)
Operating result (EBIT)		**(49.912.898)**	**(26.016.610)**
Financial income	37	7.718.491	5.853.931
Financial expenses	38	(10.717.915)	(7.391.665)
Profit (loss) from trading of financial assets	39	773.565	-
Income (loss) before taxes		**(52.138.757)**	**(27.554.344)**
Income taxes	40	1.772.627	(51.903)
Profit (loss) for the year		**(50.366.130)**	**(27.606.247)**

Earnings (loss) per share (in EUR)	41		
- Basic		(0,694)	(0,328)
- Diluted		(0,694)	(0,328)

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

(**) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

STATEMENT OF COMPREHENSIVE INCOME

Amounts in EUR

	Notes	01.10.2013 30.09.2014	01.10.2012 30.09.2013 (*)
Profit (loss) for the year (A)		**(50.366.130)**	**(27.606.247)**
Other comprehensive profit/(loss) that will not be subsequently reclassified under profit (loss) for the year:			
Profits/(losses) from remeasurement of defined benefit plans		(7.995)	(72.262)
Tax effect relating to other profits/(losses)		2.197	19.872
Total other comprehensive profit/(loss) that will not be subsequently reclassified under profit (loss) for the year, net of taxes (B.1)		(5.798)	(52.390)
Other comprehensive profit/(loss) that will be subsequently reclassified under profit (loss) for the year:			
Profits/(losses) from the redetermination of available-for-sale financial assets	16	(3.322.680)	4.592.360
Profits/(losses) from the transfer of available-for-sale financial assets	16	-	-
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	16	672.646	2.671.245
Tax effect relating to other profits/(losses)	16	793.622	(1.948.035)
Total other comprehensive profit/(loss) that will be subsequently reclassified under profit (loss) for the year, net of taxes (B.2)		**(1.856.412)**	**5.315.570**
Total other comprehensive profit/(loss), net of taxes (B) = (B.1) + (B.2)		**(1.862.210)**	**5.263.180**
Total comprehensive profit/(loss) (A) + (B)		**(52.228.340)**	**(22.343.067)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Statement of Changes in Equity for the year ended as at 30 September 2014

Amounts in EUR

	Share capital	Treasury shares	Share premium	Profit reserves	Reserve from remeasurement of defined benefit plans	Reserve from available-for-sale financial assets	Total
Balance as at 30 September 2012 (*)	**87.907.017**	**-**	**53.716.218**	**188.662.638**	**-**	**(2.524.590)**	**327.761.283**
(published figures)							
Effects of the application of IAS 19	-	-	-	61.566	(61.566)	-	**-**
Balance as at 1 october 2012	**87.907.017**	**-**	**53.716.218**	**188.724.204**	**(61.566)**	**(2.524.590)**	**327.761.283**
Increase in share capital	-	-	-	-	-	-	**-**
Assignment of treasury shares	-	(4.140.480)	-	-	-	-	**(4.140.480)**
Transfer of treasury shares	-	3.425.000	-	47.500	-	-	**3.472.500**
Purchase of treasury shares	-	(25.063.046)	-	(1.328.225)	-	-	**(26.391.271)**
Other changes	-	-	-	-	-	-	**-**
Dividends distributed	-	-	-	-	-	-	**-**
Total comprehensive profit/(loss)	-	-	-	(27.606.247)	(52.390)	5.315.570	**(22.343.067)**
Balance as at 30 September 2013 (*)	**87.907.017**	**(25.778.526)**	**53.716.218**	**159.723.276**	**-**	**2.790.980**	**278.358.965**
(published figures)							
Effects of the application of IAS 19	-	-	-	113.956	(113.956)	-	**-**
Balance as at 1 october 2013 (*)	**87.907.017**	**(25.778.526)**	**53.716.218**	**159.837.232**	**(113.956)**	**2.790.980**	**278.358.966**
Increase in share capital	-	-	-	-	-	-	**-**
Assignment of treasury shares	-	-	-	-	-	-	**-**
Transfer of treasury shares	-	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	-	-	**-**
Dividends distributed	-	-	-	-	-	-	**-**
Total comprehensive profit/(loss)	-	-	-	(50.366.130)	(5.798)	(1.856.412)	**(52.228.340)**
Balance as at 30 september 2014	**87.907.017**	**(25.778.526)**	**53.716.218**	**109.471.102**	**(119.754)**	**934.568**	**226.130.626**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Cash flow statement

Amounts in EUR

	30.09.2014	30.09.2013 (*)
OPERATING ACTIVITIES		
Net income (loss) for the year	**(50.366.130)**	**(27.606.247)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:		
Current taxes	(1.753.947)	(70.945)
Deferred taxes	(18.680)	(158.706)
Depreciation of property, plant and equipment	340.300	363.675
Amortisation of intangible assets	120.723	32.245
Dividends received	(35.416.608)	(9.548.741)
Financial income	(7.718.491)	(5.853.931)
Financial expenses	10.717.915	7.391.665
Capital gains (losses) from transfer of equity securities	(147.882)	-
Allocations to provisions for risks	2.440.031	4.971.026
Provisions for employee severance indemnity and other indemnities	135.828	256.586
Write-downs of receivables	279.801	4.746.729
Other non-monetary net income	(9.116)	(52.390)
Capital gain (loss) from trading activities	773.565	-
Write-downs (write-backs) of available-for-sale financial assets	12.016.581	3.981.537
Write-downs (write-backs) of investments	57.212.776	11.059.549
Cash flows from operating activities before changes in working capital	**(11.393.332)**	**(10.487.947)**
(Increase)/decrease in other current assets	(1.234.589)	(239.440)
Increase/(decrease) in trade payables and other current liabilities	1.040.475	(2.025.160)
Cash and cash equivalents generated (absorbed) by operating activities	**(11.587.446)**	**(12.752.547)**
Uses of provisions for risks and charges	(532.000)	(3.650.000)
Payments of employee severance indemnity	(46.142)	-
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES	**(12.165.588)**	**(16.402.547)**
INVESTMENT ACTIVITIES		
Dividends received from subsidiaries and associates	28.168.273	4.473.056
Dividends received on financial assets	7.248.335	935.205
Investments in interests for:		
Acquisitions	-	(5.461.790)
Recapitalisations of subsidiaries	(4.582.828)	(200.000)
Recapitalisations of associates	(3.935.740)	(476.866)
Increase in available-for-sale financial assets	(859.688)	(3.955.502)
Increases in financial assets held for trading	(8.531.655)	
Other investments (property, plant and equipment and intangible assets)	-	-
Increases in other non-current assets	(247.793)	(136.292)
Realisation from disposal of:		
Investments	4.566.000	-
Equity instruments available for sale	47.124	1.625.000
Other non-current assets (property, plant and equipment, intangible assets and other)	107.842	1.471.540
Distributions from mutual investment funds	4.518.584	-
(Increase) decrease in financial receivables due from customers and financial institutions	3.020.531	(1.294.450)
Interest collected	7.162.187	4.778.952
Change in other current financial assets	(1.538.015)	-
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES	**35.143.155**	**1.758.852**
FINANCING ACTIVITIES		
Increase (decrease) in payables due to banks and other lenders	(10.678.000)	(49.581.221)
Bond loan issue	-	69.772.601
Interest paid	(10.225.559)	(6.066.440)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**(20.903.559)**	**14.124.940**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)	**2.074.008**	**(518.755)**
OPENING CASH AND CASH EQUIVALENTS (E)	3.545.199	4.063.954
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)	**5.619.207**	**3.545.199**

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

Amounts in Euro

	Notes	30.09.2014	*of which related parties*	*% incidence*	30.09.2013 (*)	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	173.783	-		94.634	-	
Property, plant and equipment	5	394.738	-		794.959	-	
Investments	6	135.602.653	-		188.711.861	-	
Financial receivables	7	122.848.208	91.692.285	74,6%	113.221.372	92.379.975	81,6%
Other financial assets	8	53.043.990	-		72.092.385	-	
Sundry receivables and other assets	9	160.105	-		160.252	-	
Prepaid tax assets	10	180.501	-		159.624	-	
Total non-current assets		**312.403.978**	**91.692.285**	**29,4%**	**375.235.087**	**92.379.975**	**24,6%**
Current assets							
Financial receivables	11	77.030.502	73.389.978	95,3%	89.401.367	73.492.964	82,2%
Other financial assets	12	9.305.220	-		-	-	
Tax assets	13	15.742.692	-		14.650.220	-	
Sundry receivables and other assets	14	11.668.420	1.535.789	13,2%	11.526.156	638.678	5,5%
Cash and cash equivalents	15	5.619.207	-		3.545.199	-	
Total current assets		**119.366.041**	**74.925.767**	**62,8%**	**119.122.942**	**74.131.642**	**62,2%**
Total assets		**431.770.019**	**166.618.052**	**38,6%**	**494.358.029**	**166.511.617**	**33,7%**
Equity							
Share capital		87.907.017	-		87.907.017	-	
Share premium		53.716.218	-		53.716.218	-	
Treasury shares		(25.778.526)	-		(25.778.526)	-	
Reserves		160.652.047	-		190.120.504	-	
Profit (loss) for the year		(50.366.130)	-		(27.606.247)	-	
Total Equity	16	**226.130.626**	**-**		**278.358.966**	**-**	
Non-current liabilities							
Bond issue	17	96.660.922	-		96.103.299	-	
Financial payables	18	34.379.199	-		39.163.897	-	
Provisions for personnel	19	834.238	-		796.627	-	
Deferred tax liabilities	20	282.512	-		1.076.132	-	
Provisions for risks and charges	21	7.425.857	-		5.517.826	-	
Sundry payables and other liabilities	22	318.974	-		2.635.502		
Total non-current liabilities		**139.901.702**	**-**		**145.293.283**	**-**	
Current liabilities							
Bond issue	23	1.313.142	-		1.320.537	-	
Financial payables	24	50.339.811	1.211.772	2,4%	56.233.114	1.151.447	2,0%
Sundry payables and other liabilities	25	14.084.738	9.155.684	65,0%	13.152.129	7.785.992	59,2%
Total current liabilities		**65.737.691**	**10.367.456**	**15,8%**	**70.705.780**	**8.937.439**	**12,6%**
Total equity and liabilities		**431.770.019**	**10.367.456**	**2,4%**	**494.358.029**	**8.937.439**	**1,8%**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

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

Amounts in Euro

		01.10.2013 30.09.2014	*of which related parties*	*% incidence*	01.10.2012 30.09.2013 (*)	*of which related parties*	*% incidence*
Revenues	26	1.343.789	1.141.676	85,0%	1.499.317	1.245.031	83,0%
Other income	27	2.987.542	157.688	5,3%	1.145.305	13.328	1,2%
Costs for services	28	(10.886.237)	(5.243.005)	48,2%	(7.643.897)	(2.354.801)	30,8%
Personnel costs	29	(3.443.289)	(861.874)	25,0%	(3.731.234)	(1.126.381)	30,2%
Other costs	30	(2.405.454)	(8.660)	0,4%	(1.833.330)		
Dividends	31	35.416.608	28.836.673	81,4%	9.548.741	9.349.736	97,9%
Utile (Perdite) dalla gestione di attività finanziarie	32	147.884			160.388	-	
Gross operating margin (EBITDA)		**23.160.843**			**(854.710)**		
Amortisation and value adjustments to intangible assets	33	(461.022)			(395.257)		
Allocations to the provision for risks	34	(2.440.031)			(4.971.026)		
Value adjustments to financial assets and receivables	35	(12.959.912)			(8.736.068)		
Value adjustments to investments	36	(57.212.776)			(11.059.549)		
Operating result (EBIT)		**(49.912.898)**			**(26.016.610)**		
Financial income	37	7.718.491	6.278.579	81,3%	5.853.931	4.829.022	82,5%
Financial expenses	38	(10.717.915)	(60.325)	0,6%	(7.391.665)	(1.153.377)	15,6%
Profit (loss) from trading of financial assets	39	773.565			-		
Income (loss) before taxes		**(52.138.757)**			**(27.554.344)**		
Income taxes	40	1.772.627			(51.903)		
Profit (loss) for the year		**(50.366.130)**			**(27.606.247)**		

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Explanatory Notes

1. General information

Mittel S.p.A. (hereinafter the "Company") is a joint-stock company incorporated in Italy and listed in the Milan Register of Companies.
The Parent Company holds, directly or indirectly through other sub-holdings, stakes in the share capital of companies in the business sectors in which Mittel S.p.A. operates.
The address of the registered office is Piazza Diaz, 7 – Milan.
The main activities of the company and its subsidiaries are indicated in the Report of Operations.
These financial statements are prepared in Euros.
Mittel S.p.A., as Parent Company, also drafted the consolidated financial statements of Mittel S.p.A. as at 30 September 2014.

2. Form and content of the financial statements

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

3. Significant accounting standards adopted by the parent company

Intangible assets (IAS 38)

Intangible assets are non-monetary assets which are without physical substance and identifiable, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.
The cost of intangible fixed assets with a definite useful life is amortised using the straight line method on the basis of the relative useful life.
If the useful life is indefinite, no amortisation is carried out, solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At the close of each financial year, in the presence of impairment, the recoverable value of the asset is estimated.
The amount of the loss, booked to the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is eliminated from the statement of financial position on disposal or when no future economic benefits are expected from its use.

Development costs refer to new product innovation projects and are recorded under assets in compliance with the considerations of IAS 38, i.e.:
- demonstrability of the technical feasibility of the products;
- intention of the company to complete the development project;
- reliable determination of the costs incurred for the project;
- recoverability of the values recorded through the future expected benefits from completion of the development project.

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

Property, plant and equipment (IAS 16)

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.
Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.
Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.
Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight line method.

The depreciation rates used by the company are as follows:
- Buildings 3,0%
- Vehicles 25,00%
- Furniture and fittings 12,00%
- Electronic machines 33,33%
- Equipment 15,00%

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

Capitalisable costs for improvements to leased third-party assets are attributed to the asset classes to which they refer and amortised at the lower of the residual term of the rental agreement and the residual useful life of the nature of the asset to which the improvement relates. At the close of each financial year, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.
In the event of signs of impairment, a comparison is made between the book value of the asset and its recoverable value, equal to the lower of the fair value, less costs to sell, and the associated value in use of the asset, understood as the present value of future cash flows originating from the asset. Any adjustments are booked to the income statement. If the reasons for the recognition of the loss no longer exist, the value is written back, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.
A tangible asset is eliminated from the statement of financial position on disposal.
Profits and losses deriving from transfers or disposals of assets are determined as the difference between the sales revenue and the net book value of the assets and are recognised in the income statement in the year.

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

Investments in subsidiaries and associates

Investments in subsidiaries, associates and joint ventures are valued using the cost method, less impairment according to IAS 36.
The positive different arising at the time of acquisition, between the cost of the acquisition and the company's share of equity at the present values of the investee is, therefore, included in the book value of the investment.
In the event of a write-down due to impairment, the cost is charged to the income statement; the original value is restored in subsequent years if the reasons for the write-down no longer exist.
Investments in associates pursuant to IAS 28 are investments in which Mittel S.p.A. exercises a significant influence, but not control or joint control and are valued using the cost method.
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), financial assets designated at fair value (non-current assets) and financial assets held for trading (current assets), as detailed below.

Available-for-sale financial assets

Financial assets are initially recognised at the settlement date for debt securities or equities.
The assets are initially recognised at fair value which corresponds to the prices recorded in active markets and, for unlisted securities, based on third party evaluations or on internal valuation models generally used in financial practice.
This category includes non-derivative financial assets that are not classified as receivables or financial assets designated at fair value through profit or loss. In particular, this item includes unmanaged investments held for trading which do not qualify as subsidiaries, associates or joint ventures, and bonds which are not traded. Following initial recognition, available-for-sale financial assets continue to be designated at fair value, with profits/losses deriving from the change in fair value recorded in a special reserve of equity, with the exception of impairment losses. Equities, for which the fair value cannot be determined reliably, are maintained at cost, adjusted in the event impairment losses are identified.
For the determination of the fair value of financial instruments, a three-level hierarchy is envisaged:
1) Listing on an active market, not adjusted. An active market is one where prices, which reflect normal market transactions, are quickly and regularly available via Stock Markets,
Brokers, Intermediaries, Industry companies, Listing services or authorised entities and express the price, of actual, adequate, continuous and regular market transactions that occur within a normal reference period.
2) Recognition of the fair value through components observable directly or indirectly on a listed market. In the event in which the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to verify whether said fair value can be considered second or third level.
3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated to it and simultaneously used values not taken from the market and involve estimates and assumptions.
Testing is carried out to check for any objective evidence of impairment at the close of each financial year or interim period.
The amount of any write-down recorded after impairment testing is booked to the income statement as a cost for the year under the item Value adjustments to financial assets and receivables.
If the reasons for the impairment no longer exist following an event that occurred after the recognition of the impairment, write-backs are effected. These write-backs are booked to equity, in the case of equities, and to the income statement in the case of debt securities.
Financial assets are derecognised when they are transferred, transferring substantially all inherent risks and rewards.
At the time of disposal, the effects deriving from the profit or loss accumulated in the reserve relating to available-for-sale financial assets are reversed to the income statement under the item Profits/(losses) from the management of financial assets and investments. Dividends and interest relating to available-for-sale financial assets are recognised in the income statement.

Financial assets designated at fair value

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

Financial assets held for trading

Financial assets are initially recognised at the settlement date 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 designated at fair value, with the recognition of changes in a contra-item in the income statement.
For the determination of the fair value of financial instruments, a three-level hierarchy is envisaged:

1) Listing on an active market, not adjusted. An active market is one where prices, which reflect normal market transactions, are quickly and regularly available via Stock Markets, Brokers, Intermediaries, Industry companies, Listing services or authorised entities and express the price, of actual, adequate, continuous and regular market transactions that occur within a normal reference period.

2) Recognition of the fair value through components observable directly or indirectly on a listed market. In the event in which the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to verify whether said fair value can be considered second or third level.

3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated to it and simultaneously 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 Profit (Loss) from trading of financial assets.

Receivables (IAS 32, 39 and 21)

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

Receivables are initially recognised when the right to receive the payment of the contractually agreed sums is acquired and, therefore, at the time of the disbursement. The initial book value coincides with the fair value of the asset, normally equal to the amount disbursed, including costs/income directly attributable to the individual instrument and determinable from the origin of the transaction, even if settled at a later date.
In the event in which the recognition under the item Receivables takes place after the reclassification from financial assets designated at fair value through profit or loss, then the fair value of the asset at the date of the reclassification represents the initial recognition value.

Following the initial recognition, receivables are valued at amortised cost, equal to the initial recognition value, net of principal repayments, increased or decreased by adjustments or write-backs and amortisation calculated using the effective interest rate method.
The effective interest rate is the rate that matches the present value of the future cash flows of the receivable, for principal and interest, to the amount disbursed, including costs/income attributable directly to the receivable.

At the date of the statement of financial position, or interim situation, receivables are tested for impairment, in order to identify any objective evidence that said receivables have suffered impairment.
If there is objective evidence that the receivables have suffered impairment, the amount of the loss is measured as the difference between the book value of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The amount of the adjustments is booked to the income statement.
The original value of the receivables is written back in subsequent years, with recognition in the income statement, to the extent in which the reasons that determined the adjustment no longer exist.
Receivables are derecognised from assets only if (i) the contractual rights to the cash flows deriving from the financial assets expire or (ii) the company transfers all risks and rewards related to the financial assets.

If it is not possible to ascertain the substantial transfer of the risks and rewards, the receivables are derecognised in the event no type of control is retained over said receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the receivables in the financial statements to the extent of the continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the Company is exposed to a change in the value of said receivables.
Depending on their nature, receivables are classified into the following items:
- financial receivables
- sundry receivables and other assets

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

Cash and cash equivalents (IAS 32 and 39)

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

Non-current assets held for sale (IFRS 5)

Non-current assets held for sale are measured at the lower of their previous net book value and the market value less selling costs. 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 (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In cases where the 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. Continuous involvement which takes the form of guaranteeing the transferred asset is measured at the lower of the initial book value of the asset and the maximum amount of the consideration that the company could be required to repay.

Financial liabilities:

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

Payables and Bond Loans (IAS 32 and 39)

These financial liabilities are initially recognised at the time the contract is signed, which coincides with the moment the sums collected are received.
Liabilities are initially recognised on the basis of the fair value, normally equal to the amount collected or the issue price, increased or decreased by additional costs/income directly attributable to the individual funding transaction and not repaid to the credit counterparty. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Depending on their nature, payables are classified into the following items:
- bond loans;
- financial payables;
- sundry payables and other liabilities.

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

Other financial liabilities (IAS 32 and 39)

Financial liabilities are initially recognised at the settlement date both for debt securities and for derivative contracts.

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

Provisions for personnel (IAS 19)

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

Treasury shares (IAS 32)

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

Income taxes (IAS 12)

The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accrual principle are recognised, consistent with the methods of recognition in the financial statements of the costs and revenues that generated them, by applying the applicable tax rates.
Income taxes are recorded in the income statement, with the exception of those relating to items debited from or credited directly to equity.
The provision for income taxes is determined on the basis of a prudential forecast of current, prepaid and deferred taxes.
In particular, current taxes include the net balance of current liabilities in the year and current tax assets represented by payments on account and other tax credits for withholding tax.
Prepaid and deferred taxes are determined on the basis of temporary differences - with no time limits - between the value assigned to an asset or to a liability according to statutory criteria and the corresponding values assumed for tax purposes.
Prepaid tax assets are recognised in the financial statements to the extent they are likely to be recovered, measured on the basis of the capacity of the interested company or group of subscribing companies, due to exercising of the “tax consolidation” option, to generate positive taxable income on an ongoing basis.
Prepaid and deferred taxes are accounted for at equity level by carrying out offsets at said tax level and for each year by taking into account the time profile of expected repayment.
In years in which the deductible temporary differences are higher than the taxable temporary differences, the associated prepaid taxes are recorded under assets in the statement of financial position, in the item deferred tax assets. By contrast, in years in which the taxable temporary differences are higher than the deductible temporary differences, the associated deferred taxes are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
Prepaid and deferred tax assets and liabilities are systematically measured to take account of any changes to the regulations or the tax rates. In addition to the allocation of current and deferred/prepaid tax items, the Company monitors, in line with IAS 37, any risks that may result from tax assessments already announced or, in any case, ongoing disputes with the tax authorities.

Provisions for risks and charges (IAS 37)

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

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

Revenue recognition (IAS 18)

Revenues are measured at the fair value of the consideration received for the sale of the products or services.

Sales of products

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

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

Provision of services

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

Interest

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

Commissions

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

Royalties

Royalties are recorded on an accrual basis, according to the provisions of the associated agreement.

Dividends

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

Financial guarantees

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

Earnings per share (IAS 33)

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

Use of estimates

Preparation of the financial statements and the associated notes in application of IFRS requires management to use estimates and assumptions that effect the values of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities at the reporting date.
The estimates and assumptions used are based on experience and other factors considered relevant. The final results may, therefore, differ from said estimates. The estimates and assumptions are reviewed periodically and the effects of each change made to them are reflected in the income statement in the period in which the estimate revision takes place if said revision only has an impact on said period, or also in subsequent periods if the revision has an effect on both the current year and future years.
The main items in the financial statements affected by this estimate process are 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 Mittel S.p.A. in the IAS/IFRS application process are summarised below.

Discretional choices in the accounting standard application process

Available-for-sale financial assets in the portfolio

Available-for-sale financial assets in the portfolio are tested for impairment (evaluation of losses of value dependent on the deterioration in issuers' solvency) each time events occur which suggest that the investment has suffered impairment.

The evaluation process is structured into two phases:
- identification of situations of deterioration in issuers' solvency and identification of impaired assets;
- quantification of losses associated to situations of impairment.

These losses are compared with the negative difference between the current market value (or, for unlisted instruments, the present value - at current rates of return on similar investments - of expected cash flows) of impaired assets and their book value).
The criteria applied by the Mittel S.p.A. to identify impairment are differentiated between debt securities and equities.

Impairment of debt securities

Objective evidence that a debt security has suffered impairment can be traced to the list of loss events shown in IAS 39.59.

In the event of bonds with a rating, the deterioration of the creditworthiness of the issuer is evaluated; in this regard, it is deemed that bonds that suffer impairment which cause them to fall into rating categories below the "investment grade" threshold are, reasonably, subject to a write-down (impairment) while, in other cases, deterioration in the creditworthiness is instead to be assessed jointly with the other available factors.

In the case of bonds, the availability of specialised funds is considered (e.g. investment indications supplied by financial institutions, rating reports, etc.) or information available on "info-providers" (e.g. Bloomberg, Reuters, etc.), through which the relevance of the issuer's deterioration is determined more accurately.
In the absence of said elements, where possible, reference is made to the listing of bonds similar to those being examined in terms of both financial characteristics and the issuer's standing.

In the event of financial assets recorded at amortised cost, the impairment test is, in contrast, targeted at establishing whether the estimated value of future cash flows, discounted at the original effective interest rate, is lower than the asset's book value. If the present value, calculated at the original rate, of the new expected cash flows is lower than the book value, impairment must be recorded in the income statement.
In this regard, it should be noted that the impairment test on debt instruments must be based on losses already actually incurred (incurred loss model) and not simply on expected losses.

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

Impairment of equities

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

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

In particular, in quantitative terms, if the fair value of the security is 30% lower than the book value or the time period of a situation of fair value lower than the book value is above 12 months, the company will conduct an analysis of the fundamental aspects of the investments and, in general, of the conditions that negatively impacted the market performance of the investment so as to keep the investment closely monitored.

By contrast, if one of the two parameters shown below is verified, impairment will automatically have to be recorded:
- fair value of the security 75% lower than the book value initially recognised;
- persistence of the situation of fair value lower than the book value initially recognised for a time period of more than 20 months.

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

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

In the event of investments recognised at cost, the impairment test is based on the estimate of the present value of the cash flows at the current market rate and the impairment test assumes the form of a “discounted cash flow test”.

Recoverable value of non-current assets

Management periodically reviews the recoverable value of non-current assets, represented by property, plant and equipment, intangible assets and investments held and used and the assets which must be disposed of, when facts and circumstances request said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has suffered impairment, the company records a write-down for the value of the excess of the book value of the asset over its recoverable value through use or sale of the same, determined with reference to the Company’s more recent plans.
Owing to the current economic-financial crisis at national and international macroeconomic level which has generated risks of impairment of significant assets belonging to the company, for the purposes of the drafting of the separate financial statements as at 30 September 2014, and in particular, in performing the investment impairment tests, forecasts of the expected trend in the next year were taken into consideration, as well as the effects of uncertainties identified with respect to the times, originally scheduled, of the process of disposal of investments at consistent values.

Realisability of deferred tax assets

As at 30 September 2014, the Company has deferred tax assets deriving from deductible temporary differences.
Management recorded the value of deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered.

The forecasts are based on taxable income that can be generated with reasonable certainty in light of budget results and the forecasts for subsequent years which consider the reasonable expectation of implementation of the planned transactions.

Receivables

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

Contingent liabilities

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

Changes of accounting estimates

Pursuant to IAS 8, changes of accounting estimates are booked prospectively to the income statement starting from the year in which they are adopted. It should be noted that 2013-2014 was not characterised by changes to the estimate criteria already applied to draft the financial statements as at 30 September 2013.

Statement of financial position - Assets

Non-current assets

4. Intangible assets

The item totalled EUR 174 thousand (EUR 95 thousand as at 30 September 2013). The item recorded an increase of EUR 200 thousand compared to the previous year, and fell by EUR 121 thousand as a result of amortisation in the year.

Details of the item are as follows:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2013				**65.456**	**29.178**	**94.634**
Changes in the year:						
- acquisitions				86.456	113.415	**199.871**
- change in scope of consolidation						**-**
- disposals						**-**
- reclassifications						**-**
- amortisation				(68.306)	(52.416)	**(120.722)**
- value adjustments				-	-	**-**
Total changes	**-**	**-**	**-**	**18.150**	**60.999**	**79.149**
Values as at 30.09.2014				**83.606**	**90.177**	**173.783**

5. Property, plant and equipment

This item totalled EUR 395 thousand (EUR 795 thousand as at 30 September 2013). The item recorded a total decrease of EUR 400 thousand compared to the previous year.

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 01.10.2013	**234.045**			**190.245**	**370.669**	**794.959**
Changes in the year:						
- acquisitions				30.300	17.621	**47.921**
- change in scope of consolidation						**-**
- disposals	(58.973)			(2.613)	(46.256)	**(107.842)**
- reclassifications					-	**-**
- amortisation	(11.013)			(57.543)	(271.744)	**(340.300)**
- other changes	-					**-**
Total changes	**(69.986)**	**-**	**-**	**(29.856)**	**(300.379)**	**(400.221)**
Values as at 30.09.2014	**164.059**			**160.389**	**70.290**	**394.738**

The category “other assets” includes improvements to third party assets of EUR 12 thousand.

The most significant increases in the year concern:

- various furniture and equipment in the company's premises;

The most significant decreases in the year concern:
- disposals and other decreases totalling EUR 108 thousand (EUR 160 thousand as at 30 September 2013) which mainly concern land and cars;
- depreciation in the year amounting to EUR 340 thousand (EUR 332 thousand as at 30 September 2013).

In particular, it should be noted that, on 19 May 2014, a notarial deed was stipulated for the sale of a piece of land in Naples to Espansione Mediterranea S.r.l., following the signing of a settlement agreement signed on 18 February 2014, which allowed the termination of a dispute that arose concerning the sale of said piece of land for which the preliminary agreement had been signed on 16 June 2008 and subsequently legally challenged by the counterparty. The sale resulted in the recognition of a capital gain of around EUR 2,5 million in the income statement.

6. Investments

This item totalled EUR 135.603 thousand (EUR 188.712 thousand as at 30 September 2013). The item recorded a total decrease of EUR 53.109 thousand on 30 September 2013.

Details of the item are as follows:

	30.09.2014	**30.09.2013**
Earchimede S.p.A.	83.500.000	114.260.220
Mittel Investimenti Immobiliari S.r.l.	12.547.085	20.947.085
Mittel Partecipazioni Stabili S.r.l.	12.248.506	12.248.506
Liberata S.p.A.	5.422.245	1.822.500
Castello SGR S.p.A.	4.674.267	4.338.273
Tower 6 Bis S.à r.l.	4.178.038	4.178.038
Mittel Advisory S.p.A.	4.152.585	10.622.500
Locaeffe S.r.l. in liquidation	3.487.136	3.621.037
Ghea S.r.l.	2.805.000	2.805.000
Brands Partners 2 S.p.A. in liquidation	1.416.702	8.221.850
Bios S.p.A.	750.000	750.000
Mittel Management S.r.l.	188.735	182.584
Mit.Fin S.p.A.	150.000	150.000
Mittel Investimenti Mobiliari S.r.l.	42.603	104.518
Holinvest S.r.l. in liquidation	26.000	26.000
Brands Partners 2 S.p.A. SFP	7.000	7.000
Chase Mittel Capital Holding II NV	6.249	6.249
Sunset S.r.l. in liquidation	500	500
Chase Mittel Capital Fund II BV	1	1
Everel Group S.p.A.	-	3.300.000
Mittel Real Estate SGR S.p.A.	-	875.000
Castello SGR S.p.A. SFP	-	240.000
CAD Immobiliare S.r.l.	-	5.000
	135.602.653	**188.711.861**

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

Name	% interest	Balances 01/10/2013	Purchases and subscriptions	Sales repayments reversals	Impairment /perdita di valore	Other changes	Closing balances 30/09/2014
Investments							
Tower 6 bis S.a r.l.	49%	4.178.038					4.178.038
Ghea S.r.l.	51%	2.805.000					2.805.000
Mittel Investimenti Immobiliari S.r.l.	100%	20.947.085			(8.400.000)		12.547.085
Chase Mittel Capital Holding II NV	28%	6.250					6.250
Mittel Partecipazioni Stabili S.r.l.	100%	12.248.506					12.248.506
Mittel Investimenti Mobiliari S.r.l.	100%	104.518			(61.915)		42.603
Brands Partners 2 S.p.A. in liquidation	25%	8.228.850			(6.805.148)		1.423.702
Liberata S.p.A.	27%	1.822.500	3.599.745				5.422.245
Cad Immobiliare S.r.l.	5%	5.000			(5.000)		0
Castello Sgr S.p.A.	21%	4.578.272	335.995	(336.000)		96.000	4.674.267
Mire SGR S.p.A.	35%	875.000		(930.000)		55.000	0
Mit.fin S.p.A.	30%	150.000					150.000
Mittel Management S.r.l.	100%	182.584	933.382		(927.231)		188.735
Mittel Advisory S.p.A.	100%	10.622.500	3.649.446		(10.119.361)		4.152.585
Holinvest S.r.l. in liquidation	100%	26.000					26.000
Sunset S.r.l. in liquidation	100%	500					500
Locaeffe S.r.l. in liquidation	100%	3.621.037			(133.901)		3.487.136
Markfactor S.r.l. in liquidation	100%	0					0
Earchimede S.p.A.	85%	114.260.220			(30.760.220)		83.500.000
Everel Group S.p.A.	30%	3.300.000		(3.300.000)			0
Bios S.p.A.	50%	750.000					750.000
Total Investments		**188.711.861**	**8.518.568**	**(4.566.000)**	**(57.212.776)**	**151.000**	**135.602.653**

The change in the value of investments relates (i) to the increase deriving mainly from investments from the waiving of shareholders' loans aim at raising the investees' equity (EUR 8,5 million); in particular, EUR 3,6 million relates to Liberata S.p.A., EUR 0,9 million to Mittel Management S.r.l., EUR 0,3 million to Castello Sgr S.p.A. and EUR 3,6 million to Mittel Advisory S.p.A; (ii) for EUR 4,4 million, to the decrease resulting from the sales of Everel Group S.p.A. (EUR 3,3 million), of Mire SGR S.p.A. (EUR 0,9 million) and the equity instruments of Castello Sgr S.p.A. (EUR 0,2 million); (iii) for EUR 57,2 million, to the decrease recorded in relation to the write-downs effected by Earchimede S.p.A. (EUR 30,8 million), Mittel Investimenti Immobiliari S.r.l. (EUR 8,4 million), Mittel Investimenti Mobiliari S.r.l. in liquidation (EUR 0,1 million), Brands Partners 2 S.p.A. in liquidation (EUR 6,8 million), Mittel Advisory S.p.A. (EUR 10,1 million) Mittel Management S.r.l. (EUR 0,9 million) and Locaeffe S.r.l. in liquidation (Euro 0,1 million).

Impairment test for reductions in the recoverable value of investments

Investments in subsidiaries and associates recorded on the basis of the cost criterion are subject to impairment testing based on the regulations set out in IAS 36.
In accordance with IAS 36, the recoverable value is represented by the higher of the fair value of the investment, less costs to sell, and its value in use. Therefore, for the purposes of the impairment testing of the investments recorded in the separate financial statements, it is necessary to verify that the recoverable value of the investment is higher than its book value.
Despite the fact that impairment testing of investments is governed by IAS 36, the indications of the need for impairment of their recoverable value are those identified by IAS 39 for shareholdings, augmented by another indication set out by IAS 36, represented by the distribution of a dividend by the investee and the simultaneous verification of two circumstances: i) the book value of the investment in the separate financial statements exceeds the book value of the investee's net assets (including goodwill) and ii) the dividend exceeds the statement of comprehensive income total of the subsidiary or of the associate in the year in which it is declared; this is a result of the need to recognise any dividend received by a subsidiary or associate in the income statement of the investor for which the risk of overvaluation of the investment is established.
As regards controlling interests, it should be noted that the impairment test in the separate financial statements must be reconciled with the impairment test of the goodwill in the consolidated financial statements, where goodwill generated by the acquisition of the subsidiaries is booked to the consolidated financial statements. In these cases, given the impairment testing of goodwill in the consolidated financial statements must be performed at least annually, the impairment testing of controlling interests in the separate financial statements is strictly related to the impairment test of the goodwill in the consolidated financial statements.

In particular, as regards the indications of impairment set out in IAS 36, it is deemed that, with particular reference to the controlling interests in Earchimede S.p.A, Mittel Advisory S.p.A. and Mittel Investimenti Immobiliari S.r.l., the indications of impairment are attributable to the verification, in 2013-2014, of significant changes with a negative impact within the financial market environment which the subsidiaries' activities are directly targeted at, as such to consider that the economic performance of the investments could reasonably be more unfavourable than expected. Therefore, for these investments, the impairment testing is linked to the occurrence of events indicating impairment set out in IAS 39 which, in these specific cases, are substantially attributable to the occurrence of events indicating a significant decrease in expected cash flows from the equity investment compared to the time of initial recognition.

It should be noted that the investment in the associate Brands Partners 2 S.p.A. in liquidation was subject to impairment testing pursuant to IAS 36, in consideration of the occurrence of an event indicating the existence of a considerable decrease in expected cash flows for the equity interest represented by the distribution of a dividend by the investee, and the simultaneous verification of two circumstances, i.e. that the book value of the investment in the separate financial statements exceeds the book value of the investee's net assets and the dividend exceeds the investee's income.

The investment impairment tests performed showed losses deriving from the excess book value of the investments in the financial statements with respect to the recoverable value for a total of EUR 57.212.776 which were recognised as a reduction of the investments, by recording write-downs in the income statement for the year under the item "Investment adjustments", detailed by equity investment as follows:

	Book value subject to impairment	Value reductions from impairment	Recoverable value
	EUR	*EUR*	*EUR*
Investments in subsidiaries:			
Earchimede S.p.A	114.260.220	(30.760.220)	83.500.000
Mittel Advisory S.p.A.	14.271.946	(10.119.361)	4.152.585
Mittel Inv. Immobiliari S.r.l	20.947.085	(8.400.000)	12.547.085
Mittel Management S.r.l	1.115.966	(927.231)	188.735
Locaeffe S.r.l. in liquidation	3.621.037	(133.901)	3.487.136
Mittel Investimenti Mobiliari S.r.l. in liquidation	104.518	(61.915)	42.603
Cad Immobiliare S.r.l	5.000	(5.000)	-
	154.325.772	**(50.407.628)**	**103.918.144**
Investments in associates:			
Brands Partners 2 S.p.A. in liquidation	8.221.850	(6.805.148)	1.416.702
	162.547.622	**(57.212.776)**	**105.334.846**

<u>Impairment of controlling interest in Earchimede S.p.A.</u>

As regards the 85% stake in Earchimede S.p.A., it should be noted that the investee's financial statements for the year ended as at 30 September 2014, drafted in line with national accounting standards, posted a loss for the year of EUR 22,9 million (loss of EUR 11,6 million as at 31 December 2013). The equity of Earchimede S.p.A. as at 30 September 2014 amounted to EUR 97,6 million (EUR 121,8 million as at 31 December 2013). The company carries out private equity fund/vehicle activities and acts as a holding company for investments. As regards holding activities, it is important to note the investment held in Fashion District Group S.p.A., 66,67% of the share capital, held in equal measure both directly and through the wholly-owned subsidiary FD33 S.r.l..

The loss in the draft financial statements as at 30 September 2014 was the result of the recognition of write-downs of investments and of securities posted to current assets for a total of EUR 24,1 million. The write-downs refer (EUR 23,3 million) to the investee Fashion District Group S.p.A. and were determined on the basis of the presumed value of the subsidiary, considering the transfer of property assets for outlet use held by said entity and located in Mantua and Molfetta as well as the collection of the transfer of the business unit held by Fashion District Roma S.r.l. to RREEF Investment Gmbh on 23 December 2014.

As a result of the extraordinary transactions cited above and completed on 18 November 2014 and 23 December 2014, the company Fashion District Group S.p.A. now operates in the sector as manager of structures geared towards outlet centres (Mantua and Molfetta).

Mittel S.p.A. saw fit to test the investment for impairment, assuming a recoverable value which, lacking a fair value consisting of the direct expression of official listing prices on an active market, took into consideration an estimate of the value in use of the investment.
This value in use was estimated as the sum of the parts of the present value of expected cash flows at the current market rate which can be generated by the investment in Earchimede S.p.A. and available for the investor, including the expected flow which may be obtained from the sale of the investment.
In particular, according to this method, the economic capital value of a company (equity value) is equal to the sum of:

- the value in use of the operating asset (enterprise value), represented by the recoverable value (fair value or value in use) of the investments in subsidiaries taking into consideration the results of specific internal evaluations of the respective fundamental value and of the current fair value of financial assets represented by equities;
- the market value of any “Surplus assets” not regarding ordinary operations or not considered, for any specific methodological reasons, in the operating cash flows;
- the positive “Net Financial Position” of the company expressed on the basis of financial assets at accurate market values as at 30 September 2014.

Given these evaluations concern several different assets, with different development characteristics, both from an operating and time point of view, the sum-of-parts evaluation method was used. This method is not actually an evaluation criterion, rather a technical approach, which is useful when the element to be evaluated is “economically” unique and homogeneous, as in the case of holding companies (like Earchimede SpA), which only have value in respect of the equity summation of the market values of the assets held.
In the “sum-of-parts” evaluation, each part constitutes a business characterised by a risk profile and distinct return, although within the same group situation, with the company not choosing to carry out a separate evaluation of the various legal entities, from a stand-alone perspective.
The individual assets were valued by using, from time to time, measurement methods consistent with the type of asset, or, with the flow of available information, or even with the existence or not of the prospect for a reliable calculation of the generation or profit flows deriving from the asset.
On the basis of these assumptions, the value in use of the investment in Earchimede S.p.A. was calculated by mainly considering the results of the impairment test performed as at 30 September 2014 on the more significant stake represented by the investment in Fashion District Group S.p.A., held directly by said entity and indirectly through the 100% investment in FD33 S.r.l.. In particular, as at 30 September 2014, for the purpose of the impairment test performed, the book value of the stake in Fashion District Group was compared with a recoverable value of said investment measured by adopting an equity evaluation approach.
This equity method was considered comprehensive in the measurement process in question in particular (in which the prospective view is not essential or characterised by significant uncertainty), given that it determines the value of a company through the exposure, at current values, of the individual assets, which make up the company’s capital and the updating of its liabilities, essentially limited to an adjustment of the annual accounting data while it would have been inappropriate to use evaluations carried out on the basis of profit or financial methods which use prospective expected profit flows after the implementation of the plan for the disposal of the group of assets relating to property complexes.

The equity method adopted calculated the recoverable value of the investment in Fashion District Group S.p.A. through the exposure, at current values, of the individual elements that make up the company’s capital and the updating of its liabilities, targeted at obtaining the so-called “adjusted net capital”, which exclusively take the elements accounted for as a reference.
Based on the above considerations, the economic capital value of the company Earchimede S.p.A. was estimated at around EUR 98,4 million.
Therefore, the recoverable value of the 85,01% stake in Earchimede S.p.A. is assumed to be equal to the proportional value of the economic capital of the latter, standing at around EUR 83,5 million.
The comparison of the higher book value of the investment in Earchimede S.p.A. recorded at cost and the relative recoverable value determined with reference to the abovementioned recoverable value as at 30 September 2014 resulted in a write-down of EUR 30,8 million, which was booked to the item “Investment adjustments” in the income statement.

Impairment of controlling interest in Mittel Advisory S.p.A.

As regards the controlling interest in Mittel Advisory S.p.A., it should be noted that the significant negative result in the year ended 30 September 2014, amounting to EUR 3 million, was considered a clear indication of the need for the impairment of the value of the investment recorded at the close of the year.
In particular, for the year 2013-2014, Mittel Advisory S.p.A. showed a significant decrease in revenues recorded by Mittel Advisory S.p.A., which made it necessary to assess the sustainability of the figures from the investee company’s business plan with extreme prudence. Furthermore, with reference to the elements of the

presumption of impairment set out in IAS 36, it should be noted that in March 2014, Mittel S.p.A. reached an agreement with the then Chief Executive Officer, Arnaldo Borghesi, which led to said Chief Executive Officer submitting his resignation from all corporate offices held in the Mittel Group companies, including the office of Chairman of the Board of Directors of Mittel Advisory S.p.A.. This change in the top management of the company should be considered a highly significant factor indicating impairment, considering that the outlook for Mittel Advisory S.p.A. closely depends on Arnaldo Borghesi, the founder of that company, as well as his degree of operational involvement in the company's business.
Therefore, also based on said indications of impairment, the value of the 100% investment in Mittel Advisory S.p.A., totalling EUR 14.272 thousand, was subject to verification of its recoverable value.
In determining the recoverable value of the controlling interest, a fundamental approach was adopted, by using the financial method, assuming that the profit flows analytically set forth in the long-term plan drafted by the management coincide with the expected average results.
These operating cash flows calculated are discounted using a discount rate which makes it possible to reflect the weighted opportunity cost of all sources of capital (WACC), on the basis of a target financial structure.

The Cost of Equity is estimated in line with the rules set out in IAS 36, based on the "Capital Asset Pricing Model":

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

The cost of equity is equal to the sum of the risk free rate and a specific company risk premium corresponding to the product of the Beta coefficient attributed to the company risk (risk ratio of the company with respect to the market average, an expression of the correlation between the profitability flows of the company and those expected by the market and is calculated on the basis of an average of the unlevered Beta of comparable companies) and the overall market risk premium (Equity Risk Premium).
More specifically, the main amounts used to calculate the value in use are as follows:

- the scheduled flows envisaged in the 2014-2015 budget, subject to approval by the investee's Board of Directors in December 2014, and the future outlook for the two subsequent years based on the reasonable development of revenues/costs as a result of the actions set forth in the plan for the next two years ended 30 September 2016 and 2017, in line with the Mittel Group's growth strategies, approved in December 2014.
  Therefore, the period 2015-2017 was used as the explicit time horizon for determining cash flows, in which the estimates of cash flows were revised on updated basis, as follows:
    - for the year from 1 October 2014 to 30 September 2015, the economic-financial estimates in the budget approved by the company's Board of Directors in December 2014 were used;
    - for the financial years ending as at 30 September 2016 and 2017, reference was made to the economic-financial projections developed on the basis of the assumptions and estimates considered in making the forecasts in the plan drawn up by Mittel Advisory S.p.A.
- the Cost of Equity (Capital discount rate - Ke) was estimated at 16,68%, considering:
  - Equity Risk Premium equal to 7,85%;
  - Levered Beta = 1,25x;
  - Risk free = 1,37% (15-year bund, 6-month average);
  - Specific risk factor determined on the basis of the intrinsic risk of the company's business sector and of the market in which it operates, correlated to the limited liquidity of the investment ("Lack of marketability discount") and the close relationship between the company's economic prospects and the degree of operational involvement of management ("Key Person discount") = 5,5%.

With reference to the Terminal Value of the valuation, representative of a synthetic estimate of future results beyond the time period explicitly considered (perpetual yield), a prospective value was considered corresponding to the unlimited capitalisation of normalised EBIT, net of figurative taxes forecast for the period following the reference time period.
In particular, the "perpetual yield" method was used to calculate the Terminal Value, on the basis of which the residual value is determined by discounting the normalised cash flow subsequent to the explicit time period considered with a multiplier derived from the ratio (1 + g) / (Ke - g), where "g" (perpetual growth rate) is estimated by taking into account the capacity for cash flow growth, and the long-term growth prospects of company business.
More specifically, the estimate of the Terminal Value, in line with the objective evaluations of growth of the reference business sector, is based on the consideration of a "perpetual" cash flow projection based on reasonable and sustainable assumptions able to represent the best estimate by company management of the profitability conditions of the company when operating at full capacity, which can be considered stable and long-lasting (steady state"), with reference to the expected profile of the company's profit cycle and, based on the following main assumptions:

- essential balancing between investments and amortisation/depreciation (based on consideration of the necessary level of investments for maintaining operations);
- zero change in working capital (essentially assuming the full completion, in the medium-term, of improvements achievable through the planned reduction in working capital which the company is committed to).

In addition, in line with the objective growth evaluations of the reference business sector, it was deemed appropriate to adopt an annual long-term growth rate of the perpetually sustainable normalised operating cash flow equal to zero.

According to this method, the economic capital value of a company (equity value) is equal to the sum of:
- ❑ the value of the operating assets (so-called core enterprise value) represented by the value of ordinary or operating activities, given by the sum of the present value of cash flows generated by operations in an explicit projection period and the present value of the company's operating activities at the end of said period (Terminal value);
- ❑ the market value of any accessory operating activities not considered, for any specific methodological reasons, in the operating cash flows;
- ❑ the "Net Financial Position" of the company expressed on the basis of net financial payables at accurate market values as at 30 September 2014.

Based on the above considerations, the company economic capital value (Enterprise Value) of Mittel Advisory S.p.A. was estimated at a total of EUR 4,6 million, of which EUR 2,2 million attributable to the operating activities of the advisory company and net assets of EUR 2,4 million relating to accessory assets/liabilities and, taking account of a negative net financial position at the reference date of EUR 0,4 million, the estimate of the equity value of the company stood at EUR 4,2 million.

The comparison of the higher book value of the investment in Mittel Advisory S.p.A. recorded at initial cost and the relative recoverable value determined with reference to the abovementioned fair value as at 30 September 2014 resulted in a write-down of EUR 10,1 million, which was booked to the item "Investment value adjustments" in the income statement.
Therefore, based on the results of the impairment test conducted, the investment in Mittel Advisory S.p.A., recorded for a value of EUR 14.272 thousand, was partially adjusted for impairment, as a result of which, as at 30 September 2014, it posted a residual value of EUR 4.152 thousand.

As mentioned above, the valuation of impairment was rendered particularly complex in the current market macroeconomic context and the subsequent difficulty in formulating future long-term profitability forecasts. Therefore, "sensitivity" analyses were conducted, assuming a change to some parameters used in the procedure to check the recoverable value of the investment recognised in the separate financial statements.

In particular, the effect on the recoverable value was analysed as a result of a 5% increase in the capital discount rate ("Ke") and a consideration of the medium/long-term growth rate ("g") of the Terminal Value of 3%:
- in the assumption the Capital Discount Rate is 5% higher than the rate determined for the verification procedure in the period analysed, the impairment test would involve the need to effect further write-downs of the investment amounting to around EUR 0,2 million;
- in the assumption of a medium/long-term growth rate of 3% in the Terminal Value, it would be necessary to reduce the write-down of the investment, with respect to the figure considered in the financial statements as at 30 September 2014, for around EUR 0,3 million.

The analyses listed above confirm the insensitivity of the evaluations of the recoverable value of the investment to a change in the aforementioned amounts.

<u>Impairment of controlling interest in Mittel Investimenti Immobiliari S.r.l.</u>

As regards the investment in Mittel Investimenti Immobiliari S.r.l., it should be noted that the company operates in the real estate sector, making investments in the residential and tertiary sectors, both directly and through companies invested in also by external entrepreneurs who contribute specific skills that complement those of the Mittel Group.
The year closed as at 30 September 2014 of Mittel Investimenti immobiliari S.r.l. posted a loss of EUR 11,3 million, compared to a loss of EUR 0,9 in the year ended as at 30 September 2013.
The result for the year acknowledges the value adjustments on investments totalling EUR 9,7 million, compared to EUR 2,2 million in the previous year (of which EUR 5,7 million recorded directly in the item write-

downs of investments and EUR 4,0 million through the write-down of receivables - shareholders' loans - due from said investees). These adjustments are attributable to the companies Santarosa S.r.l. (EUR 0,2 million), Cad immobiliare S.r.l. (EUR 0,3 million), Fede S.r.l. (EUR 0,9 million), Breme S.r.l. (EUR 1,6 million), Iniziative Nord Milano S.r.l. (EUR 1,5 million) and Gamma Tre S.r.l. (EUR 5,1 million) due to the effect of the valuation at the lower between the cost and the market value of the property inventories held by the latter. The properties held by the investees mentioned were valued with the help of independent external appraisers. In addition, a value adjustment was made to the investment Esseventuno S.r.l. (EUR 0,2 million) to bring it into line with its recoverable value. Furthermore, Mittel Investimenti Immobiliari S.r.l.'s income statement includes a write-down of EUR 1,1 million of the property project managed directly and located in Arluno (Milan).
Equity as at 30 September 2014 amounted to EUR 12,6 million, compared to EUR 24,0 million as at 30 September 2013.

In consideration of the significant loss in the year and the verification of the indicators of impairment established in IAS 39 which, in the specific case, are essentially attributable to the occurrence of loss events involving the main property investments indicating a significant decrease in expected cash flows, the cost value of the investment was subject to impairment testing pursuant to IAS 36 at the close of the year.
Mittel S.p.A. saw appropriate to test the investment for impairment, assuming a recoverable value which, lacking a fair value consisting of the direct expression of official listing prices on an active market, took into consideration an estimate of the valuation of the economic capital value of the investment, with reference to its value in use.
In particular, for the purposes of the impairment test, the recoverable value of the equity investment was estimated using an economic capital valuation approach which determines the latter as the sum of the parts of the present net equity value of the individual entities of the group of companies headed up by Mittel Investimenti Immobiliari S.r.l..
According to this method, the economic capital value of a company (Equity Value) is equal to the sum of:

- the value of operating assets (so-called Enterprise Value) represented by the current value in use and the current comparative market value of the portfolio of property projects of the companies in the group headed up by Mittel Investimenti Immobiliari S.r.l., considering the results deriving from specific appraisals by the independent assessors of the respective presumed realisable value or current fair value;
- the market value of any "surplus assets" not regarding ordinary operations or not considered, for any specific methodological reasons, in the operating cash flows of the companies in the group headed up by Mittel Investimenti Immobiliari S.r.l.;
- the overall "NET financial Position" of the companies in the group headed up by Mittel Investimenti Immobiliari S.r.l., expressed on the basis of the financial assets at accurate market values as at 30 September 2014 (in order to effect an "equity-side" evaluation).

The economic value attributed to the various property projects which make up the property portfolio of the group of companies headed up by Mittel Investimenti Immobiliari S.r.l. was determined primarily on the basis of the future cash flows which can be generated from the sale of the properties, with particular reference to the presumed current sale value of the property projects intended for sale.
In particular, for "property development" projects, the criteria adopted by the independent experts involved the use of the Transformation Method which is based on the discounting, at the estimate date, of the cash flows generated by the property transaction over the period of time corresponding to its duration, by taking into account, by using the appropriate discount rates, the financial components and business risk of the transaction (taking into consideration factors like: period of time for the sale, location, age, quality and condition of the buildings, payment methods and sale costs) and in line with the forecasts of the trend in the real estate sector, as estimated by the most important industry sources.
The cash flows used are inclusive of taxes and the financial structure; subsequently, the discount rate is a weighted average of the rates of return before taxes of the payable and of the equity required by the market to invest in the property subject to valuation.
In particular, the cost of capital is the minimum return that the market requires to invest in the property, considering operating risk, the cost of debt and the financial structure.
In determining the cost of capital, the operating risk was considered as an expression of the volatility of the operating cash flows and derives mainly from the possibility that the property asset may not be able to achieve the expected return and is broken down into different specific risk factors, based on the different property transaction ("real estate sector" risk, "location" risk, "property type" risk, risk regarding the "physical state of the property" and "commercial" risk).
More specifically, the Value in use per individual property project determined in this way from the evaluations performed was therefore estimated by using the following main assumptions to calculate the value in use: discount rate falling within a range of 8,75% and 11% which considers a market risk-free cost of money and a premium for the related operating risk. This operating risk includes a real estate sector risk premium of 5,5% and various "specific" risk factors determined on the basis of the intrinsic risk of the reference real estate project.

In addition, it should be noted that, given the specific nature of certain property projects, (characterised by quite homogeneous or “standard” properties and types which predominantly have a property market with respect to a market for space, typically the residential segment), headed up by the subsidiaries of Mittel Investimenti immobiliari S.r.l., use was made of an economic evaluation, conducted by adopting a market approach based on the application of a “comparative” criterion. The comparative market criterion uses the data of comparable properties which have been involved in recent transactions or for which the required price for estimating the value of the property is known. Based on comparable prices, the value of a property can be estimated through adjustments which take account of the unique characteristics of each property. Use of this criterion is structured into three phases: the selection of the comparable properties, the normalisation of the settlement price of the comparable assets through a unit of comparison and the determination of the comparative evaluation adjustments (for example, due to differences in age, state of repair, orientation, level of customisation, fungibility or accessibility).

The comparison of the higher book value of the investment in Mittel investimenti Immobiliari S.r.l. recorded at cost and the relative recoverable value determined with reference to the abovementioned value as at 30 September 2014 resulted in a write-down of EUR 8,4 million, which was booked to the item “Investment adjustments” in the income statement.

Impairment test of the 100% investment in Mittel Management S.r.l.

The corporate purpose of Mittel Management S.r.l. is to offer private equity investment management services. From the start of 2013 and in the first few months of the current year, the company continued to carry out private equity project development activities according to the guidelines of the two funds being set up, Rexelera and Estability. In April 2014, the Board of Directors of Mittel Management S.r.l. resolved to focus the scouting activity of new private equity initiatives on investment opportunities in medium-sized Italian companies (MidCaps), in order to carry out transactions as part of club deals too. Simultaneously, the projects of the Rexelera and Estability funds were suspended until new instructions from the parent company Mittel S.p.A.. In the months following the aforementioned resolution, Mittel Management S.r.l. activities were dedicated mainly to identifying new investment opportunities, by also concentrating on the run-off of all activities started in due course in relation to the expected launch of the two funds, including therein the closing of the preparatory service and consultancy contracts.
The company, incorporated on 18 February 2013, closed its second financial year as at 30 September 2014 by posting a loss for the year of EUR 924 thousand and equity of EUR 189 thousand.

As at 30 September 2014, for the purpose of the impairment test performed, the book value of the stake in Mittel Management S.r.l. was compared with a lower recoverable value of the investment measured, based on the company’s economic-financial structure, from the net assets of the investee recorded as at 30 September 2014. This approach involving the equity evaluation of the expected recoverable value of the investment was adopted owing to the uncertainty which characterises the prospective view of the company economic capital value, highlighting actual criticalities concerning the company’s substantial capacity to reabsorb the difference between the book value of the investment with respect to the associated current net assets through expected future profits which, therefore, was deemed durably unrecoverable.
Therefore, this fundamental lower value of the investment determined on the basis of the net assets of the company with respect to the book value is deemed to be a clear expression of impairment of the recoverable value of the investment, entailing the recognition of a write-down to adjust the investment with an impact amounting to EUR 927 thousand on the income statement.

Impairment of controlling interest in Brands Partners 2 S.p.A. in liquidation

The last set of approved financial statements of Brands Partners 2 S.p.A. in liquidation for the year ended as at 31 October 2013 posted a net profit of EUR 11.235 and equity of EUR 8.534.604.
On 5 March 2014, the extraordinary shareholders’ meeting resolved to place the investee into liquidation pursuant to art. 2484, paragraph 6 of the Italian Civil Code.
Brands Partners 2 S.p.A. in liquidation, currently the corporate vehicle in liquidation which holds a residual investment in Moncler S.p.A. following the partial placement of 3,75% during the initial public offering in December 2013 and allocation of 3.100.000 Moncler S.p.A. shares, pursuant to the agreements reached on 30 October 2013, to the shareholders Mittel S.p.A., Iniziative Finanziarie Atesine S.r.l. and Private Equity Holding S.r.l., after the listing and look-up period. In the year 1 November 2013 - 31 October 2014, Brands Partners 2 S.p.A. in liquidation distributed a total of EUR 110.300.000, of which EUR 27.795.600 pertaining to Mittel S.p.A. as a 25,20% shareholder.
The interim statement of financial position pertaining to the liquidation as at 31 October 2014 of Brands Partners 2 S.p.A. in liquidation presented a reduced liquidation equity due to said distributions.

Owing to the aforementioned indicator of impairment of the value of the investment recognised, it was subject to impairment testing which, assuming an evaluation of the current sale value of the net liquidation assets of the investee, determines the reference recoverable value based on the expected cash flow for the investor, which can be generated by the investment in the form of the distribution of the net liquidation assets reported in the interim statement of financial position pertaining to the liquidation as at 30 September 2014.
The comparison of the higher book value of the investment in Brands Partners 2 S.p.A. in liquidation with the associated recoverable value determined with reference to the abovementioned net current sale value resulted in the recognition of a write-down of EUR 6.805 thousand in the income statement.

Impairment of controlling interests in companies in liquidation and with equity deficit

With reference to the investments in Locaeffe S.r.l. in liquidation, Mittel Investimenti Mobiliari S.r.l. in liquidation and Cad Immobiliare S.r.l., the comparison between the higher book value of the respective investments recorded at initial cost (already adjusted, if necessary, for impairment identified in previous financial years) and the relative recoverable value calculated, determined write-downs totalling EUR 201 thousand, booked as an adjustment to the investments and charged to the income statement for the year.
More specifically, this relates to investments (mainly in companies in liquidation or essentially non-operational) which highlighted persistent losses deriving from liquidation procedures or operating losses.
These loss performances, accompanied and/or combined with equity deficits, are to be considered reasonably durable, given that these investee companies cannot demonstrate, in the short-term, that they will be able to generate positive economic results and, at present, there are no programmes and/or plans which show that they will be able to restore the necessary conditions of economic and equity equilibrium.
Therefore, owing to the ongoing conditions involving a risk of losses in the value of the assets of said investees, the book value of the investments was subject to impairment testing based on the valuation of their recoverable value, measured in correspondence with the adjusted current net assets of the investee at the date of the close of the current year or, for investments in companies in liquidation, on the basis of the expected cash flow for the investor that can be generated by the investment in the form of the distribution of the net liquidation assets.

7. Financial receivables

This item totalled EUR 122.848 thousand (EUR 113.221 thousand as at 30 September 2013). Financial receivables increased by a total of EUR 9.627 over 30 September 2013.

	30.09.2014	30.09.2013
Loans	122.848.208	113.221.372
Other receivables		
Security deposits		
	122.848.208	**113.221.372**

	30.09.2014	30.09.2013
- Loans - financial institutions	30.000.000	30.000.000
- Loans - customers	92.848.208	83.221.372
	122.848.208	**113.221.372**

Total loans are broken down as follows:

- loans of EUR 92.848 thousand (EUR 83.221 thousand as at 30 September 2013), interest-bearing at market rates, granted to Ghea S.r.l. (EUR 22.841 thousand), Liberata S.p.A. (EUR 33.658 thousand), Montini S.p.A. (EUR 15.863 thousand), Sofimar SA (EUR 13.411 thousand), Mittel Partecipazioni Stabili S.r.l. (EUR 4.800 thousand), Fingruppo S.r.l. (EUR 1.881 thousand), Mittel Management S.r.l. (EUR 367 thousand) and Tower 6 bis S.à r.l. (EUR 27 thousand);
- interest-bearing loans of EUR 30,000 thousand to the Augusto Fund (balance unchanged as at 30 September 2013).

The increase in this item is attributable, for EUR 9,2 million, to the reclassification of the receivable due from Sofimar, currently subject to a dispute, which is not expected to be collected before 1 October 2015.

8. Other non-current financial assets

This item totalled EUR 53.044 thousand (EUR 72.092 thousand at 30 September 2013). The item decreased by a total of EUR 19.048 thousand over 30 September 2013.

Details of the item are as follows:

	30.09.2014	30.09.2013
Available-for-sale financial assets		
Equities and shares of funds	53.013.990	72.062.385
Bonds	30.000	30.000
Derivative financial instruments	-	-
Financial assets designated at fair value	-	-
	53.043.990	**72.092.385**

Available-for-sale financial assets

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

	30.09.2014	30.09.2013
Available-for-sale financial assets		
Equities and shares of funds:		
Azimut - Benetti S.p.A.	20.189.000	29.186.630
SIA - SSB S.p.A.	1.400.000	1.400.000
Fondo Progressio Investimenti	1.006.327	10.018.109
Fondo Progressio Investimenti II	3.335.313	4.273.618
Fondo Cosimo I	4.038.109	4.006.589
Fondo Augusto	14.417.999	14.552.159
Equinox Two S.c.a.	3.732.366	3.282.300
Progressio SGR S.p.A.	245.000	649.711
Micro Ventures S.p.A.		
Società Editoriale Vita S.p.A.	9.354	9.354
Micro Ventures Investments S.c.a. Sicar		
Nomisma S.p.A.	100.000	100.000
MC-link S.p.A.	131.076	131.076
MC-link S.p.A. warrant	4.776	4.776
CreditAccess Asia N.V. (formerly Micro Venture Finance Group S.A.)	4.088.703	4.088.703
Frendy Energy S.p.A.	115.967	159.360
Industrial Stars of Italy S.p.A.	200.000	200.000
Bonds:		
Editoriale Vita S.p.A. (bonds)	30.000	30.000
	53.043.990	**72.092.385**

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

		Changes in the period					
Name/company name	Amounts as at 01/10/2013	Purchases, Drawdowns	Sales, distribution of funds	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Value as at 30/09/2014
Equities and shares of funds:							
Azimut - Benetti S.p.A.	29.186.630				(8.997.630)		20.189.000
SIA - SSB S.p.A.	1.400.000						1.400.000
Fondo Progressio Investimenti	10.018.109		(3.950.513)		(1.696.003)	(3.365.266)	1.006.327
Fondo Progressio Investimenti II	4.273.618	146.915	(568.071)		(517.150)		3.335.312
Fondo Cosimo I	4.006.589					31.520	4.038.109
Fondo Augusto	14.552.159				(134.159)		14.418.000
Equinox Two S.c.a.	3.282.300	342.625			(75.980)	183.421	3.732.366
Progressio SGR S.p.A.	649.711	325.108			(729.819)		245.000
Società Editoriale Vita S.p.A.	9.354						9.354
Nomisma S.p.A.	100.000						100.000
MC-link S.p.A.	131.076						131.076
MC-link S.p.A. warrant	4.776						4.776
CreditAccess Asia N.V. (formerly Micro Venture Finance Group S.A.)	4.088.703						4.088.703
Frendy Energy S.p.A.	159.360		(5.200)			(38.193)	115.967
Frendy Energy S.p.A. (stock)	-	5.200	(2.084)	(3.116)			-
Industrial Stars of Italy S.p.A.	200.000						200.000
Bonds:							
Editoriale Vita S.p.A. (bonds)	30.000						30.000
	72.092.385	**819.848**	**(4.525.868)**	**(3.116)**	**(12.150.741)**	**(3.188.518)**	**53.043.990**

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

- increases totalling EUR 860 thousand, essentially attributable (i) for EUR 147 thousand to a call of the Fondo Progressio Investimenti II (Progressio Investimenti II Fund), (ii) for EUR 343 thousand to two calls by Fondo Equinox Two Sca, (iii) for EUR 325 thousand to the amount paid by Mittel S.p.A. to Brands Partner 2 S.p.A. in liquidation by way of the price difference on the Progressio SGR security and (iv) for EUR 5 thousand to the free assignment of rights, with reference to Frendy Energy S.p.A., as a result of an extraordinary transaction;

- decreases totalling EUR 19.908 thousand, relating (i) for EUR 4.519 thousand to the distributions made by Fondo Progressio Investimenti (Progressio Investimenti Fund) (EUR 3.951 thousand) and by Fondo Progressio Investimenti II (Progressio Investimenti II Fund) (EUR 568 thousand), as well as the disposal of Frendy Energy S.p.A. rights (EUR 50 thousand), (ii) for EUR 3.188 thousand to the fair value adjustment made with reference a) to the Fondo Progressio Investimenti (Progressio Investimenti Fund) (a negative EUR 3.365 thousand), to be viewed together with the income distributed in the year and booked to the income statement (EUR 5.820 thousand) and the value adjustment (EUR 1,696 thousand), b) to the Fondo Cosimo I (Cosimo I Fund) (a positive EUR 32 thousand), c) to Fondo Equinox Two S.c.a. (a positive EUR 183 thousand) and d) to shares held in Frendy Energy S.p.A. (a negative EUR 38 thousand) and (iii) for an amount of EUR 12,151 thousand by way of a write-down for impairment.

These write-downs for impairment to the amount of the equity investments were the result of the recognition of objective evidence of reductions in their recoverable value due to impairment or the effects on future cash flows which may be reliably estimated, or due to the presence of a significant or long-lasting reduction in the present fair value of the equity investment with respect to its original cost.

Details of the impairment are as follows:

Amounts in thousands of Euro

Azimut - Benetti S.p.A.	8.998
Fondo Progressio Investimenti	1.696
Fondo Progressio Investimenti II	517
Fondo Augusto	134
Progressio SGR S.p.A.	730
Equinox Two S.c.a.	76
	12.151

It should be noted that the total impairment recognised in the income statement pertaining to the Augusto Fund was EUR 582 thousand, including the negative profit component of EUR 448 thousand, which, in the comparison period, was deferred to the valuation reserve.

Losses due to reductions in the recoverable value of equities

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

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

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

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

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

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

Based on those reference criteria, in the case where there is evidence of impairment, the estimate of the loss deemed unrecoverable, to be posted to the income statement, equals the accumulated impairment of the asset.
Specifically, when an impairment loss occurs, the write-down of the financial asset is posted as a reduction in the revaluation reserve recognised under equity up to the limit of the same, and any remaining amount is posted in the income statement. With regard to equities for which previous impairment losses have been recognised, the loss is determined using the “original cost” of the investment as reference, not the value determined following the previous impairment. Therefore, the “significance” and “prolonged nature” of the decrease in fair value, which resulted in the recognition of an impairment loss to be transferred to the income statement, are commensurate to the amount of the original cost of the investment and the duration of the period in which it dropped below the original cost.

In this regard, as a result of the recognition of objective evidence of unrecoverable impairment of equity instruments, the following amounts were posted to the income statement for the various financial assets:

Amounts in thousands of Euro

	Purchase cost as at 30.09.2013 net of previous impairment	Increases (decreases) in the year	Purchase cost as at 30.09.2014 net of previous impairment	Fair value as at 30.09.2013	Cumulated changed in fair value at equity as at 30.09.2013	Fair value as at 30.09.2014	Cumulated changed in fair value at equity as at 30.09.2014	Write-down to income statement
			A			*B*	*C*	*D= B-A-C*
Impairment due to long-lasting reduction in fair value with respect to the cost of equities:								
Fondo Progressio Investimenti II (Progressio Investimenti II Fund)	4.274	(422)	3.852	4.274	-	3.335		(517)
Fondo Augusto (Augusto Fund)	14.999		14.999	14.552	(447)	14.418		(581)
Impairment due to significant reduction in fair value with respect to the cost of equities:								
Società Editoriale Vita S.p.A.	100	-	100	9	(91)	9		(91)
Irrecoverable impairment commensurate with the fundamental economic value of equities:								
Fondo Progressio Investimenti (Progressio Investimenti Fund)	6.653	(3.951)	2.702	10.018	3.365	1.006		(1.696)
Azimut Benetti S.p.A.	29.187	-	29.187	-	-	20.189		(8.998)
Equinox Two Sca	3.282	343	3.625	3.282	-	3.732	183	(76)
Progressio SGR S.p.A.	650	325	975	650	-	245		(730)
	59.145	**(3.705)**	**55.440**	**32.785**	**2.827**	**42.934**		**(12.689)**

For the investment in Fondo Progressio Investimenti II (Progressio Investimenti II Fund), it should be noted that these equities recorded a fair value lower than their historical cost for a period of time exceeding 20 months. This resulted in objective evidence of a reduction in their recoverable value, with the corresponding recognition of a total write-down of EUR 3,0 million in the income statement. In the presence of the previous recognition of impairment as at 30 September 2014, a further reduction in fair value of the investment involved the recognition of further impairment of EUR 0,5 million.

As regards the Augusto Fund, at the close of the current year, a comparison between the fair value and historical cost, which revealed itself to be lower than the former for a prolonged period, determined a recognised loss of EUR 0,6 million.

Impairment of EUR 91 thousand of the investment held in Società Editoriale Vita was booked to the income statement, due to a significant reduction in the fair value with respect to the cost of equities; the fair value of the investment is, in fact, lower than the cost for an amount above the threshold of 75%, identified by the company as the threshold of relevance for the automatic recognition of impairment of available-for-sale financial assets.

For the investments in Fondo Progressio Investimenti, Azimut Benetti, Equinox Two SCA and Progressio SGR S.p.A., it should be noted that, as at 30 September 2014, these equities showed a reduction in their current recoverable value (estimated on the basis of criteria that reflect their respective fundamental economic value), with the corresponding recognition in the income statement:

- of a write-down of Fondo Progressio Investimenti of EUR 1,7 million, corresponding to the entire lower cumulated value with respect to the purchase cost; in the previous year, fair value increases were recorded, deferred to the valuation reserve for a total of EUR 3,4 million; during the year, the distributions made by the Fund involved the recognition of dividends and the subsequent reduction in the fair value of the investment at the date of the close of the year;
- of a write-down of EUR 9 million of Azimut Benetti as a result of the worsening in the fundamental economic-financial data, taken from the last set of available financial statements, in respect of which the company carried out an evaluation of the investment based on comparative evaluation methods which made it possible to identify a reduction in the fair value of the investment, considered to be representative of impairment;
- of a EUR 0,1 million write-down of Equinox Two Sca (attributable to the fair value adjustment of the investment carried out on 31 March 2014 at the time of drafting of the half-yearly financial report), booked to the income statement in application of IAS 39, (in the presence of previous impairment which already involved, in previous years, the reversal to the income statement of the negative valuation reserve accrued); the subsequent increase in fair value recorded on 30 September 2014 was deferred to the valuation reserve, again in accordance with the provisions of IAS 39.
- of a write-down of EUR 0,7 million of Progressio SGR S.p.A., attributable to its adjustment in line with its recoverable value.

For more details, please see the information in the explanatory notes to the consolidated financial statements.

9. Sundry receivables and other assets

The item “Sundry receivables and other non-current assets” totalled EUR 160 thousand (EUR 160 thousand as at 30 September 2013) and includes the beneficial interest on a share equal to EUR 143 thousand.

10. Prepaid tax assets

This item totalled EUR 181 thousand (EUR 160 thousand as at 30 September 2013), increasing by EUR 21 thousand during the year.

Details of the item are as follows:

	30.09.2014	30.09.2013
Tax assets with contra-item in Income statement	178.304	159.624
Tax assets with contra-item in Shareholders' Equity	2.197	
	180.501	**159.624**

	30.09.2014	30.09.2013
Prepaid taxes		
Assets/liabilities held for trading	-	-
Investments	-	-
Property, plant and equipment/intangible assets	-	-
Allocations	173.659	159.624
Other assets/liabilities	6.842	-
Receivables	-	-
Retained losses	-	-
Other	-	-
	180.501	**159.624**

Prepaid taxes are recognised given that it is deemed likely that positive taxable income will be generated to allow the use of the amount recognised as at 30 September 2014.

Management recorded deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered within a time period implied in the company's planning.

It should be noted, as already detailed in the corresponding section of the consolidated financial statements, that the tax losses of the companies participating in Mittel's tax consolidation, net of offsets for the purposes of the financial statements as at 30 September 2014, amounted to EUR 30,8 million. The Group companies did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the fee due in accordance with the provisions of the tax consolidation contract.

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

The table below shows the changes in the year:

Tax assets with contra-item in Income Statement:

	30.09.2014	30.09.2013
Opening Balance	**159.624**	**99.385**
Increases	**178.304**	**159.624**
Prepaid taxes recorded in the year:	**173.659**	**159.624**
- relating to previous years	-	-
- other	173.659	159.624
Increases in tax rates	-	-
Other increases	4.645	-
Decreases	**(159.624)**	**(99.385)**
Prepaid taxes cancelled in the year:	**(159.624)**	**(99.385)**
- reversals	(159.624)	(99.385)
Decreases in tax rates	-	-
Other reductions	-	-
	178.304	**159.624**

Tax assets with contra-item in Equity:

	30.09.2014	30.09.2013
Opening Balance	**-**	**872.821**
Increases	**2.197**	**-**
Prepaid taxes recorded in the year:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	2.197	-
Decreases	**-**	**(872.821)**
Prepaid taxes cancelled in the year:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other reductions	-	(872.821)
	2.197	**-**

Current assets

11. Financial receivables

This item totalled EUR 77.031 thousand (EUR 89.401 thousand at 30 September 2013). The item decreased by a total of EUR 12.370 thousand over 30 September 2013.

Details of the item are as follows:

	30.09.2014	30.09.2013
Loans	77.030.502	89.401.367
Other receivables	-	-
Security deposits	-	-
	77.030.502	**89.401.367**

	30.09.2014	30.09.2013
Loans - financial institutions	212.256	214.902
Loans - customers	76.818.246	89.186.465
	77.030.502	**89.401.367**

Changes in the item customer loans	
Opening balance	**89.401.367**
collections in the year	(18.854.735)
disbursements	34.568.984
reclassification to non-current financial receivables - transfer	(30.673.510)
interest accrued	2.917.943
receivable write-downs	(329.546)
Closing balance	**77.030.502**

The increases are due mostly to the greater financial commitment registered with respect to the subsidiary Mittel Investimenti Immobiliari S.r.l., which saw exposure rise from EUR 39,1 million to EUR 69,0 million, marking a total increase of EUR 29,9 million. The write-down of EUR 0,3 million is due mainly to the value adjustment of a receivable due from the subsidiary Markfactor S.r.l. in liquidation, in respect of negative equity of the wholly-owned subsidiary and subsequent commitment of the undersigned company, to provide it with equity support. The reclassification of financial receivables from current to non-current is attributable, for an amount of EUR 21,5 million, to the rescheduling of the loan granted to Ghea S.r.l. as a result of the renegotiation and reorganisation of equity and corporate assets, finalised on 20 December 2013. For a description, refer to the directors' report of these financial statements, in the section on the investee Bios S.p.A. and, for an amount of EUR 9,2 million, to the receivable due from Sofimar SA, currently involved in a dispute, which is not expected to be collected before 1 October 2015.

12. Other current financial assets

This item totalled EUR 9.305 thousand (not present at 30 September 2013).

	30.09.2014	30.09.2013
Bonds	-	-
Equity instruments	9.305.220	-
Derivative financial instruments	-	-
	9.305.220	**-**

Details of the item are as follows:

	30.09.2014	30.09.2013
Equity instruments:		
Danieli S.p.A.	91.800	-
Danieli S.p.A. Az. Risp.	173.420	-
Moncler S.p.A.	9.040.000	-
	9.305.220	**-**

13. Current tax assets

This item totalled EUR 15.743 thousand (EUR 14.650 thousand at 30 September 2013). The item increased by a total of EUR 1.093 thousand over 30 September 2013.

The item is mainly composed of:

- IRES (corporate income tax) receivables totalling EUR 10.122 thousand, relating to amounts due from the tax authorities deriving from tax withholdings and payments on account made by Hopa S.p.A. (now Mittel S.p.A.) and its subsidiaries which applied, up until 31 December 2011, the Hopa tax consolidation option, interrupted following the merger in Mittel S.p.A.;
- receivables relating to the tax consolidation of Mittel S.p.A. (EUR 4.045 thousand).
- the IRAP (regional business tax) credit, attributable to tax benefit deriving from the redetermination of the Irap tax base relating to the year 2011/2012, following the obtainment of a response to the question to the Revenue Agency regarding the applicability, to the year in question, of the regulations set forth in paragraph 9 of article 6 of Legislative Decree 446/1997 for industrial holdings, for a total of EUR 1,576 thousand.

	30.09.2014	30.09.2013
IRES (corporate income tax)	14.166.491	14.497.539
IRAP (regional business tax)	1.576.201	152.681
Other taxes	-	-
	15.742.692	**14.650.220**

Changes in the item during the year are shown below:

	30.09.2014	30.09.2013
Opening balance	**14.650.220**	**15.621.044**
Increases	**2.851.893**	**380.819**
Current tax assets recorded in the year:	**2.851.893**	**228.138**
- relating to previous years	1.423.520	-
- other	1.428.373	228.138
Other increases	-	152.681
Decreases	**(1.759.421)**	**(1.351.643)**
Current tax assets cancelled in the year:	**-**	**-**
- reimbursements	-	-
- Other decreases	(1.759.421)	(1.351.643)
	15.742.692	**14.650.220**

14. Sundry receivables and other assets

This item totalled EUR 11.668 thousand (EUR 11.526 thousand at 30 September 2013). The item increased by a total of EUR 142 thousand over 30 September 2013.

Details of the item are as follows:

	30.09.2014	30.09.2013
Trade receivables	123.453	537.683
Receivables from leases	-	-
Other tax receivables	9.464.032	9.401.065
Other receivables	1.655.826	895.502
Accrued income and prepaid expenses	425.109	691.906
	11.668.420	**11.526.156**

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

- the receivable due (EUR 7,200 thousand) from the tax authorities that Hopa S.p.A., now Mittel S.p.A., acquired from Bios S.p.A. as part of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011. This receivable relates to the IRES (corporate income tax) surplus, for which a refund was requested;
- VAT credits due from the tax authorities (EUR 2.085 thousand).

The item “Other receivables”, amounting to EUR 1.656 thousand (EUR 896 thousand as at 30 September 2013), increased by EUR 760 thousand compared to the previous year and mainly includes receivables due from Group companies for taxes, VAT and sundry charges.

The item “Accrued income and prepaid expenses” includes accruals of EUR 9 thousand (EUR 119 thousand as at 30 September 2013), deferrals on contractual rents accruing in the future of EUR 53 thousand (EUR 478 thousand as at 30 September 2013) and deferrals on insurance premiums of EUR 263 thousand (EUR 95 thousand as at 30 September 2013) and deferrals on fund subscription commissions of EUR 100 thousand.

15. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 5.619 thousand (EUR 3.545 thousand as at 30 September 2013), include cash held by the company and investments in bank deposits and bank certificates expiring within three months and, therefore, considered readily convertible to cash.

	30.09.2014	30.09.2013
Cash	2.336	2.016
Bank and postal deposits	5.616.871	3.543.183
	5.619.207	**3.545.199**

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

Statement of financial position - Liabilities

Equity

16. Equity

Equity amounted to EUR 226.131 thousand (EUR 278.359 thousand as at 30 September 2013), down by EUR 52.228 thousand over 30 September 2013.

The breakdown of equity is shown in the following table:

	30.09.2014	30.09.2013
Share capital	87.907.017	87.907.017
Legal reserve	16.760.462	16.760.462
Treasury shares	(25.778.526)	(25.778.526)
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	814.814	2.677.023
Other reserves	120.903.053	120.903.053
Profit (loss) of previous years	22.173.718	49.779.966
Profit (loss) for the year	(50.366.130)	(27.606.247)
Equity	**226.130.626**	**278.358.966**

Table showing the formation and usability of reserves

Nature/description	amount	possibility of use	Available portion	Summary of uses made in three previous years	
				To cover losses	For other reasons
Share capital	87.907.017				
Capital reserves:					
Share premium reserve	53.716.218	A,B,C	53.716.218		
Other:					
- surplus from share swap	10.218.278	A,B	10.218.278		
- revaluation reserve pursuant to Law no. 72/1983	2.372.917	A,B	2.372.917		
- revaluation reserve pursuant to Law no. 413/1991	43.908	A,B	43.908		
Treasury shares	(25.778.526)		(25.778.526)		
Profit reserves;					
Legal reserve	16.760.462	B	16.760.462		
Other:					
- extraordinary reserve	39.333.835	A,B,C	39.333.835	(63.435.291)	
- HOPA merger reserve	68.596.096	A,B,C	68.596.096		
- taxed provision for future risks and expenses	774.685	A,B,C	774.685		
- FTA	4.676	A,B,C	4.676		
- reserve from sale of treasury shares	(441.342)		(441.342)		
Valuation reserve	814.814	B	814.814		
Retained earnings in the year	22.173.718	A,B,C	22.173.718	(27.658.637)	
Total reserves	**188.589.739**		**188.589.739**		
Undistributable portion			31.031.321		
Residual distributable portion			157.558.419		

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

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

Share capital

Share capital is made up of 87.907.017 ordinary shares with a nominal value of EUR 1,00. It should be noted that, after the merger by incorporation of Tethys S.p.A. and Hopa S.p.A., which took effect on 5 January 2012, the share capital of Mittel S.p.A. increased by 17.402.512 shares with a nominal value of EUR 1,00 each. Outstanding share capital, net of treasury shares held by the company, stood at 72.598.311.

Treasury shares

As at 30 September 2014, the Company held 15.308.706 treasury shares.

Valuation reserve

The Valuation reserve relates (i) to the fair value adjustment to financial assets (EUR 935 thousand), represented by equity securities, classified as available for sale net of the associated taxes and (ii), to the reserve established following the valuation of Employee severance indemnity based on IAS 19 (negative EUR 120 thousand).

The breakdown and changes in the valuation reserve in the year referred to point (i) are shown below:

Fair value measurement reserve	Value as at 1.10.2013	Fair value changes		Release of reserve to the income statement for fair value impairment	Release of reserve to the income statement for transfers of financial assets	Deferred taxes	Value as at 30.09.2014
		Increases	Decreases				
Fondo Progressio	2.439.821		(3.365.270)			925.449	-
Fondo Progressio II	-						-
Fondo Cosimo I	721.947	31.520				(8.668)	744.799
Fondo Augusto	(324.685)		(134.159)	582.001		(123.157)	-
Equinox Two	-	183.421					183.421
MC-Link S.p.A.	(20.394)						(20.394)
MC-Link S.p.A. warrant	4.776						4.776
Editoriale Vita S.p.A.	(90.645)			90.645			-
Frendy Energy S.p.A.	60.160		(38.192)				21.968
	2.790.980	**214.941**	**(3.537.621)**	**672.646**	**-**	**793.624**	**934.570**

Non-current liabilities

17. Bond loans

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

	30.09.2014	30.09.2013
Bond "Mittel S.p.A. 2013-2019" TF 6%	-	-
Current portion	1.313.142	1.320.537
Non current portion	96.660.922	96.103.299
	97.974.064	**97.423.836**

The liability for Bond Loans breaks down as follows:

	30.09.2014	30.09.2013
Current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	1.313.142	1.320.537
Non current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	99.853.522	99.853.522
Total nominal repayment	**101.166.664**	**101.174.059**
Evaluation at amortized cost	(3.192.600)	(3.750.223)
Total book value	**97.974.064**	**97.423.836**

The single issue of the bonds in service of the OPSC and OPSO has a duration of 6 years from the issue date, accrues annual interest of at least 6% and is earmarked for listing on the MOT (Screen-based bond market).
Starting from the fourth year from the issue date, Mittel will have the right of early redemption from a minimum of 25% up to a maximum of 50% of the value of the bond issued.
The bonds involved in the OPSO were offered and issued at a price equal to 98,500% of their nominal value (“Offer Price”). The bonds accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the “Nominal Interest Rate”) of 6,000%.
The gross effective annual rate of return on expiry of the Bonds involved in the OPSO, (i) calculated on the basis of the Nominal Interest Rate of the Bonds of 6,000% and the Offer Price equal to 98,500% of the nominal value of said Bonds and (ii) assuming that the Issuer does not make any early redemption of the Bonds, is equal to 6,304%.
The Bonds paid during the OPSC have the same characteristics as the bonds involved in the OPSO and, therefore, accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the “Nominal Interest Rate”) of 6,000%. The gross annual rate

of return on expiry of the Bonds offered for exchange, (i) calculated on the basis of the Nominal Interest Rate and of the issue price of the Bonds offered for exchange equal to 100% of the nominal value and (ii) assuming that the Mittel S.p.A. does not make any early redemption, is equal to 6,000%, and, therefore, coincides with the Nominal Interest Rate.
The prospectus for the bond loan is available on the website www.mittel.it, in the section “Investor Relations”. The Bonds were listed on the MOT from 12 July 2013.
Therefore, the total nominal value and the number of the bonds issued in service of the OPSC and OPSO, with a nominal value of EUR 1,75 each as at 30 September 2014 were as follows:

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

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

	currency	Issue amount (Euro)	Redemption Nominal Value (Euro)	Interest rate and coupon timing	Issue date	Expiry date	Issue price per bond (Euro)	Market price on 30/09/2014
Bond "Mittel S.p.A. 2013-2019" subscription public offer ("OPSO")	Euro	72.867.561	73.977.220	yearly 6,00% coupon paid every six months on a defferred basis	**12/07/13**	**12/07/19**	**1,75**	**1,89**
Bond "Mittel S.p.A. 2013-2019" public exchange offer ("OPSC")	Euro	25.876.302	25.876.302					
		98.743.863	**99.853.522**					

Note that for the purposes of drawing up the financial statements, no separate value was recognised for the right to partial early redemption in the fourth and/or fifth year of the term of the bond loan, for an amount of 25% or 50% of the nominal value of the loan for each year of partial early redemption, without prejudice to the maximum limit of 50% of the nominal value which may overall be subject to early redemption based on a partial early redemption price in the fourth year at 102% of the nominal value and in the fifth year at 101% of the nominal value. This right pertains to a call option for early redemption incorporated in a host debt contract represented by the bond loan, which may influence the redemption cash flows, with regard to the trend in the benchmark interest rates and based on its economic characteristics. The issuer’s call option can be measured based on the difference between the fair value of the embedded instrument (equal to the product of the amount of principal redeemed and the effective interest rate spread of the host debt compared to the interest rate perceptible at the date of early redemption, which may be reinvested in an equivalent contract for the term of redemption of the host debt) and the fair value of the host contract. Nonetheless, note that the lender of the host instrument (the bondholders) have no influence on the issuer’s call option. Therefore, the option should be deemed strictly correlated to the host financial instrument, and impossible to record separately in the accounts from the host debt.
Furthermore, at the current state of play, the consideration for the year for the early redemption option of the issuer does not reimburse the bondholders in an amount equal to or less than the approximate present value of the interest lost during the residual term of the bond loan.

18. Financial payables

This item amounted to EUR 34.379 thousand as at 30 September 2014, down by EUR 4.785 thousand over the previous year (EUR 39.164 thousand as at 30 September 2013).

Details of the item are as follows:

	30.09.2014	30.09.2013
Bank loans	34.379.199	39.163.897
Other loans		

Financial leasing payables		
Other financial payables		
	34.379.199	**39.163.897**

The item includes:

- the portion of the loan granted by Banco di Brescia S.p.A. (EUR 2.653 thousand), with the last instalment due on 23 October 2015; the instalments of said loan falling due on 23 October 2013 and 23 April 2014, respectively, totalling EUR 5.118 thousand were included in the item “Current financial payables”;
- a loan granted by Monte Paschi di Siena (EUR 31.727 thousand), expiring on 23 December 2015. The accrual of interest of EUR 1,203 thousand, accrued at the reporting date and paid at maturity, was included in the item “Current financial payables”.

19. Provisions for personnel

As at 30 September 2014, the item amounted to EUR 834 thousand (EUR 797 thousand as at 30 September 2013), and is composed as follows:

	30.09.2014	30.09.2013
Employee severance indemnity	834.238	703.027
Other allowances		93.600
	834.238	**796.627**

Changes in the provision for Employee severance indemnity during the year are shown in the following table:

	30.09.2014	30.09.2013
Opening balances	**703.027**	**522.280**
Increases:		
- Allocation in the year	120.072	183.406
- Increase due to business combination		
- Other increases	59.247	17.761
Decreases:		
- Liquidations carried out	(47.125)	
- Other decreases	(983)	(20.420)
	834.238	**703.027**

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

The actuarial assumptions adopted refer to:

a) assumptions regarding the causes of 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, on tax withholdings and, on the whole, on the legislation in force.

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

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 1.5% over time) and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.

For revaluation purposes, TFR is increased, with the exclusion of the portion accrued in the year, each year through the application of a rate with a fixed component of 1,50%, and a variable component of 75% of the projected inflation rate. Substitute income tax of 11% is applied on annual returns (Legislative Decree 47/2000).
For each of the basic assumptions, an analysis is performed on the effect on the results of actuarial evaluations of a variation of 10% more or 10% less than said amount. One amount was varied at a time, without prejudice to all other amounts.
It should be pointed out that, for example, by focusing attention on the discount rate of 1,69%, that an increase in the rate of 10% (from 1,69% to 1,86%) involves, on the whole, a reduction of around 1,34% in the amount of the employee severance indemnity provision on an IAS basis - for companies as at 30 September 2014.
Similarly, a reduction in the annual rate of inflation of 10% (from 1,00% to 0,90%) involves a reduction of 0,62% in the amount of the provision for Mittel S.p.A. as at 30 September 2014.

20. Deferred tax liabilities

This item totalled EUR 283 thousand as at 30 September 2014 (EUR 1.076 thousand as at 30 September 2013).

Details of the item are as follows:

	30.09.2014	30.09.2013
Tax liabilities whit contra-item in income statement		
Tax liabilities with contra-item in shareholders' equity	282.512	1.076.132
	282.512	**1.076.132**

	30.09.2014	30.09.2013
Deffered liabilities		
Receivables		
Assets/liabilities held for sale	282.512	1.076.132
Investments		
Property, plant and equipment/intangibles assets		
Other assets/liabilities		
Other		
	282.512	**1.076.132**

	30.09.2014	30.09.2013
Opening balance	**1.076.132**	**-**
Increases	**168.719**	**1.076.132**
Deferred taxes recorded in the year:	**168.719**	**1.076.132**
- relating to previous years	-	-
- other	168.719	1.076.132
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(962.339)**	**-**
Deferred taxes cancelled in the year:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other reductions	(962.339)	-
	282.512	**1.076.132**

21. Provisions for risks and charges

This item amounted to EUR 7.426 thousand as at 30 September 2014 (EUR 5.518 thousand as at 30 September 2013), up by EUR 1.908 thousand over the previous year.

Details of the item are as follows:

	30.09.2014	30.09.2013
Provision for risks:		
Legal disputes		
Disputes with personnel		
Contractual disputes	7.275.857	4.971.026
Other disputes		
Other provisions:		
Expenses for personnel		
Other expenses	150.000	546.800
	7.425.857	**5.517.826**

The item saw the following changes:

	30.09.2014	30.09.2013
Opening balance	**5.517.826**	**4.196.800**
increases:		
Allocation in the year	2.440.031	4.971.026
Other increases	-	-
Decreases:		
Use in the year	(532.000)	(3.650.000)
Other decreases	-	-
	7.425.857	**5.517.826**

The item "Provisions for risks" refers to (i) an allocation set aside (EUR 276 thousand) based on the best estimate of the expected costs necessary to close ongoing legal disputes, (ii) to an allocation (EUR 6.850 thousand) to cover potential losses, primarily contractual, in respect of which, at the date of these financial statements, the amounts and date of occurrence were still undetermined, (iii) to additional potential expenses (EUR 150 thousand) set aside for any future risks, (iv) and to the Beware investment (EUR 150 thousand). As regards changes in the provision during the year, it saw a total allocation of EUR 2.440 thousand, and EUR 532 thousand was used during the year.

22. Sundry payables and other liabilities

This item totalled EUR 319 thousand (EUR 2.636 thousand as at 30 September 2013), a decrease of EUR 2.317 thousand.
The reduction is largely due to the elimination of the payable for earnest money due to the transaction involving the sale of a piece of land in Naples. For a description see note 27.

Current liabilities

23. Bond loans

These amount to EUR 1.313 thousand and refer to the interest accrued in the period from 12 July 2014, the date of payment of the half-yearly bond loan coupon, and the reporting date.

24. Financial payables

This item totalled EUR 50.340 thousand (EUR 56.233 as at 30 September 2013), a decrease of EUR 5.893 thousand.

The item is composed as follows:

	30.09.2014	30.09.2013
Bank loans	42.660.786	49.940.754
Current portion of medium/long-term bank loans	6.467.253	5.109.938
Other loans		
Other financial payables	1.211.772	1.182.422
	50.339.811	**56.233.114**

The item “Bank loans” includes hot money loans granted by the leading banks, regulated at rates indexed to the 1-3 month Euribor rates and with short-term expiry.
The item “Other financial payables” relates to the payable of EUR 1.212 thousand due to Liberata S.p.A., posted in relation to the capital replenishment, rendered necessary as a result of the settlement of a tax dispute, substantially adjusting the price paid to acquire the 100% investment of Mittel Generale Investimenti S.p.A., on which interest accrued from 1 October 2013.

25. Sundry payables and other liabilities

This item totalled EUR 14.085 thousand (EUR 13.152 thousand at 30 September 2013). The item increased by a total of EUR 933 thousand over 30 September 2013.

Details of the item are as follows:

	30.09.2014	30.09.2013
Trade payables	2.860.405	1.683.293
Tax payables	197.392	287.952
Payables relating to employees	701.024	747.351
Payables relating to other personnel		
Payables due to directors and statutory auditors	786.331	298.266
Payables due to social security institutions	94.405	93.029
Disputed		
Other payables	9.239.772	9.970.719
Accrued expenses and deferred income	205.409	71.519
	14.084.738	**13.152.129**

The item “Trade payables” is composed of invoices received, still not settled as at 30 September 2014, for a total of EUR 340 thousand, and invoices to be received amounting to EUR 2.520 thousand. The latter refer mainly to payables for legal expenses (EUR 1.760 thousand), professional consulting (EUR 346 thousand), running expenses (EUR 108 thousand), financial statement certification fees (EUR 106 thousand), internal committee, supervisory body and internal audit fees (EUR 89 thousand), Group company services (EUR 56 thousand), notary expenses (EUR 15 thousand) and program maintenance (EUR 8 thousand).

The item “Other payables” includes mainly a payable of EUR 7.200 thousand due to the company Bios S.p.A. relating to the purchase, by Mittel S.p.A., of the tax receivable due to Bios S.p.A.. This transaction falls within the scope of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011. The receivable due from the tax authorities refers to IRES (corporate income tax) surpluses, for which a refund was requested. The payable due to Bios S.p.A. was settled on 15 December 2014.

Information on the Income Statement

Comments on the main items are shown below.

26. Revenues

This item totalled EUR 1.344 thousand (EUR 1.499 thousand at 30 September 2013). The item decreased by a total of EUR 155 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Revenues from property sales	-	-
Revenues from rent	495.087	490.864
Revenues from provision of services	848.702	1.008.453
Revenues from fund management commission	-	-
Revenues from commission from finance leases	-	-
Other revenues	-	-
	1.343.789	**1.499.317**

The item revenues from provision of services relates to chargebacks to subsidiaries and associates for outsourced direct debit, administrative and IT services.

27. Other income

This item totalled EUR 2.988 thousand (EUR 1.145 thousand at 30 September 2013). The item increased by a total of EUR 1.843 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Recoveries of various expenses	-	-
Contingent assets	321.899	798.399
Income from elimination of assets	10.684	25.001
Other revenues and income	2.654.959	321.905
	2.987.542	**1.145.305**

The item "Other revenues and income" mainly includes EUR 2.411 thousand for the registration of the capital gain on the sale of a piece of land in Naples, as a result of a settlement agreement signed on 18 February 2014, which resulted in the termination of a dispute that arose concerning the sale of said land, for which the preliminary agreement had been signed on 16 June 2008 and subsequently legally challenged by the counterparty.

28. Costs for services

This item totalled EUR 10.886 thousand (EUR 7.644 thousand as at 30 September 2013). The item increased by a total of EUR 3.242 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Legal consultancy	(1.942.892)	(1.301.467)
Notary consultancy	(98.863)	(8.643)
Other consultancy	(1.983.535)	(1.917.248)
General services and maintenance	(578.591)	(593.647)
Administrative, organisational and audit services	(219.200)	(245.000)
Directors' fees	(4.128.089)	(1.171.535)
Board of Statutory Auditors' fees	(154.725)	(298.266)
Supervisory Body's fees	(55.600)	(40.600)
Fees for prosecutors and Manager in charge	(18.347)	(16.000)
Rentals	(1.151.423)	(1.278.949)
Leases	(13.254)	(12.006)
Insurance	(367.304)	(341.201)
Utilities	(134.804)	(169.032)
Advertising	(39.610)	(250.303)
	(10.886.237)	**(7.643.897)**

The item directors' fees recorded an increase due to the signing of the settlement agreement entered into with Mr. Arnaldo Borghesi. This agreement is described in the paragraph on significant events in the year of the consolidated financial statements.

29. Personnel costs

This item totalled EUR 3.443 thousand (EUR 3.731 as at 30 September 2013). The item decreased by a total of EUR 288 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Wages and salaries	(2.476.181)	(2.543.935)
Social security costs	(766.401)	(824.948)
Employee termination indemnity	(26.000)	(93.600)
Pension costs	-	-
Allocation to employee severance indemnity	(120.072)	(111.144)
Allocation to retirement fund and similar obligations	-	-
Payments to external supplementary pension funds	(15.756)	-
Other personnel costs	(38.879)	(157.607)
	(3.443.289)	**(3.731.234)**

It should be noted that the item provision for employee severance indemnity, as at 30 September 2013, recorded a decrease of EUR 72 thousand due to the retrospective application of the amendment to IAS 19.

Average number of employees broken down by category:

	Average in year 2013/2014	Average in year 2012/2013
Managers	5	6
Officials	9	7
Employees	14	16
Total	**28**	**29**

30. Other costs

This item totalled EUR 2.405 thousand (EUR 1.833 thousand as at 30 September 2013). The item increased by a total of EUR 572 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Taxes and duties	(2.075.252)	(1.445.101)
Capital losses from transfer of receivables	-	-
Adjustment to deferred price - Fashion District Group	-	-
Losses on receivables	-	-
Capital losses from transfer of property, plant and equipment	-	-
Extraordinary contingent liabilities	(54.694)	(77.063)
Other sundry operating expenses	(275.508)	(311.166)
	(2.405.454)	**(1.833.330)**

The item “taxes and duties” mainly includes non-deductible pro-rata VAT costs.

31. Dividends and similar income

This item totalled EUR 35.417 thousand (EUR 9.549 thousand as at 30 September 2013). The item increased by a total of EUR 25.868 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Dividends from financial assets held for trading	80.000	-
Dividends from available-for-sale financial assets	7.168.335	935.205
Dividends from financial assets designated at fair value	-	-
Dividends from investments	28.168.273	8.613.536
Other	-	-
	35.416.608	**9.548.741**

The item ‘Dividends from investments’ is comprised, for EUR 27.796 thousand, of dividends distributed by Brands Partners 2 S.p.A. in liquidation and, for EUR 372 thousand, to the dividend distributed by Castello SGR S.p.A.. Dividends from available-for-sale financial assets refer to the distributions made, for EUR 5.820 thousand by Fondo Progressio Investimenti (Progressio Investimenti Fund), for EUR for 668 thousand, by the Augusto Fund, for EUR 371 thousand, by Progressio SGR S.p.A. and for EUR 308 thousand, by Sia S.p.A.. Dividends from financial assets held for trading refer to the amount received by Moncler S.p.A..

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

The item “Profits/(losses) deriving from investments” includes:
- capital gains/losses from the disposal of investments in available-for-sale assets;
- capital gains/losses from the disposal of investments classified as available-for-sale, included in the item “Other non-current financial assets”;

In the current year, these amounted to EUR 148 thousand (compared to EUR 12 thousand in the previous year) and are attributable entirely to capital gains from the sale of investments relating to the companies Castello SGR S.p.A. and Mire SGR S.p.A..

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

	30.09.2014	30.09.2013
Available-for-sale financial assets		
Capital gains	-	-
Profits from fair value measurement	-	-
Other income	-	-
Capital losses	-	-
Losses from fair value measurement	-	-
Other	-	-
Capital gains (losses) from transfer of receivables	**-**	**-**
Capital gains (losses) from transfer of investments	**147.884**	**160.388**
Capital gains (losses) from change in equity interest	**-**	**-**
Write-backs/value adjustments of investments	**-**	**-**
	147.884	**160.388**

33. Amortisation/depreciation

Amortisation/depreciation in the year amounted to EUR 461 thousand(EUR 395 thousand as at 30 September 2013). The item increased by a total of EUR 66 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Intangible assets		
Amortisation	(120.722)	(62.824)
Adjustments for impairment	-	-
Write-backs	-	-
Property, plant and equipment		
Amortisation of investment property	-	-
Amortisation of other assets owned	(340.300)	(332.433)
Amortisation - finance lease	-	-
Adjustments for impairment	-	-
Write-backs	-	-
Assets relating to financial leasing	**-**	**-**
	(461.022)	**(395.257)**

34. Allocations to the provision for risks

This item totalled EUR 2.440 thousand, down by EUR 2.531 thousand on the allocation in the previous year.

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

	30.09.2014	30.09.2013
Provisions for ongoing disputes:		
for legal disputes	-	-
for expenses for personnel	-	-
	-	-
Provision for contractual disputes	(2.440.031)	(4.971.026)
Provision for restructuring expenses	-	-
Other provisions	-	-
	(2.440.031)	**(4.971.026)**

The item “Provisions for contractual disputes” refers to allocations set aside mainly to cover potential losses. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

35. Value adjustments to financial assets and receivables

This item totalled EUR 12.960 thousand, an increase of EUR 4.224 thousand over 30 September 2013.
The breakdown of the item is shown in the following table:

	30.09.2014	30.09.2013
Write-downs of financial receivables	(279.801)	(4.754.530)
Write-downs of other receivables	-	-
Write-downs of available-for-sale financial assets	(12.689.227)	(3.981.538)
Write-downs of non-current assets held for sale	-	-
Write-backs of financial assets	9.116	-
	(12.959.912)	**(8.736.068)**

The item “Write-downs of financial receivables” refers to the value adjustment to the receivable due from Markfactor S.r.l. in liquidation, considered partially uncollectable.

For more details on the item “Write-downs of available-for-sale financial assets”, please see paragraph “8 – Other financial assets”.

36. Value adjustments to investments

This item totalled EUR 57.213 thousand (EUR 11.060 thousand as at 30 September 2013). The item increased by a total of EUR 46.153 thousand over 30 September 2013.

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

	30.09.2014	30.09.2013
Write-downs of investments	(57.212.776)	(11.059.549)
	(57.212.776)	**(11.059.549)**

The item “Write-downs of investments” relates mainly to:

(i) the impairment of Earchimede S.p.A. (EUR 30.760 thousand);
(ii) the impairment of Mittel Advisory S.p.A. (EUR 10.119 thousand);
(iii) the impairment of Mittel Investimenti Immobiliari S.r.l. (EUR 8.400 thousand);
(iv) the impairment of Brands Partners 2 S.p.A. in liquidation (EUR 6.805 thousand);
(v) the impairment of Mittel Management S.r.l. (EUR 927 thousand);
(vi) the impairment of Locaeffe S.r.l. in liquidation (EUR 134 thousand);
(vii) the impairment of Mittel Investimenti Mobiliari S.r.l. in liquidation (EUR 62 thousand);
(viii) the impairment of Cad Immobiliare S.r.l. (EUR 5 thousand).

For more in-depth information on the issues relating to said impairment, please see note “6 Investments” in these financial statements.

37. Financial income

This item totalled EUR 7.718 thousand (EUR 5.854 thousand as at 30 September 2013). The item increased by a total of EUR 1.864 thousand over 30 September 2013.

The item is composed as follows:

	30.09.2014	30.09.2013
Bank interest income	730	20.443
Interest income on financial receivables	7.626.969	5.830.518
Other interest income	90.792	2.970
Other financial income	-	-
Hedging activities		
Fair value hrdging derivatives	-	-
Assets hedged (fair value hedges)		
Liabilities hedged (fair value hedges)		
Cash flow hedging derivatives		
Other		
Exchange gains	-	-
	7.718.491	**5.853.931**

The change is mainly due to the increase in the average funds in the giro account of the subsidiary Mittel Investimenti Immobiliari.

38. Financial expenses

This item totalled EUR 10.718 thousand (EUR 7.392 thousand as at 30 September 2013). The item increased by a total of EUR 3.326 thousand over 30 September 2013.

The item is composed as follows:

	30.09.2014	30.09.2013
Interest expense on bonds	(6.541.439)	(1.403.569)
Interest expense on bank current accounts	-	-
Interest expense on bank loans	(3.570.701)	(4.272.765)
Interest expense on other loans	-	(1.120.037)
Other interest expenses	(65.893)	(66.783)
Other financial expenses	(539.882)	(528.511)
Hedging activities		
Fair value hedging derivatives	-	-
Assets hedged (Fair value hedges)		
Liabilities hedged (Fair value hedges)		
Cash flow hedging derivatives		
Other		
Exchange losses	-	-
	(10.717.915)	**(7.391.665)**

The variation is primarily related to the incidence on the entire year of interest expense on the bond loan in place; the incidence only pertained to a 3-month period in the previous year.

39. Profit (loss) from trading of financial assets

This item totalled EUR 774 thousand (not present at 30 September 2013).

The amount is composed as follows:

	30.09.2014	30.09.2013
Financial assets designated at fair value		
Equity instruments:		
Profits from fair value measurement	(659.983)	-
Bonds:		
Capital losses	-	-
Derivative financial instruments	1.433.548	-
Credit derivatives	-	-
	773.565	**-**

Profit on derivative financial instruments is attributable to the forward purchase of the Moncler security by Mittel S.p.A., which involved the recognition, at the effective settlement date of the purchase (June 2014), of a profit of EUR 1,4 million, calculated as the differential between the fair value of the security at the time of the settlement and the contractually defined purchase price.

The capital loss from the fair value measurement, amounting to EUR 0,7 million, of securities classified as financial assets held for trading, is due almost entirely to the Moncler security purchased as part of the transaction described above.

40. Income taxes

This item totalled EUR 1.773 thousand (a negative EUR 52 thousand as at 30 September 2013). The item increased by a total of EUR 1.825 thousand over 30 September 2013.

The amount is composed as follows:

	30.09.2014	30.09.2013
IRES (corporate income tax)	774.609	104.974
IRAP (regional business tax)	-	-
Taxes of previous years	979.338	(295.711)
Total current taxes	**1.753.947**	**(190.737)**
Deferred tax liabilities	-	(19.872)
Prepaid income taxes	18.680	158.706
Total deferred taxes	**18.680**	**138.834**
Other taxes	-	-
Total income taxes	**1.772.627**	**(51.903)**

It should be noted that the item “deferred tax liabilities”, as at 30 September 2013, was redetermined for EUR 20 thousand due to the retrospective application of the amendment to IAS 19.

The statement of reconciliation between actual tax and theoretical tax at Group level is shown in the table below, calculated on the basis of the applicable income tax rate:

	IRES (corporate income tax)		
Description	**Gross value**	**Rate**	**Tax**
Income (loss) before taxes	(52.138.757)	27,50%	(14.338.158)
Corrective measure for IRAP/IRES comparison	-	27,50%	-
Permanent increase	73.419.118	27,50%	20.190.257
Temporary increase	631.488	27,50%	173.659
Reversals of non-deductible costs in previous years	(585.510)	27,50%	(161.015)
Profit from PEX investments	(143.450)	27,50%	(39.449)
Loss from PEX investments	3.116	27,50%	857
Dividends	(27.405.455)	27,50%	(7.536.500)
10% IRAP recovery	-	27,50%	-
Tax wedge	-	27,50%	-
Other decreases	-	27,50%	-
Change in prepaid/deferred taxes		27,50%	-
Total	**(6.219.450)**	**27,50%**	**(1.710.349)**
Prepaid taxes on tax loss (not recognised)	6.219.450	27,50%	1.710.349
Change in prepaid/deferred taxes	(67.927)	27,50%	(18.680)
Effective tax benefit from application of tax consolidation	(2.816.760)	27,50%	(774.609)
Change in taxes in the previous year (IRES)			444.182
Total			**(349.107)**
Change in taxes in the previous year (IRAP)			(1.423.520)
Total income taxes			**(1.772.627)**

The tax losses of Mittel S.p.A. as at 30 September 2014 amounted to EUR 8,9 million. The company did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the fee due in accordance with the provisions of the tax consolidation contract.

41. Basic and diluted earnings (loss) per share

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

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

- *Basic earnings or loss per share:*

  Basic earnings or loss per share are determined by dividing the net profit attributable to holders of ordinary equity instruments of Mittel S.p.A. by the weighted average of ordinary shares outstanding during the year.

- *Diluted earnings or loss per share:*

As required by IAS 33, diluted earnings (loss) per share should take account of the effects of all potential ordinary shares with a dilutive effect.

Basic and diluted earnings or loss per share as at 30 September 2014, compared with the previous year, are as follows:

Earnings/(loss) per share (in EUR)	30.09.2014	30.09.2013 (*)
From income statement:		
- Basic	(0,694)	(0,328)
- Diluted	(0,694)	(0,328)
From comprehensive income:		
- Basic	(0,719)	(0,265)
- Diluted	(0,719)	(0,265)

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of basic earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 30 September 2014, compared with the previous year, is as follows:

Basic earnings/(loss) per share	**30.09.2014**	**30.09.2013 (*)**
(no. ordinary shares)		
No. of shares at start of the year	87.907.017	87.907.017
Average weighted number of ordinary shares subscribed in the year		-
N° azioni proprie all'inizio dell'esercizio	(15.308.706)	-
Average weighted number of treasury shares acquired in the year		(5.252.939)
Average weighted number of treasury shares sold in the year		1.534.247
Average weighted number of shares outstanding at the end of the year	**72.598.311**	**84.188.324**
EUR		
Net profit/(loss)	**(50.366.130)**	**(27.606.247)**
EUR		
Basic earnings/(loss) per share	**(0,694)**	**(0,328)**
EUR		
Total net profit/(loss)	**(52.228.340)**	**(22.343.067)**
EUR		
Total basic earnings/(loss) per share	**(0,719)**	**(0,265)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section "Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014".

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the income statement and from the statement of comprehensive income as at 30 September 2014, compared with the previous year, is as follows:

Diluted earnings / (loss) per share	**30.09.2014**	**30.09.2013 (*)**
(no. ordinary shares)		
Average weighted number of shares outstanding at the end of the year	72.598.311	84.188.324
plus shares necessary for:		
subscription of shares	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the year	**72.598.311**	**84.188.324**
EUR		
Net profit/(loss)	(50.366.130)	(27.606.247)
Effect of subscriptions of potential new shares	-	-
Net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(50.366.130)**	**(27.606.247)**
EUR		
Diluted earnings / (loss) per share	**(0,694)**	**(0,328)**

EUR		
Net profit/(loss)	(52.228.340)	(22.343.067)
Effect of subscriptions of potential new shares	-	-
Total net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(52.228.340)**	**(22.343.067)**
EUR		
Total diluted earnings/(loss) per share	**(0,719)**	**(0,265)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the year ended 30 September 2013 were restated as envisaged by IAS 1. For more details, please refer to the section “Accounting standards, amendments and interpretations applied to the Group in the year ended as at 30 September 2014”.

Given no profit or loss was recorded by discontinued operations in the current year and in the previous year, Mittel S.p.A. did not calculate profit or loss relating to said disposal groups.

42. Net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with the Recommendation of CESR dated 10 February 2005 “Recommendations for the consistent implementation of the regulation of the European Commission on prospectuses”, it should be noted that the net position of Mittel S.p.A. as at 30 September 2014 was a negative EUR 90.738 thousand (a positive EUR 32.110 thousand if we take into consideration non-current financial receivables), as shown in the table below:

(Thousands of Euro)	**30.09.2014**	**30.09.2013**	**Variazione**
Cash	2	2	0
Other cash equivalents	5.617	3.543	2.074
Securities held for trading	9.305	-	9.305
Current liquidity	**14.924**	**3.545**	**11.379**
Current financial receivables	**77.031**	**67.561**	**9.470**
Current bank payables	(42.661)	(49.941)	7.280
Current portion of medium/long-term bank loans	(6.467)	(5.110)	(1.357)
Bonds	(1.313)	(1.321)	7
Other current financial payables	(1.212)	(1.182)	(29)
Current financial debt	**(51.653)**	**(57.554)**	**5.901**
Net current financial debt	**40.302**	**13.552**	**26.750**
Non-current bank payables	(34.379)	(39.164)	4.785
- Bank payables expiring in the medium-term	(34.379)	(39.164)	4.785
- Bank payables expiring in the long-term	-	-	-
Bonds issued	(96.661)	(96.103)	(558)
Other financial payables	-	-	-
Non-current financial debt	**(131.040)**	**(135.267)**	**4.227**
Net financial position	**(90.738)**	**(121.715)**	**30.977**

Regarding the determination of the net financial position, please refer to the report on operations of these financial statements. Moreover, in compliance with the indications of Consob Communication no. 6064293 of 28 July 2006 relating to the impact of transactions or positions with related parties on the net financial position, refer to the financial statement tables drawn up pursuant to Consob Resolution no. 15519 of 27 July 2006. Specifically, the significant items pertaining to the net financial position, which include balances to/from related parties, are current and non-current financial receivables and non-current financial payables. For the details of these, please refer to note 44 of these financial statements.

43. Commitments and guarantees

As at 30 September 2014, the following commitments and guarantees were in place:

	30.09.2014	**30.09.2013**
Guarantees:		
financial	-	-
commercial	22.230.330	24.328.289
assets pledged as collateral for third party bonds	-	-
Commitments:		
disbursement of funds	13.640.476	14.530.017
other irrevocable commitments	-	-
	35.870.806	**38.858.306**

Commercial guarantees refer mainly to the guarantees in favour of the Italian Revenue Agency for VAT for which a refund was requested and/or offset (EUR 1,9 million), and the guarantee in favour of Liberata S.p.A. (EUR 20,0 million) issued to secure its equity against risks on credit, labour law and tax losses for the sale of Mittel Generale Investimenti S.p.A..
Commitments to disburse funds refer to the commitments for payments to be made into investment funds.

44. Intercompany transactions and transactions with related parties

Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, in the year 2013/2014, 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, statutory auditors and internal committees	Due to subsidiaries	Due to associates	Total
Non-current assets				
Financial receivables		28.006.909	63.685.376	**91.692.285**
Current assets				
Financial receivables		73.177.723	212.255	**73.389.978**
Other financial assets		1.511.932	23.857	**1.535.789**
Current liabilities				
Financial payables			1.211.772	**1.211.772**
Sundry payables and other liabilities	915.681	1.031.490	7.208.513	**9.155.684**
Income statement				
Revenues		460.274	681.402	**1.141.676**
Other income		146.267	11.421	**157.688**
Costs for services	(4.717.161)	(219.200)	(306.644)	**(5.243.005)**
Personnel costs	(27.173)	(86.715)	(747.986)	**(861.874)**
Other costs		(8.660)		**(8.660)**
Dividends			28.836.673	**28.836.673**
Financial income		3.548.042	2.730.537	**6.278.579**
Financial expenses			(60.325)	**(60.325)**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Mittel Partecipazioni Stabili S.p.A. (EUR 4,8 million), to Ghea S.r.l. (EUR 22,8 million) and to Mittel Management S.r.l. (EUR 0,4 million). Receivables due from associates refer to the loan granted to Liberata S.p.A. (EUR 33,7 million) and to the loan in place (EUR 30 million) with the Augusto Fund, a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber, managed by Castello SGR S.p.A. (associate).

- Current financial receivables refer to loans granted to Mittel Investimenti Immobiliari S.p.A. (EUR 69 million), to Markfactor S.r.l. in liquidation (EUR 1,2 million), to Mittel Advisory Debt and Grant S.p.A. (EUR 2,7 million) and to Mittel Advisory S.p.A. (EUR 0,2 million). The receivables due from associates refer to the loan granted to the Augusto Fund, managed by Castello SGR S.p.A..

- The item sundry receivables and other assets is mainly comprised of receivables due from companies subscribing to the tax consolidation of the Mittel Group.

- The item sundry payables and other current liabilities refers to the payable due (EUR 7,2 million) to Bios S.p.A. following the acquisition by Mittel S.p.A. of a tax receivable for a corresponding amount, for which a refund was requested by Bios, payables (EUR 0,9 million) due to companies subscribing to the tax consolidation of the consolidating company Mittel S.p.A and payables due to directors and statutory auditors for fees accrued and not paid (EUR 0,9 million).

- The item financial payables refers to the price adjustment for Liberata S.p.A. relating to the transfer of Mittel Generale Investimenti S.p.A..

- The item revenues from services provided' refers mainly to chargebacks for administrative and direct debt services supplied to Group companies and to the chargeback of the D & O policy subscribed by the Parent Company Mittel S.p.A..

- The item other income refers to the chargeback of various services provided to Group companies.

- The item service costs refers (EUR 0,2 million) to chargebacks for services provided by the company Mittel Advisory S.p.A.. Costs due to associates refers to chargebacks for services provided by the company Mittel Generale Investimenti S.p.A.. The item costs due to directors, statutory auditors and internal committees, refers to Directors' fees (EUR 2,2 million), fees to the Board of Statutory Auditors (EUR 0,2 million), and an amount of EUR 2,4 million for the settlement agreement signed with the Chief Executive Officer Arnaldo Borghesi, who subsequently resigned. For further details, please refer to the “Report on Remuneration” which will be available on www.mittel.it, “investor relations” section, according to the legal terms.

- The item personnel costs refers to the remuneration of the company's key managers. For further details, please refer to the “Report on Remuneration” which will be available on www.mittel.it, “investor relations” section, according to the legal terms. Costs due to subsidiaries refers to personnel chargebacks by Fashion District Group S.p.A..

- The other costs refer to leasing fees, pertaining to a car, paid by Mittel S.p.A. to Locaeffe S.r.l. in liquidation.

- The item ‘dividends and similar income’ is composed of dividends from investments distributed from Brands Partners 2 S.p.A. in liquidation (EUR 27,8 million), from Castello SGR (EUR 0,4 million) and EUR 0,7 million from income deriving from the “Augusto Fund”.

- The item financial income mainly refers to interest income accrued by Mittel from Liberata (EUR 1,9 million), from Ghea S.r.l. (EUR 0,9 million), from Markfactor S.r.l. in liquidation (EUR 0,2 million), from Locaeffe S.r.l. in liquidation (EUR 0,1 million), from Mittel Investimenti Immobiliari S.r.l. (EUR 2,2 million), from Mittel Investimenti Mobiliari S.r.l. in liquidation (EUR 0,1 million), from Mittel Advisory Debt and Grant S.p.A. (EUR 0,1 million), from Mittel Advisory S.p.A. (EUR 0,1 million), from Everel S.p.A. (EUR 0,1 million) and from the Augusto Fund (EUR 0,9 million).

- The item financial expenses refers to interest expenses accrued in respect of Liberata S.p.A..

45. Additional disclosures on financial instruments and risk management policies

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

45.1 Fair value measurement

The international accounting standard IFRS 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Where transactions are directly observable on a market, it may be relatively simple to determine the fair value. Otherwise, valuation techniques are used such as the “market” approach, which use prices and other relevant information generated by other transactions involving similar assets and liabilities, the “income approach”, which consists of the discounting of future incoming and outgoing cash flows, and, lastly, the “cost approach”, which requires that the entity determine a value that reflects the amount that would be required currently to replace the service capacity of an asset.
IFRS 13 establishes a fair value hierarchy that classifies the input of the valuation techniques used to measure fair value into three levels.

The fair value hierarchy assigns the maximum priority to listed prices (not adjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the minimum priority to input that is not observable (Level 3 inputs).
The levels used in the hierarchy are as follows:

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

For the financial instruments outstanding as at 30 September 2014, and for comparative purposes, as at 30 September 2013, the table below illustrates the fair value hierarchy of financial assets and liabilities designated at fair value on a recurring basis: level 3 includes the book values of unlisted available-for-sale financial assets recognised at cost in the absence of an available fair value, amounting to EUR 5,6 million as at 30 September 2014, unchanged with respect to 30 September 2013):

	30 September 2014			30 September 2013		
Amounts in Euro	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Available-for sale assets designated at fair value:						
Investments designated at fair value with a contra-entry in Other comprehensive profit/(loss)	251.819	21.791.421	30.970.750	295.212	22.832.366	48.934.806
Investments designated at fair value with a contra-entry in the Income Statement	-	-	-	-	-	-
Other non-current securities	-	-	30.000	-	-	30.000
Financial assets designated at fair value held for trading:						
Current investments	9.305.220	-	-	-	-	-
Current securities held for trading	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-
Total Assets	**9.557.039**	**21.791.421**	**31.000.750**	**295.212**	**22.832.366**	**48.964.806**
Other financial liabilities:						
Hedging derivatives	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 30 September 2014, and for comparative purposes, as at 30 September 2013, are shown indicating the valuation criteria applied and, for financial instruments designated at fair value, the exposure (income statement or equity), specifically assigning the fair value category. The last column of the table shows, where applicable, the fair value of the financial instrument at the end of the year.

Situation as at 30 September 2014

Amounts in Euro

4,5	Criteria applied in the measurement of the financial instruments in the financial statements – Financial instruments designated at fair value – with change in fair value with contra-item recognised in: *Income statement*	*Equity in Other comprehensive profit (loss)*	Total Fair Value (A)	Fair Value Hierarchy – Level 1	Level 2	Level 3		Financial instruments designated at amortised cost (B)		Unlisted investments measured at cost (Level 3) (C)	Financial statement total as at 30 September 2014 (A+B+C)		Fair value as at 30 September 2014
ASSETS													
Available-for-sale investments (c)	-	-	**-**	-	-	-		**-**		**5.588.703**	**5.588.703**		**5.588.703**
Available-for-sale investments (a) (d)	-	47.425.287	**47.425.287**	251.819	21.791.421	25.382.047		**-**		**-**	**47.425.287**		**47.425.287**
Available-for-sale debt securities (a) (d)	-	30.000	**30.000**	-	-	30.000		**-**		**-**	**30.000**		**30.000**
Non-current financial receivables (*) (b)	-	-	**-**	-	-	-		**122.848.208**		**-**	**122.848.208**		**122.848.208**
Non-current sundry receivables	-	-	**-**	-	-	-		**-**		**-**	**-**		**-**
Other non-current assets	-	-	**-**	-	-	-		**160.105**		**-**	**160.105**		**160.105**
Current financial receivables (*) (b)	-	-	**-**	-	-	-		**77.030.502**		**-**	**77.030.502**		**77.030.502**
Investments held for trading (d)	9.305.220	-	**9.305.220**	9.305.220	-	-		**-**		**-**	**9.305.220**		**9.305.220**
Trade receivables (*) (b)	-	-	**-**	-	-	-		**123.453**		**-**	**123.453**		**123.453**
Current sundry receivables (*) (b)	-	-	**-**	-	-	-		**1.474.459**		**-**	**1.474.459**		**1.474.459**
Cash and cash equivalents (*)	-	-	**-**	-	-	-		**5.619.207**		**-**	**5.619.207**		**5.619.207**
	9.305.220	**47.455.287**	**56.760.507**	**9.557.039**	**21.791.421**	**25.412.047**	**-**	**207.255.934**	**-**	**5.588.703**	**269.605.145**	**-**	**269.605.145**
LIABILITIES													
Bond loans (current and non-current) (b)	-	-	**-**	-		-		**(97.974.064)**		**-**	**(97.974.064)**		**(107.642.096)**
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-		**(84.719.010)**		**-**	**(84.719.010)**		**(84.719.010)**
Sundry payables and other non-current liabilities (*) (b)	-	-	**-**	-	-	-		**(318.974)**		**-**	**(318.974)**		**(318.974)**
Trade payables (*) (b)	-	-	**-**	-	-	-		**(3.684.563)**		**-**	**(3.684.563)**		**(3.684.563)**
Sundry payables (*) (b)	-	-	**-**	-	-	-		**(9.174.692)**		**-**	**(9.174.692)**		**(9.174.692)**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(195.871.302)**	**-**	**-**	**(195.871.302)**	**-**	**(205.539.334)**

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

(a) Available-for-sale financial assets designated at fair value with profits/losses posted to equity.
(b) Financial receivables and financial liabilities designated at amortised cost.
(c) Available-for-sale financial assets comprised of unlisted investments for which the fair value cannot be measured reliably, which are measured at cost, possibly decreased due to impairment.
(d) Financial assets and liabilities designated at fair value on a recurring basis.

Situation as at 30 September 2013

Amounts in Euro

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements – Financial instruments designated at fair value – with change in fair value with contra-item recognised in: *Income statement*	*Equity in Other comprehensive profit (loss)*	Total Fair Value (A)	Fair Value Hierarchy – Level 1	Level 2	Level 3		Financial instruments designated at amortised cost (B)		Unlisted investments measured at cost (Level 3) (C)	Financial statement total as at 30 September 2013 (A+B+C)		Fair value as at 30 September 2013
ASSETS													
Investments (e)	3.300.000	-	**3.300.000**	-	-	3.300.000		**-**		**-**	**3.300.000**		**3.300.000**
Available-for-sale investments (c)	-	-	**-**	-	-	-		**-**		**5.588.703**	**5.588.703**		**5.588.703**
Available-for-sale investments (a) (d)	-	66.473.681	**66.473.681**	295.212	22.832.366	43.346.103		**-**		**-**	**66.473.681**		**66.473.681**
Available-for-sale debt securities (a) (d)	-	30.000	**30.000**	-	-	30.000		**-**		**-**	**30.000**		**30.000**
Non-current financial receivables (*) (b)	-	-	**-**	-	-	-		**113.221.372**		**-**	**113.221.372**		**111.558.050**
Non-current sundry receivables	-	-	**-**	-	-	-		**-**		**-**	**-**		**-**
Other non-current assets (*)	-	-	**-**	-	-	-		**160.252**		**-**	**160.252**		**160.252**
Current financial receivables (*) (b)	-	-	**-**	-	-	-		**89.401.367**		**-**	**89.401.367**		**88.958.718**
Trade receivables (*) (b)	-	-	**-**	-	-	-		**537.683**		**-**	**537.683**		**537.683**
Current sundry receivables (*) (b)	-	-	**-**	-	-	-		**895.502**		**-**	**895.502**		**895.502**
Cash and cash equivalents (*)	-	-	**-**	-	-	-		**3.545.199**		**-**	**3.545.199**		**3.545.199**
	3.300.000	**66.503.681**	**69.803.681**	**295.212**	**22.832.366**	**46.676.103**	**-**	**207.761.375**	**-**	**5.588.703**	**283.153.759**	**-**	**281.047.787**
LIABILITIES													
Bond loans (current and non-current) (b)	-	-	**-**	-	-	-		**(97.423.836)**		**-**	**(97.423.836)**		**(103.277.071)**
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-		**(95.397.011)**		**-**	**(95.397.011)**		**(95.052.397)**
Sundry payables and other non-current liabilities (*) (b)	-	-	**-**	-	-	-		**(2.635.502)**		**-**	**(2.635.502)**		**(2.635.502)**
Trade payables (*) (b)	-	-	**-**	-	-	-		**(1.683.293)**		**-**	**(1.683.293)**		**(1.683.293)**
Sundry payables (*) (b)	-	-	**-**	-	-	-		**(10.268.985)**		**-**	**(10.268.985)**		**(10.268.985)**
#	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(207.408.627)**	**-**	**-**	**(207.408.627)**	**-**	**(212.917.248)**

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

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

Fair value valuation techniques:

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

I. Fair value measurement of financial assets and liabilities:

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

- for medium/long-term assets and liabilities, the valuation is carried out through the discounting of future cash flows. The latter method is based on the "discount rate adjustment approach" which requires the risk factors connected with the disbursement of credit to be included in the rate used for the discounting of future cash flows;

- for assets and liabilities on demand with a short-term or undetermined expiry and for the initial disbursements of financial receivables, the book value recognised net of the analytical write-down is a suitable representation of fair value.

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

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

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

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

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

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

The measurement of non-controlling interests recorded in the portfolio of financial assets held for trading refer to the current fair value with recognition of the changes in the Income statement.
As at 30 September 2014, 100% of non-controlling interests recorded in the statement of financial position under assets held for trading are listed in active markets, for which a listing or a price is available, classified in level 1 of the fair value hierarchy. Instruments listed on active markets, both Official and Over the Counter, fall into this category;
As at 30 September 2014, the investments designated at fair value include the shares of Moncler S.p.A. (EUR 9,0 million) and of Danieli S.p.A. (EUR 0,3 million).

III. Fair value measurement of equities represented by non-controlling interests recorded in the AFS portfolio

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

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

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

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

As at 30 September 2014, 58,4% of non-controlling interests recorded in the statement of financial position under available-for-sale assets was valued according to methods using the fundamental analysis of the company (level 3).
As at 30 September 2014, 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).

Variations in the year to financial assets designated at fair value level 3

As at 30 September 2014, no transfers of financial assets and liabilities designated at fair value on a recurring basis from level 3 to other levels and vice-versa were effected, deriving from changes to significant input variables of observable valuation techniques.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the year ended at 30 September 2014, including profits/(losses) booked to the income statement, are shown below:

Amounts in EUR		**Financial assets:**	
	At fair value through profit or loss (FVTPL)	Available-for-sale assets (AFS)	Derivative instruments
Values as at 01 October 2013	**-**	**48.964.806**	**-**
Profit/losses in the year:			
- in the income statement	-	(11.499.433)	-
- in the statement of comprehensive income	-	(3.181.845)	-
Other changes:			
Purchases	-	667.733	-
Transfers	-	(3.950.512)	-
Reimbursements	-	-	-
Accounting eliminations and reclassifications	-	-	-
Reclassifications to other levels of the fair value hierarchy	-	-	-
Values as at 30 September 2014	**-**	**31.000.750**	**-**

Available-for-sale financial assets designated at fair value level 3 refer mainly to the shares held in the share capital of Azimut Benetti S.p.A. for EUR 20,2 million (EUR 29,2 million as at 30 September 2013), shares held in Fondo Augusto (mutual real estate investment fund) amounting to EUR 14,5 million (EUR 14,4 million at 30 September 2013), shares held in the mutual investment funds Fondo Progressio Investimenti I and II (Progressio Investimenti Funds I and II), amounting to EUR 14,3 million (EUR 4,3 million at 30 September 2013), shares held in Micro Venture Finance S.p.A. amounting to EUR 4,1 million (EUR 4,1 million at 30 September 2013), shares held in the mutual real estate investment fund Cosimo I amounting to EUR 4,0 million (EUR 4,0 million at 30 September 2013) and shares held in Equinox Two ScA amounting to EUR 3,2 million (EUR 3,7 million at 30 September 2013).

The values shown in the previous table also include unlisted available-for-sale financial assets booked at cost in the absence of an available fair value, which present a value of EUR 5,6 million, unchanged with respect to the previous year.

With reference to financial instruments subject to fair value measurement and classified in level 3 of the fair value hierarchy (shares in private equity funds, non-controlling interests, etc.), a sensitivity analysis is not produced because the fair value quantification methods do not allow alternative hypotheses to be developed as regards the non-observable inputs used for the measurement, or because the effects of the change of said inputs are not deemed relevant, with the exception of the investment in Azimut Benetti S.p.A., in respect of which a sensitivity analysis is possible, owing to the measurement model used; in particular, in the event of use of the maximum value envisaged for the non-observable inputs (cash discount), a lower investment value would be recorded with respect to the one reported in the financial statements, with an impact on the income statement totalling EUR 2,7 million; otherwise, if the minimum value is used, a higher gross value would be recorded in the valuation reserve for EUR 2,7 million with respect to the value reported in the financial statements.

45.2 Classifications of financial instruments

Categories of financial assets and liabilities

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

Additional disclosures required by IFRS 7 in order to assess the relevance of the financial instruments with reference to Mittel S.p.A.'s equity and financial situation are shown separately below for the two years being compared:

	IAS 39 CATEGORIES				
Financial assets at 30 September 2014	Financial instruments designated at fair value	Assets held to maturity	Loans and recevaibles	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	53.013.990	**53.013.990**
Bonds	-	-	-	30.000	**30.000**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	122.848.208	-	**122.848.208**
Sundry receivables	-	-	160.105	-	**160.105**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	11.668.420	-	**11.668.420**
Current financial assets:					
Financial receivables	-	-	77.030.502	-	**77.030.502**
Current financial assets	9.305.220	-	-	-	**9.305.220**
Cash and cash equivalents					
Bank and postal deposits	-	-	5.616.871	-	**5.616.871**
TOTAL FINANCIAL ASSETS	**9.305.220**	**-**	**217.324.106**	**53.043.990**	**279.673.316**

Financial assets at 30 September 2013	IAS 39 CATEGORIES Financial instruments designated at fair value	Assets held to maturity	Loans and recevaibles	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	72.062.385	**72.062.385**
Bonds	-	-	-	30.000	**30.000**
Non-current receivables:					
Financial receivables	-	-	113.221.372	-	**113.221.372**
Sundry receivables	-	-	160.252	-	**160.252**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	11.526.156	-	**11.526.156**
Current financial assets:					
Financial receivables	-	-	89.401.367	-	**89.401.367**
Cash and cash equivalents					
Bank and postal deposits	-	-	3.543.183	-	**3.543.183**
TOTAL FINANCIAL ASSETS	**-**	**-**	**217.852.330**	**72.092.385**	**289.944.715**

Financial liabilities as at 30 September 2014	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	-	34.379.199	**34.379.199**
Other financial liabilities	-	-	**-**
Sundry payables and other liabilities	-	318.974	**318.974**
Bonds	-	96.660.322	**96.660.322**
Current liabilities:			
Payables due to banks and other lenders	-	50.339.811	**50.339.811**
Trade payables	-	2.860.405	**2.860.405**
Sundry payables	-	11.224.333	**11.224.333**
Bonds	-	1.313.142	**1.313.142**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedge derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**197.096.186**	**197.096.186**

Financial liabilities as at 30 September 2013	IAS 39 CATEGORIES Financial instruments designated at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Payables due to banks	-	39.163.897	**39.163.897**
Other financial liabilities	-	-	**-**
Sundry payables and other liabilities	-	2.635.502	**2.635.502**
Bonds	-	96.103.299	**96.103.299**
Current liabilities:			
Payables due to banks and other lenders	-	56.233.114	**56.233.114**
Trade payables	-	1.683.293	**1.683.293**
Sundry payables	-	11.468.836	**11.468.836**
Bonds	-	1.320.537	**1.320.537**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedge derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**208.608.478**	**208.608.478**

Financial expenses and income recognised according to IAS 39

The net financial expenses and income from financial assets and liabilities are shown below, relating to the last two years, broken down into the categories required by IAS 39, highlighting the nature of said expenses and income for each category:

Categorie IAS 39 al 30 settembre 2014	From interest	From fair value changes	Write-downs for impairment	From shareholders' equity reserve	From capital losses/gains	From other income/expenses	Exchange gains/losses	Net profits/losses
Financial instruments held for trading								-
Liabilities at amortised cost	(10.192)					(521)		(10.712)
Available-for-sale financial instruments and equity securities			(12.598)	(91)		(6)		(12.695)
Loans and receivables	7.628	9	(280)			91		7.448
Derivative hedging instruments								-
Derivative trading instruments								-
	(2.564)	9	(12.878)	(91)	-	(435)	-	(15.959)

Categorie IAS 39 al 30 settembre 2013	From interest	From fair value changes	Write-downs for impairment	From shareholders' equity reserve	From capital losses/gains	From other income/expenses	Exchange gains/losses	Net profits/losses
Financial instruments held for trading								-
Liabilities at amortised cost	(6.863)					(92)		(6.955)
Available-for-sale financial instruments and equity securities			(1.310)	(2.672)		(397)		(4.379)
Loans and receivables	5.851		(4.755)			3		1.099
Derivative hedging instruments								-
Derivative trading instruments								-
	(1.012)	-	(6.065)	(2.672)	-	(485)	-	(10.235)

45.3 Risk management policies

1. Credit risks

Credit risk represents the exposure of Mittel S.p.A. to potential losses resulting from the non-fulfilment of the obligations assumed by both financial and commercial counterparties. This risk mainly originates from economic-financial factors, or the possibility of counterparty default, or from more strictly technical-commercial factors.
Mittel S.p.A.'s maximum theoretical exposure to credit risk is represented by the book value of the financial assets and trade receivables recorded in the financial statements. It should be pointed out that certain credit positions are secured by mortgages and pledges on securities.
Allocations to the bad debt provision are made specifically on credit positions that present unique elements of risk. By contrast, allocations are made to credit positions that do not present these characteristics on the basis of the average estimated collectability in line with statistical indicators.

As regards credit risk pertaining to income components that contribute to the calculation of net financial debt, it should be noted that the management of Group liquidity is based on prudential criteria and is structured into the following areas:

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

In order to reduce the risk of the non-fulfilment of the obligations assumed by the counterparty, deposits have been made with leading banks with high credit standing.

In order to minimise credit risk, the company also pursues a policy of diversification of its use of liquidity and of assignment of credit positions to the different bank counterparties; therefore, there are no significant positions with single counterparties to report.

Qualitative information

1.1 General aspects

Mittel S.p.A. performs its activities in the private equity sector and buys and sells proprietary securities.
Credit risk represents the risk of counterparty default with a partial or total loss of capital and of the interest on the credit position.

The analysis of credit risk is a key factor, for the purposes of preparation of the financial statements, in the evaluation of the receivables in the portfolio and as regards their impairment testing required by IAS39.
In particular, as regards individual impairment, receivables due from customers in the company's portfolio do not present significant evidence of impairment.

The Group Internal Control and Risk Management Committees constantly monitor risk positions at overall and analytical level.

The risk control department measures market risks in order to ensure that the overall exposure is monitored.

1.2 Impaired financial assets

At each reporting date, receivables are recognised in order to identify those that, as a result of events following their initial recognition, show objective evidence of possible impairment. The value adjustment is booked to the income statement.
The original value of the receivables is written back in subsequent years to the extent in which the reasons that determined the adjustment no longer exist, provided that said valuation can be objectively linked to an event which occurred after said adjustment. The write-back is recorded in the income statement and cannot, in any case, exceed the amortised cost that the receivable would have had in the absence of previous adjustments.
Operating criteria are used to determine the presumed recoverable value, aimed at quantifying the presence of any guarantees and/or the existence of bankruptcy proceedings.
The recovery plans are approved by the decision-making body and monitored extremely carefully.

Quantitative information

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

	Receivables written down due to non-collectability	Restructured exposures	Past due exposures	Other assets	Total
Financial assets held for trading	-	-	-	-	-
Financial assets designated at fair value	-	-	-	-	-
Available-for-sale financial assets	-	-	-	30.000	30.000
Financial assets held to maturity	-	-	-	-	-
Receivables due from banks	-	-	-	5.616.871	5.616.871
Receivables due from financial institutions	-	-	-	30.212.256	30.212.256
Receivables due from customers	3.121.993	-	13.411.528	153.132.933	169.666.454
Hedging derivatives	-	-	-	-	-
	-	-	-	-	-
Total as at 30 September 2014	**3.121.993**	**-**	**13.411.528**	**188.992.060**	**205.525.581**
Total as at 30 September 2013	**3.243.326**	**-**	**13.143.598**	**186.235.816**	**202.622.739**

2. Credit exposures

2.1 Credit exposures: gross and net values

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Exposures written down	12.065.734	(8.943.741)	-	3.121.993
- Restructured exposures	-	-	-	-
	12.065.734	**(8.943.741)**	**-**	**3.121.993**
Performing exposures	-	-	-	-
- Past due exposures	13.411.528	-	-	13.411.528
- Other exposures	192.274.094	(3.282.034)	-	188.992.060
	205.685.622	**(3.282.034)**	**-**	**202.403.588**
Total as at 30 September 2014	**217.751.356**	**(12.225.775)**	-	**205.525.581**
Total as at 30 September 2013	**214.577.819**	**(11.955.081)**	**-**	**202.622.738**

The table shown above includes financial receivables due from Group companies totalling EUR 101,1 million (49,2% of the total exposure).

Positions for which there is an objective condition of partial or total uncollectability are subject to an individual write-down. The amount of the write-down takes account of the estimate of recoverable flows, the relative collection date and the fair value of any guarantees.

With reference to the valuation criteria of loans and receivables, it should be noted that these financial assets are subject to impairment only if there is objective evidence of a reduction in value as a result of one or more events that occurred after the initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the asset.

Expected losses from future events are not incorporated in the impairment estimates, regardless of the likelihood of occurrence (expected loss). If the presence of impairment is verified, the company proceeds with the valuation with reference to each receivable when individually significant or when it becomes significant in consideration of the receivables as a whole.

The company calculates impairment according to rules which are differentiated by the different credit accounting methods; in particular, the method for calculating the amount of impairment applicable to the loans and receivables recorded at amortised cost requires the impairment loss on loans and receivables or investments held to maturity and recognised at amortised cost to be measured as the difference between the book value of the asset and present value of estimated future cash flows discounted at the original effective interest rate of the financial instrument.

From an accounting point of view, the value of the asset must be reduced directly or indirectly through an allocation to the liability provision; the amount of the adjustment is recognised in the income statement in the period.

The data relating to the financial statements of the previous year are shown below:

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:				
- Exposures written down	11.916.372	(8.673.047)	-	3.243.326
- Restructured exposures	-	-	-	-
	11.916.372	**(8.673.047)**	**-**	**3.243.326**
Performing exposures	-	-	-	-
- Past due exposures	13.143.598	-	-	13.143.598
- Other exposures	189.517.849	(3.282.034)	-	186.235.816
	202.661.447	**(3.282.034)**	**-**	**199.379.413**
Total as at 30 September 2013	**214.577.820**	**(11.955.081)**	-	**202.622.739**
Total as at 30 September 2012	**211.808.975**	**(6.808.936)**	**-**	**205.000.039**

Cash and cash equivalents

Cash and cash equivalents of the company totalled EUR 5.619 thousand (EUR 3.545 thousand as at 30 September 2013) and are composed of bank deposits.
As regards the choice of counterparties for the management of temporary surpluses of cash and the stipulation of financial hedge contracts (derivative instruments), the company only uses contacts with a high credit standing.

In this regard, it should be noted that, as at 30 September 2014, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given and received

The financial statement values as at 30 September 2014 and 2013 relating to the guarantees issued in favour of third parties and commitments for the disbursements of funds are shown below:

	30.09.2014	30.09.2013
Financial guarantees issued	-	-
Commercial guarantees issued	22.230.330	24.328.289
Irrevocable commitments to disburse funds	13.640.476	14.530.017
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	-	-
	35.870.806	**38.858.306**

Commercial guarantees refer mainly to the guarantees given in favour of the Italian Revenue Agency for VAT for which a refund was requested and/or offset (EUR 1,9 million), and the guarantee in favour of Liberata S.p.A. (EUR 20,0 million) issued to secure its equity against risks on credit, labour law and tax losses for the sale of Mittel Generale Investimenti S.p.A..
Commitments to disburse funds refer to the commitments for payments to be made into investment funds.
With reference to the guarantee issued by the company following the transfer, by Mittel, of shares making up 100% of the share capital of Mittel Generale Investimenti S.p.A. to Liberata S.p.A. (hereinafter “the Acquirer”), a company in which Mittel S.p.A. ended up holding a stake of 27%, it should be pointed out that, based on the transfer contract, Mittel S.p.A. issued declarations and guarantees in favour of the Acquirer, according to the practice for similar transactions. In particular, Mittel S.p.A. issued declarations and guarantees in relation to the economic, financial and equity position, the existence and collectability of the receivables of Mittel Generale Investimenti S.p.A. deriving from financing transactions carried out during its company activities, as well as payment at the respective expiry dates, compliance with the legislation and the absence of labour law, social security and tax disputes, and the absence of disputes in general.
The potential indemnity obligations deriving from a breach of the aforementioned declarations and guarantees are subject to a maximum total limit of EUR 20,0 million and an absolute excess of EUR 50 thousand.
Pursuant to the transfer contract, the amount of any indemnities must be reduced by an amount equal to the specific provisions and/or allocations in the financial statements, insurance indemnities or third party reimbursements and contingent assets. The indemnity obligations assumed by Mittel shall remain valid and effective until the 24th month after the date of execution of the transfer of the 100% investment in Mittel Generale Investimenti S.p.A. (25 July 2012), with the exception of indemnities relating to any tax or labour law liabilities for which the indemnity obligation is valid for five years.

3. Market risks

3.1 Interest rate risk

General aspects

Interest rate risk generally refers to the effects of changes in market interest rates on the income statement and on the statement of financial position.
Interest rate risk represents the variation in the economic value of the intermediary following unexpected changes in interest rates that impact the bank portfolio, defined as the entire group of assets and liabilities sensitive to interest rates not classified in the trading portfolio.

In order to measure and monitor the interest rate risk profile at individual company and consolidated level, reports are generated which ensure the accurate monitoring of the trend in debt rates.

This reporting system makes it possible to continuously record the “margin” between the average rate of debt and lending and to determine the impacts of changes in the structure of interest rates on the entire financial statements for the year.

Quantitative information

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

The table below identifies the book value of the financial assets and liabilities subject to interest rate risk:

Distribution by repricing date 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 30.09.2014
Assets							
Debt securities			30				30
Medium/long-term financial receivables			99.911	15.863	-	7.074	122.848
Current financial receivables	77.031	-					77.031
Available-for-sale financial assets							-
Financial assets designated at fair value							-
	77.031	**-**	**99.941**	**15.863**	**-**	**7.074**	**199.909**
Liabilities							
Non-current bank loans			34.379				34.379
Current bank loans	46.538	2.590					49.128
Bonds	1.313				96.661		97.974
Other financial payables due to related parties	1.212						1.212
	49.063	**2.590**	**34.379**	**-**	**96.661**	**-**	**182.693**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	126.093	**2.590**	**134.320**	**15.863**	**96.661**	**7.074**	**382.602**

The data relating to the financial statements as at 30 September 2013 are shown below:

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 30.09.2013
Assets							
Debt securities			30				30
Medium/long-term financial receivables			37.607	32.250	14.798	28.537	113.191
Current financial receivables	76.207	13.196					89.402
Available-for-sale financial assets							-
Financial assets designated at fair value							-
	76.207	**13.196**	**37.637**	**32.250**	**14.798**	**28.537**	**202.624**
Liabilities							
Non-current bank loans			39.164				39.164
Current bank loans	52.582	2.469					55.051
Bonds	1.321				94.783		96.103
Other financial payables due to related parties							-
	53.903	**2.469**	**39.164**	**-**	**94.783**	**-**	**190.318**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	130.109	**15.664**	**76.801**	**32.250**	**109.581**	**28.537**	**392.942**

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

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

3.2 Price risk

Qualitative information

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
The dimensions of the strategic investments are established beforehand on the basis of: the desired size of the overall portfolio; the desired share of risk that each individual investment must represent with respect to the total portfolio; use of available scope within the operating limits (delta and VAR) generated by the single investments.
Sometimes, for reduced amounts with respect to the size of the portfolio and always on instruments characterised by a high level of liquidity, “tactical investment” decisions are taken, that is, characterised by particularly reduced time periods and considered prevalently of a “technical nature”.

Quantitative information

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

As regards the company's situation, actual and prospective market risk is low.
The strategies and the budget for the current year are based on extremely prudent guidelines and have made provision for limited trading in financial assets, on the basis of a careful evaluation of the risks connected to the current phase of market volatility.

Other quantitative information on price risk

Qualitative information

General aspects

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

Quantitative information

The company has no exposures in foreign currency.

3.3. Sensitivity analysis

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

Interest rate risk – Sensitivity analysis

The effect of a variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income and, in particular, if, at 30 September 2014, the interest rates were 100 basis points higher/lower than the rates actually registered, at income statement level, higher/lower financial expenses would be recorded, before the associated taxes, amounting to roughly EUR 1 million.

Breakdown of the financial structure between fixed and variable rates

In relation to the breakdown of the financial structure between the fixed rate and variable rate components, both for financial assets and liabilities, the following tables relating to the years ended at 30 September 2014 and 30 September 2013 are considered.

Amounts in thousands of Euro **30 September 2014**

	Fixed rate	Variable rate	Total
Bank loans	31.727	51.781	**83.507**
Bonds issue	97.974	-	**97.974**
Other financial liabilities	-	1.212	**1.212**
Total	**129.701**	**52.992**	**182.693**

Amounts in thousands of Euro **30 September 2013**

	Fixed rate	Variable rate	Total
Bank loans	31.394	62.821	**94.215**
Bonds issue	97.424	-	**97.424**
Total	**128.818**	**62.821**	**191.639**

Amounts in thousands of Euro **30 September 2014**

	Fixed rate	Variable rate	Total
Financial receivables	-	199.879	**199.879**
Total	**-**	**199.879**	**199.879**

Amounts in thousands of Euro **30 September 2013**

	Fixed rate	Variable rate	Total
Financial receivables	3.550	199.073	**202.623**
Total	**3.550**	**199.073**	**202.623**

Effective interest rate

The information, given provided by categories of financial assets and liabilities, has been prepared by using, as a weight for weighting purposes, the adjusted book value of accruals and deferrals.

	30 September 2014		**30 September 2013**	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	5.619	0,02%	3.545	0,54%
Other financial receivables from third parties	34.796	2,40%	36.751	2,45%
Other financial receivables from related parties	165.082	4,44%	165.873	2,62%
Total	**205.498**	**3,97%**	**206.169**	**2,55%**

Amounts in thousands of Euro

	30 September 2014		**30 September 2013**	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	83.507	(4,02)%	94.215	(4,26)%
Bonds issue	97.974	(6,90)%	97.424	(6,90)%
Other financial liabilities	1.212	(5,24)%	-	-
Total	**182.693**	**(5,57)%**	**191.639**	**(5,60)%**

Currency risk – Sensitivity analysis

As at 30 September 2014 (as at 30 September 2013), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the individual companies and, therefore, currency risk is not subject to sensitivity analysis.

Liquidity risk

Liquidity risk is the risk of a company finding it difficult to fulfil future obligations associated to the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and expiry dates.
The company pursues the objective of having an adequate degree of financial flexibility, by maintaining a solvency margin that allows refinancing requirements to be met at least for the next twelve months through the availability of irrevocable bank credit lines, liquidity and short-term hot money loans.
The company's goal is to maintain a balance between the bank credit line capacity and the flexibility of financial resources through the use of overdrafts.

Current financial assets as at 30 September 2014, together with unused committed lines and the uncommitted cash and cash equivalents of the subsidiaries, allow expiry dates to be fully observed as regards the repayment of debt envisaged over the coming 24 months.
With reference to the expiries of cash flows related to the company's financial exposure, for liquidity risk purposes, the repayment plan set forth for medium-term debt, including medium-term loans obtained for projects to acquire investments, assumes particular significance.
The risk analysis performed is aimed at quantifying, based on contractual expiries, the cash flows deriving from the repayment of non-current financial liabilities held by the company as at 30 September 2014, given deemed relevant for liquidity risk purposes.

For the purposes of a representation of the liquidity risk on the financial exposure of the company deriving from expected cash flows for the repayment of financial debt and other non-current liabilities, the development of cash flows relating to the plan of payments for annual periods is shown below.

Amounts in thousands of Euro	**expiring within 30.9 of the year:**				
	2015	**2016**	**2017**	**After 2017**	**Total**
Bank loans	49.128	34.379			83.507
Bonds issue	5.992	5.992	5.992	111.838	129.815
Altre passività finanziarie	1.212				1.212
Total	**56.332**	**40.371**	**5.992**	**111.838**	**214.534**

The non-discounted contractual cash flows of gross non-current financial debt at nominal repayment values and the interest flows are shown below, determined by using the conditions and interest rates in place as at 30 September 2014.

More specifically, the "worst case scenario" is presented, which highlights:

- nominal future cash outflows, both for the principal and interest portions, with reference to financial liabilities (excluding trade payables) and derivative contracts on interest rates;
- does not consider financial assets;
- assumes that bank loans expire on demand, if relating to revocable credit lines, and, in the opposite case, are scheduled on the basis of the first expiry on which repayment can be requested.

The principal and interest portions of liabilities subject to hedging include both the disbursements and the collections of the associated hedging derivative instruments.

Financial liabilities - Analysis by expiry of contractually envisaged disbursements

Amounts in thousands of Euro	expiring within 30.9 of the year:				
	2015	2016	2017	After 2017	Total
Non-current bank loans					
Portion of capital		34.379			34.379
Portion of interest		-			-
Current bank loans					
Portion of capital	47.617				47.617
Portion of interest	1.511				1.511
Bonds issue					
Portion of capital				99.854	99.854
Portion of interest	5.992	5.992	5.992	11.984	29.961
Non-current financial liabilities					
Portion of capital					-
Portion of interest					-
Current financial liabilities					
Portion of capital	1.152				1.152
Portion of interest	60				60
Total financial liabilities					
Portion of capital					-
Portion of interest					-

4. Information on equity

Shareholders have always been worried about providing the company with sufficient equity to allow it carry out its activities and to cover risks.
For this reason, a portion of the profits achieved has been carried forward over the years.
The objectives of Mittel S.p.A. as regards the management of capital are based on the protection of the company’s ability to continue, simultaneously, to ensure both profitability for shareholders and to retain an efficient capital structure.

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

For the disclosure pursuant to the provisions of art. 149-duodecies of Consob Issuers' Regulation pertaining to the information on the fees paid to Independent Auditors Deloitte & Touche S.p.A., refer to note 58 of the consolidated financial statements.

Milan, 19 January 2015

for the Board of Directors

The Chairman

(Franco Dalla Sega)

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

The undersigned Giorgio Franceschi, Appointed Director and Pietro Santicoli, the Manager responsible for preparing the Company's financial reports of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, attest to the adequacy of the characteristics of the company and the effective application of administrative and accounting procedures for the preparation of the separate financial statements for the year ended as at 30 September 2014.

It is also certified that the separate financial statements for the year ended as at 30 September 2014:

a) were drafted in compliance with the international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the book results and accounting records;

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

The report on operations includes a reliable analysis of the performance and result of operations, and of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 19 January 2015

Appointed Director	Manager responsible for preparing the Company's financial reports
Giorgio Franceschi	Pietro Santicoli

Report of the Board of Statutory Auditors pursuant to art. 153 of Italian Legislative Decree no. 58/1998 and art. 2429 of the Italian Civil Code

To the Shareholders' Meeting of Mittel SpA (hereinafter, also Mittel, or the Company).
In the year ended as at 30 September 2014, we carried out the audit required by law and the Articles of Association - according to the principles of conduct of the Board of Statutory Auditors recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants) - which we refer to with this report, that has been drafted by also taking into account the indications provided by CONSOB by means of Communication no. 1025564 of 6 April 2001 and subsequent updates. Specifically:

- we took part in Shareholders' Meetings, meetings of the Board of Directors and of the Executive Committee held during the year and obtained prompt and appropriate information from directors on the general trend in operations and on the business outlook, as well as on the transactions of the greatest economic, financial and equity importance, in terms of size and their characteristics, carried out by the Company and its subsidiaries. Specifically, we state that we were adequately informed in relation to:
    - the expiry of the Agreement signed on 12 October 2009, which was not renewed again, between Mittel S.p.A., Equinox Two Sca, Hopa SpA (to date merged in Mittel SpA), Banca Monte dei Paschi di Siena SpA and Unipol Gruppo Finanziario SpA, pertaining to their mutual relationships as direct and indirect shareholders;
    - the conclusion, on 11 December 2013, of the Global Offer to Sell aimed at listing Moncler SpA on the Mercato Telematico Azionario (MTA);
    - the irremediable rift created within the Board of Directors previously in office with the then Chief Executive Officer, Arnaldo Borghesi, following the Board of Directors meeting on 28 January 2014, in such a way that did not allow the board to continue its operations, as a result of which the Directors Giorgio Franceschi, Paolo Battocchi, Stefano Gianotti, Gianbattista Montini, Giuseppe Pasini and Massimo Tononi submitted their resignations from office;
    - the agreement reached with the former Chief Executive Officer, Mr. Arnaldo Borghesi, on which the Company provided a communication on 10 March 2014, which applied the provisions of the directors' agreement in place between the Company and Mr. Borghesi regarding the possible early termination of the executive position without just cause, in relation to the positions of Board Member and Chief Executive Officer of Mittel;
    - the unanimous approval, by the Board of Directors on 31 March 2014, to accept the request to extend the Vendor Loan and the Line A Shareholders' Loan made by Liberata S.p.A. and, as a result, the extension of the deadline for repayment of both the Vendor Loan and the Line A Shareholders' Loan to 31 December 2016. The related information document, drawn up pursuant to Annex 4 of Consob Regulation no. 17221 of 12 March 2010, as amended, has been made available to the public at the registered office and the market management company and has also been published on the Company's website;
    - the sale agreement signed on 31 July 2014 by Fashion District Group S.p.A. – FDG (a company 66,7% owned by Earchimede S.p.A., in turn 85% owned by Mittel S.p.A.) with IDeA FIMIT SGR S.p.A., regarding the property complex in which the Fashion District outlet of Bagnolo San Vito (MN) operates and the property complex in which the Fashion District of Molfetta (BA) operates, as well as 100% of the share capital of the two subsidiary companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., responsible for the local commercial management of the aforementioned outlets. IDeA FIMIT SGR S.p.A. is the management company of the closed-end real estate investment fund reserved to qualified investors called "MOMA", subscribed entirely by entities attributable to the funds managed by the Blackstone Real Estate Partners IV group. The transaction involved a total consideration of roughly EUR 123,7 million, relating for around EUR 20,7 million to the sale price of the two Companies (of which EUR 18,6 million to be paid in cash and EUR 2,1 million in the form of acquired payables) and for approximately EUR 103 million to properties. At closing, a collection of EUR 106,6 million was agreed while it was agreed that

the collection of EUR 15 million would be deferred until 12 months after closing. Provision was also made for FDG to continue to manage the outlet. Pursuant to the Agreement, the transaction closing was envisaged on a date after 2 October 2014 and, nonetheless, no later than 15 December 2014, the normal conditions precedent for these types of transactions were agreed;

- we acquired knowledge and monitored, as regards matters within our competence, compliance with the law and the Articles of Association, respect for the principles of proper administration and the degree of adequacy of the Company's organisational structure, through direct surveys, by gathering information from the managers of the departments concerned, periodic exchanges of information with the Independent Auditors and with members of the Control and Risks Committee, Remuneration and Appointments Committee and Group Risk Committee;
- we checked the adequacy of the risk management and control, internal control and administrative and accounting systems and, in particular, the latter's reliability in representing operating events;
- we carried out monitoring activities in line with the provisions of art. 19 of Legislative Decree 39/2010 which assigns the Board of Statutory Auditors the role of "Internal control and auditing committee", with reference: a) to the financial information process; b) the effectiveness of internal control, internal auditing and risk management systems; c) the audit of the annual and consolidated accounts; d) the independence of the Independent Auditors.

  With reference to the aforementioned monitoring of the operations of the Independent Auditors, the Board of Statutory Auditors carried out a periodic exchange of information with the managers of said entity regarding the activities performed in accordance with art. 150 of the Consolidated Law on Finance; analysed the results of the work carried out by the Independent Auditors; received from said Independent Auditors the reports required by art. 14 and art. 19, paragraph 3, of Legislative Decree 39/2010; received from said Independent Auditors the "Annual confirmation of independence" pursuant to art. 17, paragraph 9, letter a) of Legislative Decree 39/2010; analysed, in accordance with said art. 17, paragraph 9, letter b) of Legislative Decree 39/2010, the risks relating to the independence of the Independent Auditors and the measures adopted by said entity to limit said risks;
- we monitored the functionality of the control system of Group companies and the adequacy of the provisions handed down to them, also pursuant to art. 114, paragraph 2, of Legislative Decree 58/1998;
- we acknowledged the preparation of the Report on Remuneration pursuant to art. 123-ter of Legislative Decree no. 58 of 24 February 1998 and art. 84-quater of Consob Regulation 11971/1999 ("Issuers' Regulation") and we have no particular remarks to make;
- we viewed and obtained information on organisational and procedural activities implemented pursuant to Legislative Decree No. 231/2001 on the administrative liability of entities.

  The Supervisory Body reported on the activities carried out during the year ended 30 September 2014, highlighting the receipt, by Mittel's Supervisory Body and General Management of two anonymous letters (on 9 April 2014 and 9 May 2014 respectively) from a group of employees and from the sub-contractors of a partner company of the Mittel Group in certain property projects (Ediltecnica) who complained of the non-payment of salaries and fees in relation to which, Mittel's Supervisory Body (together with that of Mittel Investimenti Immobiliari) took action immediately and, following a series of checks and support activities, reached the conclusion that the facts reported are attributable to a breach of internal procedures by some company representatives, whilst there are no profiles of relevance pursuant to the regulations set out in Italian Legislative Decree 231/2001.
- we monitored, as regards matters within our competence, the compliance of the Procedures for transactions with Related Parties with the applicable legislation.

  we monitored the financial information process and verified compliance with the legal and regulatory provisions concerning the formation and layout of the separate and consolidated financial statements, and the associated supporting documents. The separate and consolidated financial statements are accompanied by the required declarations of conformity signed by the Appointed Director and the Manager responsible for preparing the Company's financial reports;
- we verified the adequacy, from a methodological point of view, of the impairment process implemented to identify the existence of any losses of value of assets recorded in the financial statements;
- we checked that the Directors' Report on Operations for the year 2013/2014 is compliant with the applicable laws and regulations, consistent with the resolutions adopted by the Board of Directors, with the events reported in the separate and consolidated financial statements and with the significant events which occurred after the close of the year.

  The consolidated half-yearly report did not require any observations from the Board of Statutory Auditors. The Half-yearly report and the Quarterly reports were published in accordance with the law and regulations in force.

During the course of our monitoring activities, carried out according to the above methods, no significant events emerged which need to be reported to the control bodies, or mentioned in this report.

* * * * *

The specific indications to be provided with this report are listed below, according to the provisions of the above-mentioned CONSOB Communication of 6 April 2001 and subsequent updates.

1. We acquired information on the transactions of the greatest economic, financial and equity importance entered into during the year, also via subsidiaries, to confirm that they were carried out in compliance with the law and the Articles of Association and that they were not manifestly imprudent, hazardous or, in any case, as such to compromise the integrity of the company's assets.
   In referring you to an illustration of the main initiatives undertaken during the year contained in the section "Significant events in the year" of the Directors' Report, we certify that, as far as we are aware, these initiatives are shaped by the principles of proper administration and that problems relating to potential or possible conflicts of interest were carefully assessed.
2. We did not receive any information on atypical and/or unusual transactions in the year, including intercompany transactions or transactions with related parties.
3. Solely the main economic effects of ordinary intercompany transactions or transactions with related parties are indicated in the Directors' Report and in the Explanatory notes to the Separate and Consolidated Financial Statements.
   The Board of Statutory Auditors verified that these transactions conform to the law and to the Articles of Association, are in keeping with the company's interest and are not likely to give rise to doubts regarding their accuracy and the completeness of the associated financial statement information, the existence of conflicts of interests, the safeguarding of company assets and the protection of non-controlling shareholders.
4. Independent Auditors Deloitte & Touche SpA, with whom we held periodic meetings during the year, to whom the audit was assigned, on today's date issued audit reports pursuant to art. 14 of Legislative Decree 39/2010, relating to the separate and consolidated financial statements as at 30 September 2014, also including the judgment of consistency required by art. 14, paragraph 2, letter e) of Legislative Decree 39/2010 and art. 123-bis of Legislative Decree no. 58/1998. These do not contain informative remarks or references.
5. No complaints were received from shareholders pursuant to art. 2408 of the Italian Civil Code.
6. No petitions or other reports were received.
7. During the year, in compliance with the legislation, the Company assigned the company Deloitte & Touche SpA with the following offices in addition to the tasks envisaged by the audit: tax return certification services (fees of EUR 4.000).
   No critical aspects emerged during the year regarding the independence of the Independent Auditors, also taking into consideration the provisions of Legislative Decree no. 39/2010.
8. During the year, no assignments were made to companies belonging to the "network" of the independent auditors Deloitte & Touche SpA.
9. During the year, the Board of Statutory Auditors approved the resolutions for the Board of Directors to co-opt a Director pursuant to art. 2386 of the Italian Civil Code.
10. Nine meetings of the Board of Directors were held during the year, as well as ten meetings of the Executive Committee, ten meetings of the Board of Statutory Auditors, six meetings of the Control and Risks Committee and seven meetings of the Remuneration and Appointments Committee.
11. We have no particular remarks to make on compliance with the principles of proper administration. In particular, also on the basis of findings that emerged during the meetings held with the Independent Auditors, the principles of proper administration were constantly observed.
12. On the basis of the knowledge acquired during the execution of the monitoring activities required by law, also realised through meetings with the Manager responsible for preparing the Mittel Group's financial reports, the Manager of the Internal Audit Department, the Control and Risks Committee, representatives of the Independent Auditors Deloitte & Touche SpA, we acknowledge that, during the year, the organisational strengthening of the company and of the Group again continued. With specific reference to the management-accounting information system, we confirmed that this is suitable to provide the required information for the execution of company activities according to the guidelines indicated by the Board of Directors.
13. The risk management and control and internal control system appeared to be suited to the dimensional and management characteristics of the company, as also ascertained during the meetings of the Control and Risks Committee in which, based on the regulations adopted by the Committee, the Board of Statutory Auditors is entitled to participate.
   In its annual report, the Internal Control Department reported the need - with reference to the breaches related to the non-compliance with some operating procedures in relation to Group real estate relations with the company Ediltecnica (which emerged following the receipt of two anonymous letters by Mittel's Supervisory Body and General Management which has already been

mentioned) - to introduce new controls regarding: (i) operating controls to be carried out with reference to the documentation concerning various property projects; (ii) supplier/consultant payment methods, for example making provision for the introduction of the obligation of joint signatures; (iii) method of calculation and payment of town planning expenses.
In this regard, the Board of Statutory Auditors acknowledges that it agrees with the aforementioned corrective actions proposed by the Internal Control Department for operating procedures in the Group’s real estate sector.
The Manager of the Internal Audit Department and the entities in charge of internal control pursuant to the Corporate Governance Code for listed companies ensured the necessary functional and information collaboration regarding the execution of their institutional audit tasks, as well as on the outcomes of the checks carried out, also through participation in meetings of the Board of Statutory Auditors.

14. We have no observations to make on the adequacy of the administrative-accounting system and on its reliability to provide a proper representation of operating events. With reference to the accounting information contained in the separate and consolidated financial statements for the year ended as at 30 September 2014, we acknowledge the provision of the certification of the Executive Director and of the Manager responsible for preparing the Company's financial reports pursuant to art. 154-bis of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions.
15. We have no observations to make on the adequacy of information flows provided by the subsidiaries to the Parent Company aimed at ensuring the prompt fulfilment of the communication obligations required by law. The coordination of Group companies, pursuant to art. 114, paragraph 2, of Legislative Decree no. 58/1998, is also ensured by the presence, in the corporate bodies of the main subsidiaries, of Boards of Directors, of members of Top Management and members of the Board of Statutory Auditors of the Parent Company.
16. During the periodic meetings held by the Board of Statutory Auditors with the Independent Auditors, also in accordance with art. 150, paragraph 3, of Italian Legislative Decree no. 58/1998, no aspects came to light which need to highlighted in this Report.
17. The Board of Statutory Auditors monitored the actual methods of implementation of the corporate governance rules set forth by the Corporate Governance Code for listed companies promoted by Borsa Italiana SpA, as adopted by the Company and illustrated in the “Report on Corporate Governance and Ownership Structures” pursuant to art. 123-bis of Legislative Decree no. 58/1998.
The Board successfully verified the existence of the independence requirements of its members, and monitored the correct application of the procedures and criteria adopted by the Board of Directors for assessing the independence of its members.
18. The Company currently has no stock-option plans in place.
19. We carried out normal monitoring activity in the year ended as at 30 September 2014, and said activity did not bring to light any omissions, censurable events or irregularities to be documented in this Report.
20. In terms of an overview of the monitoring activity carried out, we have no proposals to put forward, pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998, regarding the separate financial statements, their approval and matters within our competence, and we have no observations to make regarding the proposal to carry forward the loss for the year arising from said financial statements.

Milan, 27 January 2015

<u>The Board of Statutory Auditors</u>

Mr. Giovanni Brondi
Ms. Maria Teresa Bernelli
Mr. Simone Del Bianco

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

To the Shareholders of
MITTEL S.p.A.

1. We have audited the financial statements of Mittel S.p.A., which comprise the statement of financial position as of September 30, 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

   The financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the Company's Directors restated some of the corresponding figures included in the prior year financial statements audited by us, whose report was dated January 27, 2014. We have examined the methods used to restate the prior year corresponding figures and the related disclosures for the purpose of expressing an opinion on the financial statements as of September 30, 2014.

3. In our opinion, the financial statements give a true and fair view of the financial position of Mittel S.p.A. as of September 30, 2014, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of Mittel S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the financial statements of Mittel S.p.A. as of September 30, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
January 27, 2015

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

Ordinary Shareholders' Meeting held on …………