MITTEL Group

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

2016 Annual Report

30 September 2016

131st company year

Contents

"THIS IS A TRANSLATION OF THE ITALIAN FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016 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
Chief Executive Officer
Rosario Bifulco
Deputy Chairman
Giorgio Franceschi
Directors
Maria Vittoria Bruno (a) (b) (d)
Marco Colacicco
Michele Iori
Marco Merler (a) (b) (c)
Giuseppe Pasini
Duccio Regoli (a) (b) (d) (c)
Carla Sora (a) (c)
Michela Zeme (a) (d)
Manager in charge of financial reporting
Pietro Santicoli

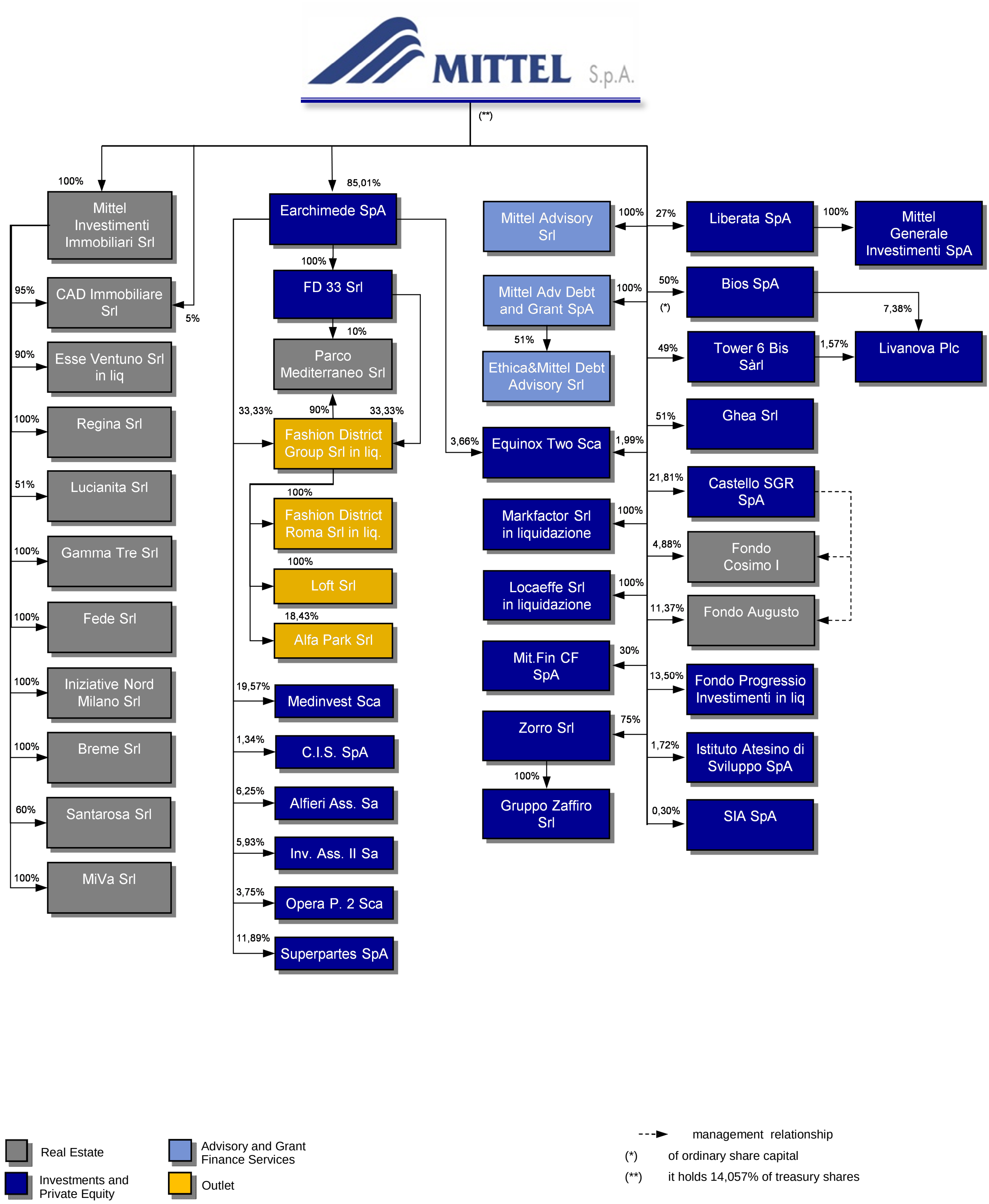
Board of Statutory Auditors
Standing auditors
Riccardo Perotta - Chairman
Maria Teresa Bernelli
Fabrizio Colombo
Alternate auditors
Aida Ruffini
Giulio Tedeschi

Independent Auditors
KPMG S.p.A.

(a) Independent Director
(b) Member of the Control and Risks Committee
(c) Member of the Remuneration and Appointments Committee
(d) Member of the Related Party Committee
The duration of the Company shall be until 31 December 2100, as stated in art. 4 of the Articles of Association.

Group Structure

as at 14 December 2016



Dear Shareholders,

On 30 March 2016 in the 2015/2016 financial year, the Mittel S.p.A. Board of Directors approved the 2016-2019 Strategic Plan, whose guidelines for the next few years focus on the development of private equity with a view to permanent capital through the enhancement of assets in the portfolio and the gradual exit from real estate and lending activities. Following approval of the Strategic Plan, the Mittel Group launched a major process of repositioning on the Italian financial market. The company aims to create value for the shareholders by becoming a dynamic, efficient Investment-Merchant Bank focusing on majority investments in Italian small and medium enterprises with a high cash-generating capacity.

Following approval of the Plan, action began on implementing the defined strategies, which envisaged the launch of the process to streamline the Group's corporate structure and the disposal of non-core assets.
In particular, July saw the finalisation of full mergers into Mittel S.p.A. of two subsidiaries. Later, in September 2016, through the investees Bios S.p.A. (50%) and Tower 6 Bis S.à r.l. (49%), held in partnership with Equinox Two S.c.a., through multiple market transactions - disclosed to the public pursuant to applicable regulations and for a total final value of around EUR 77 million - the disposal of a non-controlling interest in Livanova Plc, a UK company listed on the London and NASDAQ stock exchanges, was arranged. Again in September, Mittel S.p.A. completed the disposal procedure for almost all its non-controlling interest, including the associated bond loan, held in Credit Access Asia N.V., a multinational microfinance operator with activities in India and South East Asia. The total transaction value was EUR 10,6 million. Lastly, note the collection in August 2016 of a non-current financial receivable for EUR 30,0 million.

Consistent with the Plan's guidelines, the financial resources generated were used after the end of the financial year, more precisely in November 2016, to purchase an investment totalling approximately EUR 21,5 million (including an EUR 8,0 million bridge loan) of 75% of the Gruppo Zaffiro S.r.l., a major player in the Italian healthcare industry. This transaction fits into the framework of a much broader Mittel plan in this sector, with the investment in Zaffiro proving consistent with and complementary to other opportunities under review. The Zaffiro Group, in fact, represents a solid base on which a process of combining with other local healthcare operators can be built, with the aim over the next few years of becoming a reference point for the sector, presenting clear structural growth trends associated with demographic and social factors, and a service structure that is still highly fragmented with significant room for aggregation.

Group Performance

The consolidated financial statements for the year ended as at 30 September 2016 posted a loss of EUR 11,6 million, of which EUR 4,5 million pertaining to the Group, an improvement of EUR 11,6 million on the loss of EUR 23,2 million as at 30 September 2015, of which EUR 22,3 million pertaining to the Group.

As at 30 September 2016 consolidated Group equity amounted to EUR 253,0 million, marking a decrease of EUR 30,8 million compared to EUR 283,8 million as at 30 September 2015, mainly due to the net effect of the following factors:

- recognition in the income statement of a loss of EUR 4,5 million pertaining to the Group;
- negative variation in the valuation reserve for a total of EUR 31,6 million;
- net disposals of treasury shares with an overall positive effect on equity of EUR 5,4 million.

The net financial position came to EUR 54,5 million, compared to EUR 81,5 million as at 30 September 2015, an improvement totalling EUR 27 million.

The consolidated result posted in the year 2015-2016 was mainly influenced by the following elements of greater importance:

Main positive income items:

- share of income (loss) of investments accounted for using the equity method, positive for EUR 25,2 million, mostly attributable to the disposal of a non-controlling interest in Livanova Plc by Bios S.p.A. and Tower 6 Bis S.à r.l., associates of Mittel S.p.A.;

- revenue for EUR 8,0 million, largely attributable to revenue from sales and rentals in the real estate sector (EUR 5,7 million), in turn to be read alongside the offloading of selling costs (which led to the recognition of costs of EUR 5,3 million);

- profit from management of financial activities for EUR 7,8 million, attributable for the most part (EUR 5,8 million) to the disposal of Credit Access Asia N.V.;

- financial income for EUR 6,6 million accrued on financial receivables held by the Group;

Main negative income items:

- impairment losses on financial assets, loans and receivables for EUR 23,5 million, of which EUR 12,5 million (51% pertaining to the Group) to write-down of the receivable held by Ghea S.r.l. due from Bios S.p.A. (to be read alongside the positive income items recorded on the Mittel S.p.A.'s investment in Bios S.p.A.) and EUR 5,7 million to the complete write-down of a residual receivable held by Fashion District Group S.r.l. (in liquidation);

- negative variations in property inventories for EUR 10,0 million, attributable to the net effect of the increase in capitalised costs of EUR 2,5 million, the decrease for offloading of selling costs of EUR 5,3 million and write-downs of EUR 7,2 million applied at year end, based on the results of the independent appraisal, which duly took into consideration the persisting delay in marketing the properties and the associated change in the expected net realisable value;

- costs for services of EUR 9,6 million and personnel costs of EUR 6,6 million, both items recording a clear decrease compared to the previous year;

- financial expenses for EUR 9,0 million accrued on the Group financial debt.

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, 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 the financial statements, 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)	30.09.2016	30.09.2015
Revenue and other income	9.717	20.278
Variations in property inventories	(10.030)	(3.298)
Revenue	**(313)**	**16.980**
Purchases, provision of services, sundry costs	(16.880)	(29.087)
Personnel costs	(6.627)	(9.363)
Operating costs	**(23.508)**	**(38.450)**
Gains (losses) from investments	8.725	4.547
Operating margin (EBITDA)	**(15.095)**	**(16.923)**
Amortization/depreciation, allocations and adjustments to non-current assets	(686)	(3.078)
Value adjustments to financial assets, loans and receivables	(23.533)	(3.757)
Share of income (loss) of investments	25.242	(1.362)
Profit (loss) from non-recurring transactions net of tax	-	176
Operating result (EBIT)	**(14.072)**	**(24.944)**
Profit (loss) from financial management	(2.331)	(2.094)
Profit (loss) from trading of financial assets	61	5.357
Profit (loss) before taxes	**(16.342)**	**(21.682)**
Taxes	4.739	(1.524)
Profit (loss) from continuing operations	**(11.603)**	**(23.205)**
Profit (loss) pertainig to non-controlling interests	7.098	887
Profit (loss) pertainig to the Group	**(4.506)**	**(22.318)**

The income statement figures commented on refer to the reclassified tables shown above. Details of the most significant items are shown below.

- **Revenue**: this reclassified item includes balance sheet revenue, other income and the variations in property inventories and as at 30 September 2016 were negative at EUR 0,3 million, compared to the positive contribution for EUR 17,0 million as at 30 September 2015, marking a decrease of EUR 17,3 million. This variation is the combined result of the following factors:
  (i) recognition of lower revenue for EUR 10,7 million (from EUR 18,7 million as at 30 September 2015 to EUR 8,0 million as at 30 September 2016), of which EUR 8,2 million attributable to lack of the contribution from the Outlet Sector which, despite its disposal, contributed to the previous year's income statement until November 2014, the date on which the disposal became final and the net assets sold and the related costs and revenue were permanently deconsolidated;
  (ii) increase of EUR 0,2 million in other income (from EUR 1,5 million as at 30 September 2015 to EUR 1,7 million as at 30 September 2016);
  (iii) the negative variation of EUR 6,7 million inferred from a comparison between the variations in property inventories (i.e. the net value between the increase in inventories for property development, the reduction for the sales of living units and write-downs) of the two periods, from a negative EUR 3,3 million as at 30 September 2015 to a negative EUR 10,0 million as at 30 September 2016. As described previously, the loss this year is explained by the net effect of the increase in capitalised costs of EUR 2,5 million, the decrease for offloading of selling costs of EUR 5,3 million and net value adjustments of EUR 7,2 million applied at year end, based on the results of the independent appraisal, which duly took into consideration the persisting delay in marketing the properties and the associated change in the expected net realisable value.

- **Costs for purchases, provision of services, sundry costs**: this item includes costs for purchases of EUR 2,3 million (EUR 6,3 million in the previous year), costs for services of EUR 9,6 million (EUR 17,0 million in the previous year) and other costs of EUR 4,9 million (EUR 5,7 million in the previous year).

The EUR 4,0 million decrease in costs for purchases is attributable to less growth in the Real Estate sector, due to the substantial completion of most of the contracts held by the Group.
The net decrease in costs for services (EUR 7,4 million) instead refers to: EUR 5,1 million as the elimination of costs for services for the Outlet Sector, which - as described previously - last year contributed to the consolidated financial statements until finalisation of the disposal transaction; EUR 1,9 million as the reduction in costs of Mittel S.p.A., to be considered also in the light of the launch of implementation measures for the 2016-2019 Strategic Plan guidelines which, amongst other things, envisage holding cost containment.

- **Personnel costs**: this item amounted to EUR 6,6 million, posting a decrease of EUR 2,8 million compared to EUR 9,4 million in the previous year, attributable for EUR 1,7 million to Fashion District Group S.r.l. (in liquidation) and its subsidiaries, EUR 0,8 million to Mittel S.p.A. personnel (and one company merged into Mittel S.p.A.), EUR 0,3 million to the Advisory Sector and EUR 0,1 million to the Real Estate Sector.

- **Gains (losses) from investments**: this item recorded a positive balance of EUR 8,7 million (gains of EUR 4,5 million in the comparison period) and is composed of dividends of EUR 0,9 million (EUR 2,0 million in the previous year) and profit from management of financial activities and investments of EUR 7,8 million (EUR 2,6 million in the previous year).
  Dividends for the year are mainly attributable to the distributions made by Fondo Augusto for around EUR 0,3 million, UBI Banca S.p.A. for approximately EUR 0,2 million, SIA S.p.A. for EUR 0,2 million, Intesa Sanpaolo S.p.A. for EUR 0,1 million and Istituto Atesino di Sviluppo - ISA S.p.A. for around EUR 0,1 million.
  The item 'Profit from management of financial activities and investments' is attributable, for EUR 5,8 million, to Mittel S.p.A.'s disposal of almost all its non-controlling interest in Credit Access Asia N.V., a multinational microfinance operator with activities in India and South East Asia. Additional profit, respectively for around EUR 1,1 million and EUR 1,0 million, was recorded following the partial sale of Intesa Sanpaolo S.p.A. shares (arranged by Mittel Partecipazioni Stabili S.r.l. prior to its merger into Mittel S.p.A. during the year) and the adjustment to the price collected on the investment previously held in Brands Partners 2 S.p.A.

- **Operating margin (EBITDA)**: a negative EUR 15,1 million, down EUR 1,8 million compared to the negative EUR 16,9 million in the previous year.

- **Amortization/depreciation, allocations and adjustments to non-current assets**: totalled EUR 0,7 million, compared to EUR 3,1 million in the previous year. The amount is comprised of amortization and value adjustments to intangible assets for EUR 0,3 million (EUR 0,7 million in the comparison period) and allocation to the provision for risks of EUR 0,4 million (EUR 2,4 million as at 30 September 2015).

- **Value adjustments to financial assets, loans and receivables**: the balance of this item was EUR 23,5 million (EUR 3,8 million as at 30 December 2015) and mainly includes the effects of:
  (i) the write-down for EUR 12,5 million (of which 51% pertaining to the Group) of the receivable due to Ghea S.r.l. from Bios S.p.A. (to be considered jointly with the positive income components recorded by Mittel S.p.A.'s investment in Bios S.p.A.);
  (ii) the full write-down for a total of EUR 5,7 million of a residual receivable held by Fashion District Group S.r.l. (in liquidation);
  (iii) the percentage, amounting to EUR 1,3 million, of the overall decrease in fair value of UBI Banca shares held in portfolio (pertaining to the portfolio of available-for-sale financial assets), qualifying as an adjustment with balancing entry in the income statement (since it exceeds the positive valuation reserve available at the start of the year for the shares in question);
  (iv) the fair value adjustment applied by Mittel S.p.A. in reference to the Fondo Augusto for EUR 0,4 million;
  (v) the impairment loss of EUR 1,2 million recognised on a financial receivable held by Mittel S.p.A. as a result of discounting following a review of the presumed collection date of the receivable in question;
  (vi) the impairment loss of EUR 1,1 million in trade receivables relating to the Advisory Sector;
  (vii) value adjustments for approximately EUR 0,7 million on available-for-sale financial assets held by Earchimede S.p.A. (investments in private equity funds and foreign investment vehicles);
  (viii) the write-down of approximately EUR 0,5 million on receivables attributable to a subsidiary in the Real Estate Sector.

- **Share of income (loss) of investments**: this item, amounting to a positive EUR 25,3 million, recorded a net increase compared to the previous year when it was negative for EUR 1,4 million. The consistent positive result is explained largely by the disposal of a non-controlling interest in Livanova Plc by Bios S.p.A. and Tower 6 Bis S.à r.l., associates of Mittel S.p.A. In fact, the contributions to the consolidated income statement of the two investments held by Mittel S.p.A. (measured using the equity method) were EUR 12,1 million (Bios S.p.A.) and EUR 12,8 million (Tower 6 Bis S.à r.l.). The result of the investment in Bios S.p.A. also includes the positive effect for EUR 6,2 million of the remeasurement - following a statutory amendment during the year - of the equity values of Bios S.p.A. pertaining to Ghea S.r.l. (the holder of all residual Class B shares of Bios S.p.A.) and to Mittel S.p.A. (which holds 50% of ordinary Bios S.p.A. shares). At consolidated level, the profit pertinent to the Group (approximately EUR 6,4 million) is therefore offset by the impairment loss for a total of EUR 12,5 million recorded by the fully consolidated company Ghea S.r.l. to receivables (including those deriving from Class B shares) due from Bios S.p.A.
- **Operating result (EBIT)**: a negative EUR 14,1 million, an improvement compared to the negative EUR 24,9 million of the previous year due to the trends in items commented previously.
- **Profit (loss) from financial management**: amounting to a loss of EUR 2,3 million (a loss of EUR 2,1 million in the previous year), therefore marking a slight deterioration of EUR 0,2 million. The item is mostly attributable to the negative contribution of EUR 5,0 million of the Parent Company Mittel S.p.A., influenced by interest expense accrued on the bond loan and on bank loans, offset mainly by the positive contribution of EUR 2,3 million from the subsidiary Ghea S.r.l. as interest income accrued on the receivable due to said entity from Bios S.p.A.
- **Profit (loss) from trading of financial assets**: this item made a marginal contribution to the consolidated income statement, with a positive balance of around EUR 0,1 million, marking a clear decrease compared to profit of EUR 5,4 million in the previous year, to which the main contributor was the parent company Mittel S.p.A.
- **Taxes**: this item had a positive effect for EUR 4,7 million on the consolidated income statement (compared to a negative contribution for EUR 1,5 million recorded in the previous year), mainly due to the release of deferred tax liabilities previously recognised in the consolidated financial statements for the subsidiary Ghea S.r.l., which as at 30 September 2016 contributed for EUR 3,7 million to the consolidated figure, Fashion District Group S.r.l. (in liquidation) for EUR 3,5 million and Fashion District Roma S.r.l. (in liquidation) for EUR 0,8 million. The effect was mitigated by the release of deferred tax assets recognised by Fashion District Group S.r.l. (in liquidation) for EUR 2,6 million, by Fashion District Roma S.r.l. (in liquidation) for EUR 0,2 million and by Mittel Advisory Debt and Grant S.p.A. for EUR 0,5 million.

Main financial and equity figures of the Group

(Thousands of Euro)	30.09.2016	30.09.2015
Intangible assets	41	147
Property, plant and equipment	3.764	854
Investments	88.133	87.968
Non-current financial assets	137.958	207.969
Provisions for risks, employee severance indemnity and employee benefits	(3.185)	(7.148)
Other non-current assets (liabilities)	(163)	(475)
Tax assets (liabilities)	2.590	139
Net working capital (*)	98.100	114.337
Net invested capital	**327.239**	**403.792**
Equity pertaining to the Group	(252.971)	(283.805)
Non-controlling interests	(19.782)	(38.483)
Total Equity	**(272.754)**	**(322.288)**
Net financial position	**(54.485)**	**(81.504)**

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

Intangible assets recorded immaterial balances both as at 30 September 2016 and in the comparison period, falling from EUR 147 thousand to EUR 41 thousand.

Property, plant and equipment amounted to EUR 3,8 million, compared to EUR 0,9 million as at 30 September 2015, marking an increase mostly attributable to the purchase during the year by the associate Mittel Generale Investimenti S.p.A. of a property unit located in Milan at Piazza Diaz 7, on which Mittel S.p.A. previously held the lease. Implementation of the transaction also took into account an appraisal of the property unit by an independent expert and the opinion in favour obtained from the Related Party Transactions Committee of Mittel S.p.A., given its classification as a transaction of lesser importance with related parties.

Investments (measured using the equity method) totalled EUR 88,1 million, marking a slight increase compared to EUR 88,0 million in the previous year. The essential stability of this item, despite the considerable profit recorded in the income statement from the equity-accounted investees, Bios S.p.A. and Tower 6 Bis S.à r.l., is attributable to the incorporation into their book values as at 30 September 2015 of the fair value measurement of the Livanova Plc securities held. The disposals of Livanova Plc shares during the year by Mittel S.p.A.'s two investees therefore led to recognition in the income statement of a gain on disposal that was in part already incorporated into the equity valuations of the investees, as a balancing entry to the valuation reserve, in previous consolidated financial statements of the Mittel Group in accordance with the International Financial Reporting Standards ("IFRS").

Non-current financial assets amounted to EUR 138,0 million, compared to EUR 208,0 million as at 30 September 2015, marking a decrease of EUR 70,0 million. This variation is attributable for EUR 63,3 million to the decrease in non-current financial receivables, which fell from EUR 163,5 million to EUR 100,2 million, and for EUR 6,6 million to other non-current financial assets, down from EUR 44,4 million to EUR 37,8 million.
In relation to non-current financial receivables, the considerable decrease recorded is attributable for EUR 34,1 million to the receivable due to Ghea S.r.l. from Bios S.p.A., which fell from EUR 53,5 million to a total of EUR 44,3 million. However, EUR 23,9 million of this amount corresponds to the current portion of the receivable, classified as such as at 30 September 2016 among current financial receivables as due within 12 months, in line with the contractual due date.
A further significant decrease in the item is attributable to the collection during the year of a financial receivable due to Mittel S.p.A. by Fondo Augusto for a total of EUR 30 million, with same-time disbursement of a new loan - again in favour of Fondo Augusto - for EUR 10,0 million, with subsequent reduction in the contribution to the balance sheet item for EUR 20,0 million.

Also note the effect attributable to the complete write-down, for EUR 5,4 million, of a residual receivable held by Fashion District Group S.r.l. (in liquidation) following the further deterioration of the related counterparty's position and that due to the reclassification among current financial receivables of the balance of the escrow account of EUR 5,0 million, again pertaining to Fashion District Group S.r.l. (in liquidation).
The decrease in other financial assets, on the other hand, is mainly due to the disposal by Mittel S.p.A. of almost all its non-controlling interest, including the associated bond loan, held in Credit Access Asia N.V., a multinational microfinance operator with activities in India and South East Asia, the book value for which as at 30 September 2015 was EUR 4,8 million. The total transaction value was EUR 10,6 million, resulting in the recognition of a gain on disposal of EUR 5,8 million.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 3,2 million, compared to EUR 7,1 million as at 30 September 2015, marking a decrease of EUR 3,9 million. In particular, as at 30 September 2016, this item is composed, for EUR 1,4 million, of *Provisions for personnel* (EUR 1,8 million as at 30 September 2015) and, for EUR 1,8 million, of *Provisions for risks and charges* (EUR 5,4 million as at 30 September 2015). The decrease in the provision for risks and charges is mainly due (for around EUR 3,1 million) to use of the amount previous allocated in relation to the contract loss settled during the year between Loft S.r.l. and Fashion District Group S.r.l. (in liquidation) and to restructuring expenses allocated in the previous year by Fashion District Group S.r.l. (in liquidation).

Other non-current liabilities reduced from EUR 0,5 million to EUR 0,2 million during the year, down by approximately EUR 0,3 million. The balance as at 30 September 2016 is explained by the difference between sundry payables and other non-current liabilities for EUR 0,5 million (EUR 0,7 million in the comparison period) and sundry receivables and other non-current assets for EUR 0,3 million (EUR 0,2 million in the comparison period).

The item **net tax assets** amounted to EUR 2,6 million (EUR 0,1 million in the comparison period), and is composed of the sum of deferred tax assets of EUR 1,3 million (EUR 4,6 million in the comparison period) and current tax assets of EUR 10,8 million (EUR 14,7 million as at 30 September 2015), offset by deferred tax liabilities of EUR 9,5 million (EUR 17,7 million in the previous year) and current tax liabilities for an immaterial amount (versus EUR 1,5 million recorded in the previous year). Of note among the most significant contributions is that attributable to Ghea S.r.l., due to the partial release of deferred tax liabilities for EUR 3,7 million.

Net working capital amounted to EUR 98,1 million, compared to EUR 114,3 million as at 30 September 2015. This item comprises the value of property inventories for EUR 99,6 million (EUR 109,8 million in the previous year), sundry receivables and other current assets for EUR 8,5 million (EUR 16,1 million in the previous year) and sundry payables and other liabilities for EUR 10,0 million (EUR 11,6 million in the comparison period). The reduction in sundry receivables is largely due to the decrease from collections and write-downs of operations receivables in the Advisory Sector for a total of EUR 2,8 million, the Real Estate Sector for EUR 2,6 million and to Fashion District Group S.r.l. (in liquidation) and its subsidiaries for EUR 2,0 million, whilst the more limited decrease in sundry payables is mostly attributable to Fashion District Group S.r.l. (in liquidation) and its subsidiaries. The consistent decrease in property inventories, for a total of EUR 10,1 million, is instead essentially explained by the net effect of the increase in capitalised costs of EUR 2,5 million, the decrease for offloading of selling costs of EUR 5,3 million and write-downs of EUR 7,1 million applied at year end, based on the results of the independent appraisal, which duly took into consideration the persisting delay in marketing the properties and the associated change in the expected net realisable value.

Consequently, **net invested capital** amounted to EUR 327,2 million, marking a decrease of around EUR 76,6 million compared to EUR 403,8 million last year, a significant portion of which is explained by the previously described decrease in receivables and other non-current financial assets, and is financed for EUR 272,7 million by equity and for EUR 54,5 million by the net financial position.

Equity pertaining to the Group amounted to EUR 253,0 million, marking a decrease of EUR 30,8 million, while non-controlling interests, amounting to EUR 19,8 million, decreased by EUR 18,7 million. Total equity thus amounted to EUR 272,2 million, marking a decrease of EUR 49,5 million from EUR 322,3 million in the previous year.
The considerable reduction in Group equity is mainly attributable to the negative variation in the valuation reserve for a total of EUR 31,6 million, in turn largely explained by the EUR 25,1 million decrease in the valuation reserve of the investees equity-accounted, Bios S.p.A. and Tower 6 Bis S.à r.l. (to be considered

alongside the related profit from investments recorded in the income statement) and the zeroing out of the positive valuation reserve of EUR 5,3 million allocated as at 30 September 2015 on the Intesa Sanpaolo shares held by the Parent Company Mittel S.p.A. following the merger of Mittel Partecipazioni Stabili S.r.l. during the year.
The further change in Group equity is attributable to the net effect of recognition in the income statement of the loss of EUR 5,8 million pertaining to the Group and to net disposals of treasury shares by the Parent Company during the year, which led to an overall positive effect on equity of EUR 5,4 million.

As a result of the described performances of consolidated equity and profit, the negative net financial position decreased by a total of EUR 27,0 million to EUR 54,5 million.
In addition to the shortening of the expected collection date for financial receivables previously classified as non-current (and now included among current financial receivables as at 30 September 2016, with resulting positive effect on the Group net financial position), this improvement is also mainly attributable to the collection of a major non-current financial receivable owed to the Parent Company (for EUR 30,0 million, with subsequent disbursement of a new loan for EUR 10,0 million and resulting positive effect on the net financial position of EUR 20,0 million) and to the disposal transaction involving almost all the non-controlling interest, and the associated bond loan, held in Credit Access Asia N.V. which, as previously described, resulted in the collection of a total of EUR 10,6 million. These effects are offset only in part by the negative cash flows for the year deriving from the Group's operations and financial management.
With regard to the detailed breakdown of the net financial position, on the other hand, reference should be made to the table below, which mainly illustrates the decreases, of EUR 15,6 million and EUR 13,2 million respectively in banking liquidity and listed securities, offset by the increase of EUR 32,0 million in current financial receivables and the decreases of EUR 19,0 million and EUR 5,4 million respectively in bank payables and other financial payables.

Statement relating to the net financial position

(Thousands of Euro)	**30.09.2016**	**30.09.2015**	**Variation**
Cash	15	15	(0)
Other cash equivalents	84.974	100.583	(15.609)
Securities held for trading (*)	6.909	20.074	(13.165)
Current liquidity	**91.899**	**120.673**	**(28.774)**
Current financial receivables	**32.951**	**911**	**32.040**
Bank loans and borrowings	(77.872)	(96.870)	18.998
Bonds	(99.183)	(98.553)	(630)
Other loans and borrowings	(2.280)	(7.664)	5.385
Financial debt	**(179.335)**	**(203.087)**	**23.752**
Net financial position	**(54.485)**	**(81.504)**	**27.019**

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

Sector performance

On 30 March 2016, Mittel approved the 2016-2019 Strategic Plan focusing on the enhancement of non-core assets in the portfolio (listed securities, real estate and lending) and/or non-performing assets in order to generate new funds for investments, particularly in the development of activities for the investment in the risk capital of Italian small and medium enterprises with a high level of cash flow generation.

In the months that followed approval of the plan, the Company focused its efforts on preliminary activities for the launch of investment activities and transactions were therefore carried out, in some cases still pending finalisation, (i) on the one hand, to simplify the Group structure and reduce the related costs (corporate mergers, reviews of the organisational structure combined with a management incentive plan) with a view to achieving economic and financial balance at holding level, and (ii) on the other hand, to dispose of non-core assets in the portfolio in order to generate new resources for investments.

As regards the process for generating financial resources, note in particular that during the year, through the investees Bios S.p.A. (50%) and Tower 6 Bis S.à r.l. (49%), held in partnership with Equinox TWO S.c.a., the disposal - through multiple market transactions and for a total final value of around EUR 77 million - of a non-controlling interest in Livanova Plc, a UK company listed on the London and NASDAQ stock exchanges, was arranged. At present, Bios S.p.A. and Tower 6 Bis S.à r.l. hold a total of 8,96% of Livanova Plc share capital.
Again in the year under review, also note (i) the disposal of almost all the non-controlling interest, including the associated bond loan, held in Credit Access Asia N.V., a multinational microfinance operator with activities in India and South East Asia (EUR 10,6 million) and (ii) the early collection of a non-current financial receivable for EUR 30,0 million (Fondo Augusto, managed by the associate Castello SGR S.p.A.).

As reported previously, the resources generated were used after 30 September 2016 to purchase a major Italian company in the healthcare sector, one of the main sectors of interest for the development of Mittel's private equity project.
The acquisition, which aims to create a base for combining operators in the reference sector, was finalised on 9 November last year and, through Zorro S.r.l., saw Mittel S.p.A. take 75% of Gruppo Zaffiro S.r.l., a major player in the Italian healthcare industry, with a reinvestment by management for the remaining 25%. The Zaffiro Group revenue forecast for 2016 is around EUR 24 million, with EBITDA of approximately EUR 4 million. These figures will be incorporated into Mittel's consolidated financial statements at the next reporting date of 31 March 2017.
The transaction, with a Mittel investment on closing of EUR 21,5 million, of which EUR 8 million as a bridge loan, will be subject to a price adjustment based on the closing figures of Gruppo Zaffiro S.r.l. as at 31 December 2016 and, in future years, to potential subsequent adjustments based on returns generated by the 8 structures acquired and still managed by Gruppo Zaffiro S.r.l.

In order to enhance the debt management know-how developed over the years, in terms of advisory services, the sector considered to be in synergy with investment activities, the Mittel Group signed a partnership agreement with the operator Ethica Corporate Finance S.p.A., a major provider of services to medium-sized Italian companies and institutional investors.
On 28 October 2016, in implementation of the agreements between the parties, Ethica & Mittel Debt Advisory S.r.l. was established, the first Italian integrated platform for all debt advisory services. In fact, the new company will provide support to medium and large companies and to Private Equity funds in their projects for the structuring, organisation and sourcing of bank, alternative, subsidised and structured financing, as well as rescheduling of existing bank debt.

Consequently, the Mittel Group's activities as at 30 September 2016, focused on preliminary plan development activities and yet not including the investment in Gruppo Zaffiro S.r.l. (November) and the partnership with Ethica Corporate Finance S.p.A. (October), was divided into the following operating segments:

- **Private Equity and Investments**: Investments made directly by the Group or indirectly through the subscription of specialised closed-end funds, which invest in the capital of medium-sized companies, including listed, with the objective of increasing value in the medium-term;

- **Advisory Services and Grants Finance**: Activities targeted at corporate customers, private equity funds and institutions consisting mainly 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;

- **Real Estate**: the sector includes (i) real estate transactions predominantly of a residential/tertiary nature, currently located in Lombardy, with the exception of just one initiative in the province of Catania; (ii) investments held in closed-end real estate funds held by an investee Asset Management Company (see Private Equity sector);

- **Outlet/Entertainment**: after the close of the year as at 30 September 2015, as a result of the non-renewal of the service contract, Fashion District Group (in liquidation since 30 March 2016) terminated its management activities, remaining, up until today, an investment holding company (investment in Alfa Park S.r.l., which owns and manages the Valmontone (Rome) and Molfetta (Bari) theme parks).

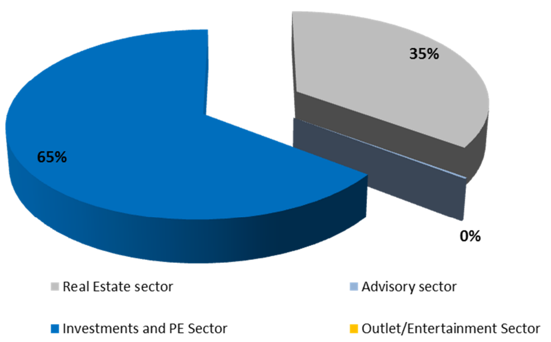
Information by business segment

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.

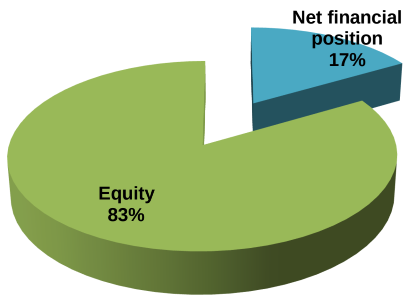
Sector-based groupings are defined by the following groups of (main) Companies:

- Private Equity and Investments sector: Mittel S.p.A.; Bios S.p.A; Ghea S.r.l.; Earchimede S.p.A.; Tower 6 Bis S.à r.l.;
- Advisory Services and Grants Finance sector: Mittel Advisory S.r.l. and Mittel Advisory Debt and Grant S.p.A.;
- Real Estate sector: Mittel Investimenti Immobiliari S.r.l.; Breme S.r.l.; CAD Immobiliare S.r.l.; Fede S.r.l.; Gamma Tre S.r.l.; Iniziative Nord Milano S.r.l.; Lucianita S.r.l.; MiVa S.r.l.; Santarosa S.r.l.; Regina S.r.l.; Parco Mediterraneo S.r.l. and the Augusto and Cosimo I real estate funds;
- Outlet/Entertainment sector: Fashion District Group S.r.l. (in liquidation) and Loft S.r.l.

- INVESTED CAPITAL -
EUR 327,2 million



- SOURCES OF FINANCING -
EUR 327,2 million



INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

30 September 2016

Figures in millions of Euro	30 Septmber 2016										
AGGREGATE / CONSOLIDATED	**Revenue**	**Operating costs**	**Gains (losses) from investments**	**Amortization/ depreciation and impairments**	**Share of profit (loss) of investments**	**Profit (loss) from financial management**	**Profit (loss) from trading of financial assets**	**Profit (loss) from non-recurring transactions net of taxes**	**Taxes**	**Profit (loss) pertaining to non-controlling interests**	**Profit (loss) pertaining to the Group**
Real Estate Sector	(4,0)	(5,3)	0,384	(1,1)	0,0	(3,3)	0,0	0,0	0,2	(0,3)	(12,9)
Advisory Sector	1,3	(3,4)	0,0	(1,1)	0,0	(0,1)	0,0	0,0	(0,4)	0,0	(3,6)
Investments and PE Sector	1,2	(11,7)	8,3	(16,2)	25,2	0,5	0,1	0,0	4,4	(3,9)	15,7
Outlet Sector	1,7	(3,7)	0,0	(5,8)	0,0	0,6	0,0	0,0	0,5	(2,9)	(3,8)
IC ELIMINATION	(0,6)	0,6	0,0	0,0	0,0	(0,0)	0,0	0,0			
CONSOLIDATED TOTAL	**(0,3)**	**(23,5)**	**8,7**	**(24,2)**	**25,2**	**(2,3)**	**0,1**	**0,0**	**4,7**	**(7,1)**	**(4,5)**

30 September 2015

Figures in millions of Euro	30 September 2015										
AGGREGATE / CONSOLIDATED	**Revenue**	**Operating costs**	**Gains (losses) from investments**	**Amortization/ depreciation and impairments**	**Share of profit (loss) of investments**	**Profit (loss) from financial management**	**Profit (loss) from trading of financial assets**	**Profit (loss) from non-recurring transactions net of taxes**	**Taxes**	**Profit (loss) pertaining to non-controlling interests**	**Profit (loss) pertaining to the Group**
Real Estate Sector	3,2	(9,3)	0,6	(1,1)	0,0	(4,4)	0,0	0,0	(0,1)	(0,6)	(10,5)
Advisory Sector	3,5	(3,6)	0,0	(0,9)	0,0	(0,2)	0,0	0,0	(0,0)	0,0	(1,1)
Investments and PE Sector	2,0	(16,1)	4,0	(1,4)	(1,4)	2,6	5,4	0,0	(1,3)	1,8	8,1
Outlet Sector	8,9	(10,2)	0,0	(3,5)	0,0	(0,1)	0,0	0,2	(0,0)	(2,1)	(2,6)
IC ELIMINATION	(0,6)	0,6	0,0	0,0	0,0	(0,0)	0,0	0,0			
CONSOLIDATED TOTAL	**17,0**	**(38,5)**	**4,5**	**(6,8)**	**(1,4)**	**(2,1)**	**5,4**	**0,2**	**(1,5)**	**(0,9)**	**(22,3)**

STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

30 September 2016

Figures in millions of Euro	30 September 2016									
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**Invested capital**	*Financed by*	**Net financial position**	**Equity**	*of which*	**Equity pertaining to non-controlling interests**	**Equity pertaining to the Group**
Real Estate Sector	97,7	17,7	(0,2)	115,2		(76,4)	38,8		1,6	37,3
Advisory Sector	0,7	0,1	0,1	0,8		1,5	2,3		0,0	2,3
Investments and PE Sector	(1,4)	212,2	2,5	213,2		1,0	214,2		10,7	203,5
Outlet Sector	1,1	0,0	(3,1)	(2,0)		19,4	17,4		7,5	9,9
ELIMINAZIONE IC	0,0	0,0	0,0	0,0		0,0				
CONSOLIDATED TOTAL	**98,1**	**229,9**	**(0,8)**	**327,2**		**(54,5)**	**272,8**		**19,8**	**253,0**

30 September 2015

Figures in millions of Euro	30 Septmber 2015									
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**Invested capital**	*Financed by*	**Net financial position**	**Equity**	*of which*	**Equity pertaining to non-controlling interests**	**Equity pertaining to the Group**
Figures in millions of Euro	112,0	18,4	(1,0)	129,4		(93,7)	35,6		2,0	33,6
AGGREGATE / CONSOLIDATED	2,8	0,1	0,2	3,1		0,3	3,5		0,0	3,5
Real Estate Sector	(1,8)	266,7	2,0)	266,9		(17,8)	249,1		21,7	227,4
Advisory Sector	1,4)	11,7	(8,7)	4,4		29,7	34,1		14,8	19,3
ELIMINAZIONE IC	0,0	0,0	0,0	0,0		0,0				
CONSOLIDATED TOTAL	**114,3**	**296,9**	**(7,5)**	**403,8**		**(81,5)**	**322,3**		**38,5**	**283,8**

As regards the breakdown of the Income Statement by sector, intragroup revenue 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.

Performance of the Private Equity and Investments sector

Figures in EUR/000		
Investments and PE Sector	**Sept-16**	**Sept-15**
Fixed assets	212.163	266.726
Equity	214.216	249.091
Net financial position	968	(17.815)

According to data provided by AIFI, the Italian private equity association, in the first half of 2016 the Italian market remained lively, recording a total invested of EUR 4,9 billion (EUR 1,8 billion in 2015), even though significant transactions were the major contributor. In the same period, however, fundraising recorded a significant decline to EUR 721 million, compared to EUR 1,3 billion in 2015.
The fulcrum of the Group's new strategic plan, this sector as at 30 September 2016 includes the parent company Mittel S.p.A. as well as the residual portfolio of non-controlling interests and investment vehicles (liabilities) for which, in a manner compatible with the features of each asset, a disposal procedure is beginning with a view to independently generating resources to be used for controlling investments to be made in Italian small and medium-sized enterprises as announced at the start of 2016.

At equity level, the sector's performance over the twelve-month period was characterised by the disposal procedure described above, with a significant decrease in fixed assets from EUR 266,7 million to EUR 212,2 million. At present the breakdown of fixed assets is as follows: (i) non-current financial receivables for EUR 100,2 million (EUR 153,1 million as at 30 September 2015); (ii) equity-accounted investees for EUR 88,1 million (EUR 88,0 million), mainly represented by the investments in Bios S.p.A. and Tower 6 Bis S.à r.l., and (iii) other financial assets for EUR 20,2 million (EUR 25,0 million) and property, plant and equipment for EUR 3,7 million (EUR 0,7 million).
Note in this respect the decrease in non-current financial receivables deriving mainly from the early collection of EUR 30,0 million relating to the loan granted by Mittel to the Fondo Augusto real estate fund, and the reclassification of the financial receivable recorded by Ghea S.r.l. as due from Bios S.p.A. (EUR 23,9 million as at 30 September 2016) following disposal of the investee Livanova Plc during the year. Of this receivable, consistent with the short-term reclassification and consequently of the net financial position, EUR 8,0 million had been collected as at the date of this report.
The partial disposal of the investment in Livanova Plc in September 2016 led to the collection by Bios S.p.A. and Tower 6 Bis S.à r.l. of a total EUR 77,3 million, as a result of which the companies recorded a significant reduction in debt (to banks and Ghea S.r.l.) and, as at 30 September, no dividends had yet been distributed to the owners.

As a result of the transactions described above, at income statement level, the sector posted a profit of EUR 11,8 million (Group and Non-controlling interests) deriving from the positive contribution of (i) revenue of EUR 1,2 million (from EUR 2,0 million), (ii) income from investments and financial assets of EUR 8,3 million (from EUR 4,0 million), (iii) share of income from investments accounted for using the equity method for EUR 25,2 million (from a loss of EUR 1,4 million), (iv) net financial income of EUR 0,5 million (from EUR 2,6 million), (v) profit from the trading of financial assets for EUR 0,1 million (from EUR 5,4 million) and (vi) taxes for EUR 4,4 million (from a negative EUR 1,3 million), compared to primarily (i) operating costs of EUR 11,7 million (from EUR 16,1 million) and (ii) amortization/depreciation and impairment for EUR 16,2 million (from EUR 1,4 million).
The rationalisation undertaken during the year (corporate mergers, internal reorganisation with removal of the role of General Manager and other roles within the Group) and the lack of certain extraordinary components that had characterised the previous year, led to a decrease in operating costs in all components (costs for services, personnel costs and other costs) for a total of EUR 4,4 million (from EUR 16,1 million to EUR 11,7 million). Note that this value includes the non-recurring amount of EUR 0,7 million paid as early termination indemnity to the former General Manager, as disclosed to the public on 3 February 2016.
The item amortization/depreciation and impairment came to EUR 16,2 million for the year (EUR 1,4 million). This must be considered net of the EUR 12,5 million adjustment in Ghea S.r.l. (51% Mittel S.p.A. and therefore EUR 6,4 million), for which Mittel S.p.A. recorded a positive contra-item in the share of income (loss) of investments accounted for using the equity method.

The item (i) share of income (loss) of investments accounted for using the equity method, positive for EUR 25,2 million and including the above as well as the largely positive effect of the partial disposal of Livanova Plc shares completed during the year, together with (ii) income from investments for EUR 8,3 million, of which EUR 5,8 million referring to disposal of the non-controlling interest in Credit Access Asia N.V. and EUR 1,0 million to the price adjustment on the disposal of Brands Partners 2 S.p.A. in liquidation, brought the result pertaining to the Group to a positive EUR 15,7 million.

Performance of the Advisory Services and Grants Finance sector

Figures in EUR/000				
Advisory Sector	**Sept-16**		**Sept-15**	
Mittel Advisory	573	*44%*	1.902	*54%*
Mittel Advisory Debt & Grant	739	*56%*	1.619	*46%*
NET REVENUE	**1.312**		**3.522**	

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

During the year, this sector saw a significant decline in total revenue from EUR 3,5 million in the same period of the previous year to EUR 1,3 million as at 30 September 2016, affected by a market context that remains difficult in both of the Group's operating segments (Mittel Advisory S.p.A., in fact, recorded a drop in revenue from EUR 1,9 million to EUR 0,6 million, whilst Mittel Advisory Debt & Grant S.p.A. declined from EUR 1,6 million to EUR 0,7 million).

The overall decline in sector revenue, combined with a number of non-recurring adjustments for EUR 2,0 million, led to a loss of EUR 3,6 million.

As described previously, in order to relaunch activities in Debt&Grant Advisory business, whose revenue fell for the second consecutive year (EUR 2,8 million as at 30 September 2014), a partnership agreement was signed during the year with the operator Ethica Corporate Finance S.p.A. As a result of this agreement, in October 2016, Ethica & Mittel Debt Advisory S.r.l. was established, 51% owned by the Mittel Group and of which the Mittel Chief Executive Officer is the Chairman.

Performance of the Real Estate sector

Figures in EUR/000		
Real Estate Sector	**Sept-16**	**Sept-15**
Revenue	(3.979)	3.240
Sales and other revenue	*6.051*	*6.537*
Variations in property inventories	*(10.030)*	*(3.298)*
Gross Operating Margin	(8.912)	(5.429)
Income (loss) before taxes	(13.317)	(10.913)
Net profit (Group + non-controlling interest)	(13.160)	(11.062)

As regards the Real Estate sector, not considered strategic to the Group, options have been and are currently being assessed to accelerate the process for disposal of the assets held, also with the aim of exploiting the positive trend in the residential sector, the key point of reference for initiatives already developed by the Mittel Group, which once again in the first half of 2016 confirmed a positive trend. The residential market in Lombardy, in fact, recorded an increase of more than 25% compared to the same period of the previous year. In particular, Milan province, where the initiatives developed by the Group are mostly concentrated, saw a positive trend of +28.1% (OMI Report - November 2016).

In the year ending as at 30 September 2016 the sector's economic results were strongly affected by net adjustments to the portfolio held for EUR 7,2 million (EUR 5,7 million), necessary to reflect the longer disposal process which, as described above, is an area in which the Group is still focusing its efforts.
As regards ordinary operations, sales and other revenue amounted to EUR 6,1 million (from EUR 6,5 million) and were generated mainly by the following initiatives: (i) Santarosa S.r.l. EUR 2,2 million in relation to the property located in Milan, Piazzale Santorre di Santarosa, for which notary activities began in June 2016; (ii) Lucianita S.r.l. (EUR 1,5 million) in relation to the property located in Milan, Via Lomellina no. 12; (iii) Mittel Investimenti Immobiliari EUR 0,9 million relating to the property complex in the Municipality of Arluno (MI); (iv) Iniziative Nord Milano S.r.l. EUR 0,7 million relating to the residential complex in the Municipality of Bresso (MI) and (v) CAD Immobiliare S.r.l. EUR 0,4 million relating to a residential complex on land located in the Municipality of Paderno Dugnano.

The invested capital of the Group in the real estate area amounted, as at 30 September 2016, to EUR 115,2 million (EUR 129,4 million as at 30 September 2015), with property inventories standing at EUR 99,6 million (EUR 109,9 million as at 30 September 2015) and fixed assets, referring to the shares held in closed-end real estate funds Augusto and Cosimo I, managed by the investee Castello SGR S.p.A., down to EUR 17,7 million from EUR 18,4 million due to the combined effect of dividend distributions during the year and a decrease in the NAV of underlying properties.

Performance of the Outlet/Entertainment sector

Figures in EUR/000

Outlet/Entertainment Sector	**Sept-16**	**Sept-15**	**%**
Invested capital	(2.010)	4.401	
Financed by			
Equity	17.395	34.138	
Net financial position	19.405	29.736	

It should be noted that, on 18 November 2014, in execution of the preliminary contract signed in the previous months, Fashion District Group S.r.l. sold to the real estate fund MoMa the outlet property structures located in Bagnolo San Vito (MN) and Molfetta, retaining management up until November 2015, the month the service contract expired with the transfer of management to a third party.

Fashion District Group S.r.l., in liquidation since March 2016, is now simply an investment holding with an 18,4% interest in Alfa Park S.r.l., a company operating in the entertainment industry through ownership and management of theme parks located in Valmontone (Rome) and Molfetta, and 100% of Loft S.r.l., which until 30 September 2016 (the date of early termination of the business activities) managed a store within the Molfetta outlet.
The significant decrease in equity during the period (from EUR 34,1 million to EUR 23,5 million) mainly refers to the distribution of reserves decided by the company in October 2015 (EUR 10 million, of which EUR 6,7 million relating to Earchimede S.p.A.), as well as the total write-off of the value of the investment and the financial receivable due from Alfa Park S.r.l. for EUR 5,4 million. This adjustment significantly affected its contribution to the Group's loss for EUR 2,1 million.

In the next few months, the company will, in a manner compatible with the guarantees given on transfer of the properties in Mantova and Molfetta expiring in May 2017, arrange the distribution of additional liquidity to its quotaholders.

Performance of the Parent Company

Dear Shareholders,

Your Company closed the year ended as at 30 September 2016 with a net loss of EUR 30,8 million, compared to a net loss of EUR 20,4 million as at 30 September 2015.
The result posted in the year 2015-2016 was mainly influenced by the following elements of greater importance:

- dividends for a total of EUR 43,7 million, of which EUR 42,5 million attributable to the distribution of reserves during the year by the subsidiary Earchimede S.p.A.;
- value adjustments to investments amounted to EUR 68,9 million, of which EUR 50,4 million recognised in relation to the subsidiary Earchimede S.p.A. (to be read alongside the previously described distribution of reserves by the investee during the year), EUR 12,5 million to the subsidiary Mittel Investimenti Immobiliari S.r.l. (mostly attributable to impairment losses recorded on property inventories held mainly through the real estate vehicles under the control of the investee, a real estate sub-holding of the Group), EUR 4,5 million to Mittel Advisory Debt and Grant S.p.A. and EUR 1,4 million to Mittel Advisory S.r.l.
- operating costs totalling EUR 10,8 million (down compared to EUR 14,7 million in the comparison period), of which EUR 5,2 million relating to costs for services (EUR 7,2 million in the previous year), EUR 3,9 million to personnel costs (EUR 4,3 million as at 30 September 2015) and EUR 1,7 million to other costs (EUR 3,2 million in the comparison period);
- profit from management of financial activities and investments is attributable, for EUR 7,8 million (EUR 5,8 million), to the disposal of almost all the non-controlling interest in Credit Access Asia N.V., a multinational microfinance operator, for a total value of EUR 10,6 million;
- value adjustments to financial assets, loans and receivables for EUR 3,3 million, of which EUR 1,3 million on the UBI Banca S.p.A. shares and EUR 1,2 million to a non-current financial receivable for which the planned collection date was revised.

Equity amounted to EUR 174,0 million, compared to EUR 205,8 million in the year ended as at 30 September 2015, marking a decrease of EUR 31,8 million.
The net financial position came to EUR 17,0 million, compared to EUR 103,7 million in the previous year, recording a considerable EUR 86,7 million improvement.

Financial highlights of Mittel S.p.A.

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

(Thousands of Euro)	30.09.2016	30.09.2015
Revenue	**1.236**	**1.968**
Purchases, provision of services, sundry costs	(6.999)	(10.379)
Personnel costs	(3.868)	(4.345)
Operating costs	**(10.867)**	**(14.725)**
Gains (losses) from investments	51.514	(8.724)
Operating margin (EBITDA)	**41.882**	**(21.481)**
Amortization/depreciation and allocations	(395)	(43)
Value adjustments to financial assets and receivables	(3.261)	(1.044)
Value adjustments to investments	(68.856)	(1.381)
Operating result (EBIT)	**(30.630)**	**(23.948)**
Profit (loss) from financial management	(804)	(1.812)
Profit (loss) from trading of financial assets	61	4.897
Profit (loss) before taxes	**(31.373)**	**(20.863)**
Taxes	603	453
Net profit (loss) for the year	**(30.770)**	**(20.410)**

- **Revenue:** EUR 1,2 million, compared to EUR 2,0 million as at 30 September 2015, down EUR 0,8 million.
- **Operating costs:** EUR 10,9 million, compared to EUR 14,7 million in the previous year. The decrease of EUR 3,8 million is due to the reduction of EUR 1,9 million in costs for services (from EUR 7,2 million to

EUR 5,3 million), EUR 0,5 million in personnel costs (from EUR 4,3 million to EUR 3,9 million) and EUR 1,5 million in other costs (from EUR 3,2 million to EUR 1,7 million).

- **Gains (losses) from investments**: gains of EUR 51,5 million as at 30 September 2016, compared to losses of EUR 8,7 million in the previous year. The item mainly comprises dividends for EUR 43,7 million (EUR 2,4 million as at 30 September 2015), of which EUR 42,5 million attributable to the distribution of reserves during the year by the subsidiary Earchimede S.p.A., added to which was profit from financial asset management and investments for EUR 7,8 million (a loss of EUR 11,1 million in the comparison period), most of which (EUR 5,8 million) was attributable to the previously described disposal of Credit Access Asia N.V.

- **Operating margin (EBITDA)**: a positive EUR 41,9 million, compared to a negative EUR 21,5 million in the previous year, an improvement due to the items described previously.

- **Amortization/depreciation and allocations**: these were marginal both in the year 2015-2016 and in the comparison period, increasing from EUR 43 thousand to EUR 0,4 million. The item is composed of the sum of amortization/depreciation of EUR 0,3 million and allocations of EUR 0,1 million net of the provision for risks.

- **Value adjustments to financial assets, loans and receivables**: amounting to EUR 3,3 million compared to EUR 1,0 million in the previous year. This item mainly refers to the write-down of EUR 1,3 million of the UBI Banca S.p.A. share to align its value to that of the market as at the end of the financial year, and to the EUR 1,2 million adjustment recorded on a non-current financial receivable for which the planned collection date was revised.

- **Value adjustments to investments**: amounted to EUR 68,9 million (EUR 1,4 million in the comparison period), of which EUR 50,4 million recognised in relation to the subsidiary Earchimede S.p.A. (to be read alongside the previously described distribution of reserves by the investee during the year), EUR 12,5 million to the subsidiary Mittel Investimenti Immobiliari S.r.l. (mostly attributable to impairment losses recorded on property inventories held mainly through the real estate vehicles under the control of the investee, a real estate sub-holding of the Group), EUR 4,5 million to Mittel Advisory Debt and Grant S.p.A. and EUR 1,4 million to Mittel Advisory S.r.l.

- **Profit (loss) from financial management**: a loss of EUR 0,8 million, compared to a loss of EUR 1,8 million in the comparison period. The item is attributable to the net effect of financial income for EUR 8,1 million (EUR 8,7 million in the previous year), relating mainly to interest income accrued on financial receivables, and financial expenses for EUR 8,9 million (EUR 10,5 million in the comparison period), of which EUR 6,6 million in interest expense on the bond loan and EUR 2,3 million for other financial receivables, essentially represented by bank interest expense.

- **Profit (loss) from trading of financial assets**: this item made a marginal contribution to the income statement, with profit of around EUR 0,1 million compared to profit of EUR 4,9 million in the previous year.

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

(Thousands of Euro)	30.09.2016	30.09.2015
Intangible assets	40	113
Property, plant and equipment	3.653	528
Investments	72.862	148.746
Non-current financial assets	107.024	150.034
Provisions for risks, employee severance indemnity and employee benefits	(1.735)	(1.568)
Other non-current assets (liabilities)	160	160
Tax assets (liabilities)	8.911	12.078
Net working capital (*)	85	(663)
Net invested capital	**191.002**	**309.429**
Total Equity	**(174.005)**	**(205.759)**
Net financial position	**(16.997)**	**(103.670)**

(*) 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 3,7 million, increasing compared to EUR 0,6 million in the comparison period and mostly attributable to the purchase during the year by the associate Mittel Generale Investimenti S.p.A. of a property unit located in Milan at Piazza Diaz 7, on which Mittel S.p.A. previously held the lease. Implementation of the transaction also took into account a value appraisal of the property unit by an independent expert and the opinion in favour obtained from the Related Party Transactions Committee of Mittel S.p.A., given its classification as a transaction of lesser importance with related parties.

Investments amounted to EUR 72,9 million, compared to EUR 148,7 million in the year ended as at 30 September 2015. The consistent decrease in this item is explained by the net effect of:
- increases for a total of EUR 20,1 million, of which EUR 19,5 million attributable to the waiver of shareholder loans targeted at increasing the capital stocks of the subsidiaries Mittel Investimenti Immobiliari S.r.l. (EUR 17,0 million) and Mittel Advisory Debt and Grant S.p.A. (EUR 2,5 million);
- decreases totalling EUR 27,1 million as a result of elimination of the book value of investments held in Mittel Partecipazioni Stabili S.r.l. (EUR 27,0 million) and Mittel Portfolio Management S.r.l. (EUR 0,1 million), companies merged during the year;
- value adjustments for a total of EUR 68,9 million recorded following impairment tests performed at year end, which led to the write-downs for EUR 50,4 million to Earchimede S.p.A., EUR 12,5 million to Mittel Investimenti Immobiliari S.r.l, EUR 4,55 million to Mittel Advisory Debt and Grant S.p.A. and EUR 1,4 million to Mittel Advisory S.r.l.

Non-current financial assets amounted to EUR 107,0 million, compared to EUR 150,0 million in the year ended as at 30 September 2015, marking a decrease of EUR 43,0 million. This was essentially due to the effect of:
- the EUR 41,3 million decrease in non-current financial receivables, falling from EUR 120,5 million to EUR 79,2 million due mainly to the reclassification among current financial receivables of the receivable relating to the subsidiary Ghea S.r.l., which recorded a balance of EUR 22,9 million in the comparison period, and to the collection during the year of a financial receivable amounting to EUR 30 million, with same-time disbursement of a new loan to the same counterparty for EUR 10,0 million;
- the EUR 1,7 million decrease in other non-current financial assets, mainly as a result of: (i) the merger of financial assets held by Mittel Partecipazioni Stabili S.r.l. in Istituto Atesino di Sviluppo - ISA S.p.A. for a total value of EUR 3,3 million, following the merger of the investee into Mittel S.p.A. during the year, effective for accounting purposes from 1 October 2015; (ii) the previously described disposal of almost all the non-controlling interest, and the associated bond loan, held in Credit Access Asia N.V., the book value of which as at 30 September 2015 was EUR 4,8 million.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 1,7 million, compared to EUR 1,6 million in the previous year. In particular, as at 30 September 2016 this item is composed, for EUR 0,8 million, of Provisions for personnel, the same figure as the previous year and, for EUR 0,9 million, of Provisions for risks and charges (EUR 0,8 million as at 30 September 2015).

Tax assets amounted to EUR 8,9 million, compared to EUR 12,1 million, marking a decrease of EUR 3,2 million. This item is mainly composed of tax receivables due to overpayments of advances by Hopa S.p.A., which were transferred to Mittel S.p.A. at the time of the merger, net of uses made in the year.

Net working capital, made up of Sundry receivables and other current assets and Sundry payables and other current liabilities, amounted to a positive EUR 0,1 million, (negative EUR 0,7 million in the previous year) marking an increase of EUR 0,8 million. Though the balance of sundry receivables remained essentially stable (increasing from EUR 4,7 million to EUR 4,8 million), the variation refers to the decrease of around EUR 0,7 million in sundry payables and other liabilities, largely explained by trade payables and allocations for invoices to be received which were down by approximately EUR 0,4 million.

Equity amounted to EUR 174,0 million, compared to EUR 205,8 million as at 30 September 2015, marking a decrease of EUR 31,8 million. The variation is attributable to the net effect of:
- the accounting entries made following the mergers of Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l, effective for accounting purposes from 1 October 2015, which changed the opening balance of equity due to the effect of recognition of a merger negative goodwill (directly reducing equity) of around EUR 8,6 million and a valuation reserve of EUR 8,8 million (increasing equity), in relation to the available-for-sale financial assets contributed by Mittel Partecipazioni Stabili S.r.l.;
- the loss for the year of EUR 30,8 million;

- the negative variation in the valuation reserve for a total of EUR 6,7 million, relating mainly to the UBI Banca securities (EUR 5,3 million) and Intesa Sanpaolo securities (EUR 0,9 million), contributed by Mittel Partecipazioni Stabili S.r.l. as a result of its merger;
- the net disposals of treasury shares carried out during the year, which led to an overall positive effect on equity of EUR 5,4 million.

The negative **net financial position** amounted to EUR 17,0 million, compared to EUR 103,7 million in the previous year, marking an EUR 86,7 million improvement to which the following major factors contributed, among others: in positive terms, the collection of dividends for EUR 43,7 million, the reclassification to current financial receivables (included in NFP) of the receivable of EUR 24,1 million due to the subsidiary Ghea S.r.l., the collection of a financial receivable of EUR 30 million, partly offset by the granting of a new loan to the same counterparty for EUR 10,0 million, the disposal of Credit Access Asia N.V. for a total value of EUR 10,6 million and net disposals of treasury shares for EUR 5,4 million; in negative terms, the recapitalisation of Mittel Investimenti Immobiliari for EUR 17,0 million, completed by proportionate waiver of the existing interest-bearing loan classified among current financial receivables.
In terms of components, the following table provides a breakdown of changes in values in the company's net financial position.

Statement relating to the net financial position

(Thousands of Euro)	**30.09.2016**	**30.09.2015**	**Variation**
Cash	8	4	4
Other cash equivalents	56.235	36.468	19.767
Securities held for trading	6.909	2.110	4.799
Current liquidity	**63.152**	**38.583**	**24.570**
Current financial receivables	**94.574**	**78.163**	**16.411**
Bank loans and borrowings	(72.859)	(79.654)	6.795
Bonds	(99.183)	(98.553)	(630)
Other loans and borrowings	(2.681)	(42.208)	39.528
Financial debt	**(174.723)**	**(220.415)**	**45.692**
Net financial position	**(16.997)**	**(103.670)**	**86.673**

Significant events in the year

Governance

On 9 November 2015, Stefano Gianotti resigned from the office of Board Director of Mittel S.p.A., due to the exceeding of his professional commitments.
On 15 November 2015, the Board of Directors of Mittel S.p.A. accepted the resignation of Stefano Gianotti, co-opted Rosario Bifulco and, acknowledging the waiver of responsibilities from the Executive Committee, appointed him as Chief Executive Officer. Therefore, Mittel S.p.A. adopted a governance model composed of a Board of Directors and a Chief Executive Officer, the latter in place of the Executive Committee. The Shareholders' Meeting and the Board of Directors' Meeting held on 23 December 2015 confirmed his appointment and assigned office. Again on 15 November 2015, the Board of Directors resolved to transfer 5.300.000 treasury shares to the Chief Executive Officer at the price per share of EUR 1,73, equal to the average book value of treasury shares in the portfolio, for a total of EUR 9.169.000.

On 22 February 2016, with opinion in favour from the Remuneration and Appointments Committee, the Board of Directors of Mittel S.p.A. approved a proposal for submission to the Shareholders' Meeting, pursuant to art. 114-bis, paragraph 1 of Italian Legislative Decree 58/1998 (the Consolidated Law on Finance - TUF), for a medium/long-term incentive plan - Stock Appreciation Rights (SARs) - reserved for the Chief Executive Officer and other managers, including senior managers and executive managers, who play a key role in the Group's organisation (the 2016 SARs Plan), and the assignment of suitable implementing powers to the Board of Directors.
The ordinary Shareholders' Meeting held on single call from the Board of Directors on 24 March 2016 unanimously resolved in favour of the above matter. The main goal of the 2016 SARs Plan is to enhance the involvement and retention of key management, with the purpose, between them, of correlating the creation of sustainable value and medium/long-term economic incentive for shareholders and the Group. The variable compensation will be paid to the beneficiaries in accordance with the operating rules of the SARs Plan, not yet defined, within twelve months of the end of the fourth year of its duration and against the achievement of set quality and quantity targets. The SARs planned will give the aforementioned beneficiaries the right to obtain the equivalent of the increase in value of the Company's ordinary shares, i.e. for every SAR an amount equal to the difference between the ordinary share's closing price - calculated on the arithmetic average of the share's closing price in the thirty trading days prior to the exercise date - and the strike price, calculated on the arithmetic average of the share's closing prices in the last thirty trading days prior to the assignment date. The documentation required under current legislation on such matters and the related proposal to the Shareholders' Meeting was made available by the legal deadlines at the registered office and on the web site www.mittel.it. More precisely, the following documents were made available: the Directors' Report on the item of the Shareholders' Meeting agenda and the Prospectus drafted pursuant to art. 84-bis of the Issuers' Regulation.

On 24 March 2016, in addition to the aforementioned ordinary Shareholders' Meeting, a further Shareholders' Meeting was held which resolved to (i) approve the Directors' Report on Operations and the financial statements as at 30 September 2015, together with the proposal to cover the loss for the year of EUR 20.409.769 up to the extent of the extraordinary reserve of EUR 11.141.423 and the remaining EUR 9.268.346 from partial use of other reserves; (ii) appoint KPMG S.p.A. as independent auditors, pursuant to art. 13 et seq. of Italian Legislative Decree 39/2010, for each year in the period 2016-2024; (iii) appoint a Board of Statutory Auditors which will remain in office for three financial years, i.e. until approval of the financial statements as at 30 September 2018. Consequently, Riccardo Perotta was appointed as Chairman, Fabrizio Colombo and Maria Teresa Bernelli as Standing Auditors, and Giulio Tedeschi and Aida Ruffini as Alternate Auditors.

Result of the rights offer and pre-emption of withdrawn shares

On 19 February 2016, Mittel S.p.A. announced that the right of withdrawal following a number of changes to the Articles of Association, resolved by the extraordinary Shareholders' Meeting of 23 December 2015, was duly exercised by the closing date of 6 February 2016 in relation to 3.980.185 Mittel S.p.A. shares (the "withdrawn shares") for a total value of EUR 6.308.593,23, taking into account the settlement value of EUR 1,585 per share, as determined in accordance with art. 2437-ter, paragraph 3 of the Italian Civil Code. The withdrawn shares represent approximately 4,5277% of the current subscribed and paid-up share capital of Mittel S.p.A. The withdrawn shares were offered on option pursuant to art. 2437-quater of the Italian Civil Code at the price of EUR 1,585 per share and in the ratio of 1 share for every 18,5737 rights held (the "Rights Offer"). The Offer Period, which opened on 22 February 2016, ended on 23 March 2016. At the end of the period of the rights offer and pre-emption of Mittel S.p.A. withdrawn shares, statements of intent had been expressed for the purchase of 1.631.489 Mittel shares at the unit price of EUR 1,585.

On 25 July, in relation to the results of the rights offer and pre-emption of the withdrawn shares and in view of the share price performances, the parent company did not offer the 2.348.696 shares withdrawn and remaining unoptioned on the MTA market organised and operated by Borsa Italiana S.p.A. On that date, therefore, the entitled parties were credited with the share value pursuant to art. 2437-quater, paragraph 5 of the Italian Civil Code. Following the repurchase transaction, Mittel share capital remained unchanged and composed of 87.907.017 ordinary shares with a nominal value of EUR 1,00 each, of which 12.357.402 ordinary treasury shares accounting for 14,057% of the share capital.

Approval of the Strategic Plan and implementation of the defined measures

On 30 March 2016, Mittel S.p.A.'s Board of Directors approved the 2016-2019 Strategic Plan which focuses on four key objectives:
1. Simplification of the corporate structure and strong reduction of costs;
2. Valuation of non-core assets in the portfolio in order to generate new funding for investments;
3. Development of investment activities with a view to permanent capital;
4. Investments in asset management.

With regard to the first point, a strong reduction in Mittel S.p.A. holding costs is envisaged through a structure simplification process and by concentrating investment activities with the Parent Company. This process will immediately offer a significant saving of resources, with costs more than halved over the course of the Strategic Plan, as well as management's focus on key elements of the strategy and its execution.
With regard to the valuation of non-core assets in the portfolio, in order to generate new resources for investments, the aim is to rationalise the portfolio with the disposal of non-core assets (listed securities, real estate and lending business) and/or non-performing assets in order to allow the recovery of new financial resources available for investments, estimated over the next two years at around EUR 300 million.
The development of investment activities with a view to permanent capital will begin again, starting from this year, focusing on research into investments in the risk capital of Italian small and medium enterprises with high cash flow generation, with market proposals distinguished from other operators already present. As a long-term investor and with an industrial approach, Mittel S.p.A. will partner the businesses in the growth process with a view to investing with no preset exit date and with active management of the investees, offering advisory services and making its own expertise available. On this basis, preference will be given to majority stakes in which the Group will play an active role in the value creation process. The build-up operations to improve competitiveness and profit margins and to encourage internationalisation of the companies acquired will be of interest. The promotion of club deals with selected partners will allow Mittel to access additional know-how and financial resources, expanding its investment opportunities. Special attention will be given to the Healthcare and Life Sciences sectors where management's expertise and origination capacity are greatest. To achieve its objectives, the Mittel Group will focus on the consolidated relational skills with the vital component of the industrial system, now already represented among its major shareholders, business owners and leading institutional investors. As regards investments in Asset Management, on the other hand, by exploiting the important deal flow generated by the Group, Mittel S.p.A. plans to assess Asset Management opportunities in areas in which it has no direct investments, such as NPLs, Debt and Venture Capital/Growth Finance.

On 2 May the Mittel S.p.A. Board of Directors resolved, pursuant to art. 2502 and art. 2505, paragraph 2 of the Italian Civil Code, on the merger into Mittel S.p.A. of Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l.
After verifying all the prerequisites and completing all the preliminary formalities, the Board of Directors resolved to approve the aforementioned merger plan, and consequently to merge the two companies Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l. into the merging company Mittel S.p.A. The merger approval resolution of 2 May 2016 was recorded in the Register of Companies on 3 May 2016 and, therefore, from that date the terms of art. 2503 of the Italian Civil Code applied to any objection raised by creditors.

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

In August and September, as disclosed by the company on 7 October and in line with the Strategic Plan Guidelines, disclosed to the market on 30 March 2016, the valuation of non-core assets in the portfolio continued in order to generate new funding for investments.
In particular, in September 2016, through the investees Bios S.p.A. (50%) and Tower 6 Bis S.à r.l. (49%), held in partnership with Equinox T.w.o. S.c.a., through multiple market transactions - disclosed to the public pursuant to applicable regulations and for a total final value of around EUR 77 million - the disposal of a non-controlling interest in Livanova Plc, a company listed on the NASDAQ and London stock exchanges, was arranged. Today, Bios S.p.A. and Tower6 Bis S.à r.l. therefore hold 3.562.285 and 756.103 shares, respectively, for an overall 8,83% of Livanova Plc share capital. This transaction will allow a significant decrease in the debt exposure of the investee vehicles and a distribution of dividends, which could take place already in the next few months, to Mittel and Equinox Two S.c.a. shareholders.
Again in September, the Company completed the disposal procedure for almost all its non-controlling interest, including the associated bond loan, held in Credit Access Asia N.V., a multinational microfinance operator with activities in India and South East Asia. The total transaction value was EUR 10,6 million.
Lastly, note the collection in August 2016 of a non-current financial receivable for EUR 30,0 million, confirming the major and extensive efforts of the company to recover capitalised resources.

Main ongoing legal proceedings and disputes

SNIA S.p.A. in Amministrazione Straordinaria (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. in Amministrazione Straordinaria (hereinafter, "Snia"), by which that company summoned Mittel S.p.A. ("Mittel") (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 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 transaction 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 asked 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 subsidiaries, 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 was heard before the Business Section of the Court of Milan (case ref. no. 5463/2012, Judge Perozziello).

On 4 November 2013 the Ministry of the Environment and Protection of Land and Sea ("Environment Ministry") and the Ministry of the Economy and Finance ("Finance Ministry") 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 demanded compensation. On 5 November 2013, the parties' first hearing was held.

At this hearing, by means of the brief filed in accordance with terms prescribed on 30 July 2014, the plaintiff company amended its line of reasoning, amongst other things, 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 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, drafted jointly by Angelo Provasoli and Gabriele Villa. Once again, Mittel 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 furthermore produced solid documentation in support of its case.

Also as a result of the change to the claims made by the plaintiff by means of the brief filed on 30 July 2014, the claims formulated appear, to Mittel's legal advisers, 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 was sought.

At the hearing on 6 February 2015, the Judge, deeming the case to be ready for a decision and no other preliminary necessary, postponed the judgment to 23 May 2015 for the pre-trial conclusions and set legal deadlines for the filing of closing briefs and responses. This action terminated on 26 October 2015. From that date the deadlines became effective for filing of the decision which took place on 10 February 2016, whereby the Court of Milan rejected all claims filed against Mittel by Snia and the Environment Ministry, ordering Snia and the Environment Ministry to pay EUR 0,3 million in legal expenses to the Company. Specifically, in decision no. 1795/2016, the Court deemed the intervention in proceedings of the Environment Ministry to be inadmissible, and rejected or declared lack of capacity to sue of Snia for all claims filed against Mittel.

Through separate appeals, Snia and the Environment Ministry challenged the decision in question, by which they obtained suspension of the costly order to pay legal expenses on the grounds that any different decision in the appeal proceedings would result in difficulty in the large amounts being repeated by 67 parties. The proceedings were adjourned to 21 February 2017, with deadline of 20 January for filing briefs.

In relation to proceedings brought by the Environment Ministry and the Finance Ministry against the Extraordinary Administration for exclusion from the list of Snia creditors (case no. 70240/14, pending before the Second Chambers of the Court of Milan), in which on 11 May 2015 Mittel S.p.A. intervened, filing a statement of intervention pursuant to art. 105 of the Italian Code of Civil Procedure requesting confirmation of exclusion of the opposing Ministries, and in which Sorin S.p.A. (now Livanova Plc) also intervened by filing its own statement of intervention, at the hearing of 12 January 2016 Judge Mammone merely adjourned the case to 3 May 2016 and later to 8 November 2016 and lastly to 6 June 2017, reserving all rights to interim measures.

As regards the formal notice of 24 July 2015 by which the Environment Ministry attempted to impose reclamation of the Caffaro sites upon Mittel and other companies that have, or had, equity interests in Snia S.p.A., the Lazio Regional Administrative Court, in accepting the appeal filed by Mittel as case no. 11216/2015, cancelled the order with decision no. 3449 of 21 March 2016. The Environment Ministry filed an appeal against the aforementioned decision before the State Council, case no. 4949/2016, for which notice was served on 10 June 2016. Against the tax administration's challenge, Mittel filed an incidental appeal with, at the same time, resubmission of the legal justification that had been absorbed in first instance proceedings. The appeal decision is now adjourned pending a date for the hearing on the merits.

Lastly, on this point note that the Environment Ministry, through independent appeals notified to Mittel as other party to the proceedings, at the same time challenged the decisions relating to other companies receiving the formal notices dated 24 July 2015.

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 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 of Hopa into Mittel was stipulated, with the subsequent registration of the same in the Register 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 transaction 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 2 February 2015, the Court-appointed expert witness filed the final version of his appraisal document; in his conclusions, the Court-appointed expert witness deemed the pre-chosen valuation methods to be adequate with respect to the activities, the characteristics and the nature of the companies involved in the transaction; however, he considered the share swap ratio proposed by the directors as part of the merger project to be inconsistent, recalculating it at 0,040 against a share swap ratio calculated by directors at 0,036, by estimating, in this way, the financial harm suffered by GE Capital (holder of 3,54% prior to the merger) and Tellus (holder of 1,12% prior to the merger) at EUR 0,6 million and EUR 0,2 million respectively.

On 17 October 2016, following the exchange of final written briefs, the Court of Brescia pronounced decision no. 3721/2016, later filed on 8 November 2016, rejecting the claims for compensation for damages brought by GE Capital and Tellus due to their lack of entitlement regarding the action for cancellation of the merger resolution and, consequently, ordering the plaintiffs to pay legal expenses of the defendant as well as the court-appointed expert costs.
The dispute therefore concluded in the first level proceedings in full favour of Mittel and the deadline is now pending for any appeal by the plaintiffs.

Sofimar S.A. and Mr. Alfio Marchini
In relation to the receivable of EUR 12,8 million (scheduled by way of the 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 So.Fi.Mar International 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, in October 2013, due to the persistent breach by So.Fi.Mar International 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 in October 2013, filed a petition for arbitration with the Board of Arbitrators of Milan in 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 So.Fi.Mar International 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 liability.

The defendants regularly appeared before the court with the associated brief and making a preliminary request to ascertain the lack of standing to be sued of Mr. Marchini and, in this regard, to reject Mittel S.p.A.'s claims. Furthermore, the defendants, in sustaining that the parties, over the years, would have verbally supplemented the sale contract, requested that Mittel S.p.A. be sentenced to the payment of damages allegedly suffered by So.Fi.Mar International S.A. due to Mittel S.p.A.'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.
Following the completion of the preliminary activity and the filing, in June 2015, of the closing briefs of reply, the Court of Arbitration did not deem it necessary to hold a hearing for discussion, preferring to proceed with a decision. On 20 October 2015, the President of the Court of Arbitration asked the council of the Chamber of Arbitration of Milan to extend to 31 January 2016 the term for filing the arbitration award envisaged for the end of October 2015.
Mittel S.p.A., for its part, despite acknowledging the demands made by the President of the Court of Arbitration, sent the Secretary of the Chamber of Arbitration of Milan its observations in this regard, in the hope that the arbitration award would be filed as soon as possible and in view of the already lengthy nature of the proceedings.
By means of a decision on 23 October 2015, the Council of the Chamber of Arbitration of Milan granted the extension requested by the President, extending the deadline for filing of the award to 31 January 2016.
On 13 January 2016, the President of the Court of Arbitration asked the council of the Chamber of Arbitration of Milan for a further three-month extension beyond 31 January 2016 for filing the award.
Mittel S.p.A., though accepting the demands of the President of the Chamber of Arbitration, in turn submitted to the Secretary of the Chamber of Arbitration of Milan its own pleadings, reiterating that stated at the time of the first extension, and hoping for a second extension to allow filing of the award no later than the end of February 2016.
By decision of 27 January 2016, the council of the Chamber of Arbitration of Milan accepted the President's request, extending the deadline for filing of the award to 15 March 2016.

On 16 March 2016 Mittel S.p.A. was notified of the award dated 15 March 2016 of the Milan Chamber of Arbitration, by which the Court of Arbitration ordered the Luxembourg company So.Fi.Mar International S.A. to pay Mittel S.p.A. the entire amount requested by Mittel in relation to the purchase contract for the Finaster S.p.A. investment concluded in 2005, in the sum of EUR 12.782.298 as principal, plus interest up to 31 July 2013 of approximately EUR 316 thousand and default interest from 31 July 2013 up to the actual date of payment. The Court of Arbitration also ordered So.Fi.Mar International S.A. to pay Mittel S.p.A. around EUR 128 thousand in Mittel defence costs and approximately EUR 149 thousand as Milan Chamber of Arbitration costs and arbitrator fees incurred by Mittel S.p.A.

The particularly analytical and detailed award fully accepts Mittel S.p.A.'s rationale as creditor of So.Fi.Mar International S.A. However, the Court of Arbitration declared that Alfio Marchini, the controlling entity of So.Fi.Mar International S.A. at the time of the events, and in the arbitration case Mittel S.p.A. had claimed he was jointly liable given the nature of the contractual relations between the parties, particularly the option contract also signed by Alfio Marchini in 2000, as well as his conduct after purchase of the investments with regard to payment of the agreed price.

On 26 May 2016, following filing of the award by Mittel, the Court of Milan issued the enforcement order for the arbitration award.

In order to lay claim to the So.Fi.Mar International S.A. assets in Luxembourg, on 15 July 2016 Mittel S.p.A. obtained an exequatur order from the Luxembourg court. On the basis of this order, in October Mittel S.p.A. began seizure action against 13 major Luxembourg and Italian banks in Luxembourg, all of which still pending as the Luxembourg court gave the opposing parties until 3 January 2017 to file defence briefs.
In the meantime, on 28 October 2016, Mittel S.p.A. was served notice of the appeal filed by So.Fi.Mar International S.A. and Mr. Alfio Marchini against the exequatur order on the arbitration award, which as a preliminary measure requested cancellation of the exequatur order. Secondly it requests that recognition of the arbitration award be rejected by the Luxembourg court. The terms for continuation of these proceedings are still to be established by the Luxembourg court.

At the same time, Mittel launched enforcement proceedings with third parties in Italy. In particular, on 17 October 2016 Mittel served an order for payment to So.Fi.Mar, and the notification of the related third-party garnishments is currently in progress.

Information on investees

Mittel S.p.A. subsidiaries

- **Mittel Advisory S.r.l.** (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.).
Mittel Advisory S.p.A. closed the year 1 October 2015 - 30 September 2016 with a loss of around EUR 1,1 million (EUR 0,9 million as at 30 September 2015), equity totalling EUR 2,2 million (EUR 3,2 million as at 30 September 2015) and revenue from sales and services of EUR 0,5 million (EUR 1,9 million as at 30 September 2015).

- **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 closed the year 1 October 2015 - 30 September 2016 with a loss of EUR 2,5 million (loss of EUR 0,2 million as at 30 September 2015), equity totalling EUR 0,2 million (EUR 0,3 million as at 30 September 2015), which benefitted from the waiving of a shareholders’ loan by the parent company of EUR 2,45 million and revenue from sales and services of EUR 0,7 million (EUR 1,7 million as at 30 September 2015).

- **Mittel Investimenti Immobiliari S.r.l.** (share capital EUR 17.693.878 – 100% owned)
The Mittel Group, through Mittel Investimenti Immobiliari S.r.l., operates in the real estate field, making investments in the residential and tertiary sectors, both directly and through companies invested in also by external entrepreneurs who contribute specific skills that complement those of the Mittel Group.
The year closed with a loss of EUR 12,7 million, compared to a loss of EUR 11,9 million in the year ended as at 30 September 2015. The loss for the year was affected by the net value adjustments attributable to the investees for EUR 10,2 million (compared to a write-down of EUR 9,9 million in the previous year). These adjustments in the year are attributable to the following investments: MiVa S.r.l. (EUR 2,5 million), Cad Immobiliare S.r.l. (EUR 2,3 million), Breme S.r.l. (EUR 1,8 million), Fede S.r.l. (EUR 1,5 million), Iniziative Nord Milano S.r.l. (EUR 1,0 million) and Gamma Tre S.r.l. (EUR 0,8 million), due to the effect of the valuation of the recoverable value of investments, made on the basis of the companies’ equity, which in turn incorporate the valuation of their property inventories. The properties held by the investees mentioned were valued with the help of an independent external appraiser. Mittel Investimenti Immobiliari S.r.l.’s income statement also includes a write-down of EUR 1,7 million of the property project managed directly and located in Arluno (MI). The value adjustments to property inventories were necessary to reflect the longer disposal process which, as described above, is an area in which the Group is still focusing its efforts.
Equity as at 30 September 2016 amounted to EUR 17,9 million, compared to EUR 13,7 million as at 30 September 2015. This variation was determined by the effect of the loss recorded as at 30 September 2016, offset by the waiving, by the shareholder, of a loan disbursed by said entity of EUR 17,0 million, as an increase in the company’s equity.

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

Arluno – Via Giorgio Ambrosoli
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. The final works on the units on an "unfinished" basis are pending completion and final testing is expected to end in January 2017.
As at 30 September 2016, 16 apartments, 11 garages and 3 parking spaces were sold, for a total of EUR 2,6 million.
As at today's date, 12 apartments, 9 garages and 5 parking spaces have been agreed upon, for a total of EUR 2,2 million.
As at 30 September 2016 a value adjustment to the property initiative managed by the company is included for EUR 1,7 million due to the valuation at the lower between the cost value and the market value of the property inventory held. The property owned by the company was valued with the help of independent external appraisers.

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 (MI), centrally located and in the immediate vicinity of the railway station, constructed 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 2016, 88 apartments and 95 garages were sold, for a total of EUR 22,3 million.
As at today's date, 1 apartment and 1 garage have been agreed upon, for a total of EUR 0,35 million.
As at 30 September 2016, the company recorded a loss of EUR 2,3 million (EUR 2,5 million as at 30 September 2015) and positive equity of EUR 0,8 million (positive EUR 0,5 million as at 30 September 2015).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 1,6 million (EUR 1,4 million in the previous year) 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 2016 was significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it was necessary to ask the parent company to waive a part of its financial receivable. The parent company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., ensured the business continuity of Cad Immobiliare S.r.l. with the appropriate capitalisation measures.

Lucianita S.r.l. (share capital EUR 10.400 - 51% owned)
The company owns a property complex at Via Lomellina no. 12, Milan, which is almost completed.
As at 30 September 2016, 37 apartments, 54 garages and 8 basements were sold, for a total of EUR 17,5 million.
This year, notary deeds are to drawn up for sale agreements for an additional EUR 1,7 million, corresponding to 4 apartments, 2 garages and 2 basements.
As at 30 September 2016, the company recorded a loss of EUR 0,4 million (profit of EUR 0,4 million as at 30 September 2015) and equity of EUR 2,0 million (EUR 2,4 million as at 30 September 2015).

Gamma Tre S.r.l. (share capital EUR 200.000 - 100% owned)
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, the contract for the demolition of the existing buildings was assigned, and the final stage of disposal of the rubble is in progress.
At a later date 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 transfer of the buildable land to local operators and/or co-operatives.
As at 30 September 2016, the company recorded a loss of EUR 839 thousand (EUR 756 thousand as at 30 September 2015) and positive equity of EUR 505 thousand (EUR 545 thousand as at 30 September 2015).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 0,6 million (EUR 0,5 million in the previous year), 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 2016 was significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it was necessary to ask the parent company to waive a part of its financial receivable. The parent company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., ensured the business continuity of Gamma Tre S.r.l. with the appropriate capitalisation measures.

Breme S.r.l. (share capital EUR 100.000 - 100% owned)
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.
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.
As at 30 September 2016, the company recorded a loss of EUR 1,8 million (EUR 1,3 million as at 30 September 2015) and positive equity of EUR 601 thousand (EUR 703 thousand as at 30 September 2015).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 1,2 million (EUR 0,3 million in the previous year) 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.
The loss reported in the financial statements for the year ended as at 30 September 2016 was significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it was necessary to ask the parent company to waive a part of its financial receivable. The parent company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., ensured the business continuity of Breme S.r.l. with the appropriate capitalisation measures.

Fede S.r.l. (share capital EUR 300.000 - 100% owned)
The company owns two property complexes located in Vimodrone (MI) and Felizzano (AL).
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 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.
As at 30 September 2016, the company recorded a loss of EUR 1,2 million (loss of EUR 994 thousand as at 30 September 2015) and equity of EUR 852 thousand (EUR 542 thousand as at 30 September 2015).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 0,7 million (EUR 0,5 million in the previous year), 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 2016 was significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it was necessary to ask the parent company to waive a part of its financial receivable. The parent company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., ensured the business continuity of Fede S.r.l. with the appropriate capitalisation measures.

Iniziative Nord Milano S.r.l. (share capital EUR 100.000 - 100% owned)

The company owns a management/industrial/craft building complex in Bresso (MI), composed of three lots which have been gradually renovated.
As of today, 20 property units, including offices, laboratories and shops were sold, with the associated car parking spaces, for a total of EUR 8,35 million.
As at 30 September 2016, the company recorded a loss of EUR 1,1 million (loss of EUR 2,8 million as at 30 September 2015) and equity of EUR 509 thousand (EUR 536 thousand as at 30 September 2015).
The result for the year incorporates the value adjustments to the property initiative managed by the company for EUR 0,7 million (EUR 0,8 million in the previous year), 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 2016 was significant for the purposes of art. 2482-ter of the Italian Civil Code and, therefore, in accordance with said provision, it was necessary to ask the parent company to waive a part of its financial receivable. The parent company of the real estate sector, Mittel Investimenti Immobiliari S.r.l., ensured the business continuity of Iniziative Nord Milano S.r.l. with the appropriate capitalisation measures.

MiVa S.r.l. (share capital EUR 3 million - 100% owned)
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.
Action to take back possession of the site was undertaken in the year ended as at 30 September 2016. As of today, the property is under the watch of security guards, day and night, pending the re-commencement of works completion activities.
It should be noted that, the difficulties of the General contractor 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, for MiVa S.r.l. to take action against Ediltecnica S.r.l. for compensation for all 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. Note in particular 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 taking action to recover the debt.
In 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 Court-appointed expert took the standard oath and accepted the appointment in August 2014.
In April 2015, the final report of the court-appointed expert was filed, which highlighted a lower value for the works performed, by around EUR 2 million, with respect to the figure indicated in the progress report subject to a Preventive Technical Appraisal.
As at 30 September 2015, the preliminary purchase agreements stipulated were subject to renegotiation between the parties given that, as a result of the suspension of the site, MiVa S.r.l. was unable to comply with the relevant timescales.
As at 30 September 2016, the company recorded a net loss of EUR 2,5 million (loss of EUR 1,9 million as at 30 September 2015) and equity of EUR 2,9 million (EUR 551 thousand as at 30 September 2015).
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 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.

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 S.r.l. 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 launch of the site. The works are at the conclusion phase; only some property units and the commercial road-facing part will remain incomplete, in order to allow future users to choose the finishes best suited to the final use.
As at 30 September 2016, 6 apartments and 4 garages were sold, for a total of EUR 2,2 million. To date, the property units subject to preliminary sale agreements and sold for a total of EUR 3,5 million refer to 7 apartments, 2 commercial units and 6 garages.
As at 30 September 2016, the company recorded a net profit of EUR 0,2 million (loss of EUR 0,2 million as at 30 September 2015) and equity of EUR 0,4 million (EUR 0,2 million as at 30 September 2015).

Regina S.r.l. (share capital EUR 50.000 - 100% owned)
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.
Verification of the executive design is under way, targeted at the tender between companies and the planning of works start times compatible with the trend in the real estate market, as well as with expiry of the Agreement extended until March 2019.
As at 30 September 2016, the company recorded a net loss of EUR 284 thousand (loss of EUR 15 thousand as at 30 September 2015) with equity of EUR 139 thousand (equity of EUR 23 thousand as at 30 September 2015).

Esse Ventuno S.r.l. (in liquidation) (share capital EUR 100.000 – 90% owned)
This company, which in May 2012 completed the sales of all property units in the building on Via Santa Sofia no. 21 in Milan which it owned, was placed in voluntary liquidation by the shareholders' meeting of 28 January 2016.
As at 30 September 2016, 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. The new contract signed with effect from 1 October 2015 and expiring in October 2024 agrees an annual rent of EUR 28.000.
As at 30 September 2016, the company posted a net profit of EUR 8 thousand (net profit of EUR 24 thousand as at 30 September 2015). Equity as at 30 September 2016 amounted to EUR 254 thousand (EUR 210 thousand as at 30 September 2015).

❖ **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 2016 posted a loss for the year of EUR 6,4 million (loss of EUR 3,8 million as at 30 September 2015). The equity of Earchimede S.p.A. as at 30 September 2016 amounted to EUR 37,3 million (EUR 93,8 million as at 30 September 2015), down not only as an effect of recognising the loss for the year, but also as a result of the distribution to shareholders of share premium reserves for EUR 50 million, resolved by the shareholders' meeting of 8 March 2016.
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.r.l. in liquidation, 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., a newly formed company which was assigned a 33,33% stake in Fashion District Group S.p.A. (now Fashion District Group S.r.l. in liquidation), 33,33% in Fashion District Service S.r.l. (subsequently merged into the Fashion District Group) and 10% in Parco Mediterraneo S.r.l.
It should also be pointed out that the Fashion District Group holds a 90% stake in the capital of Parco Mediterraneo S.r.l., owner of an area of land covering around 600.000 square metres in the Belpasso (Catania) district, in addition to a further 10% share held through the subsidiary FD33 S.r.l., an 18,43% share in the capital of Alfa Park S.r.l, a company operating in the amusement park sector (Rainbow Magicland in Valmontone Roma and Terra dei Giganti in Molfetta – Bari) and 100% of the share capital of Loft S.r.l.

The loss in the draft financial statements as at 30 September 2016 was mainly due to the net effect of income for EUR 3,3 million for distributions by the investee Fashion District Group, write-downs for a total of EUR 9,8 million, relating to investments for EUR 9,1 million (of which EUR 5,9 million referring to the Fashion District Group and EUR 3,2 million to FD 33 S.r.l.) and to securities posted to current assets for a total of EUR 0,7 million. The write-downs of the investees FD33 S.r.l. and Fashion District Group S.r.l. in liquidation were calculated on the basis of the valuation of the recoverable value of the investment in the Fashion District Group through the exposure, at current values, of the individual elements that make up the company's capital and the updating of its liabilities, by estimating the equity value of the Fashion District Group at a total of EUR 17,7 million.

Investments of Earchimede S.p.A.

Fashion District Group S.r.l. in liquidation (share capital EUR 8.880.000 - 66,66% owned)
The company's first interim liquidation financial statements as at 30 September 2016 posted a loss of EUR 6,1 million (loss of EUR 4,6 million as at 30 September 2015). The equity of the Fashion District Group as at 30 September 2016 amounted to EUR 17,5 million (EUR 33,7 million as at 30 September 2015), down not only as an effect of recognising the loss for the period, but also as a result of the distribution to shareholders of share premium reserves for EUR 10,0 million on 26 October 2015. Note that after the company's final disposal in the previous year of its main corporate assets relating to the Outlet Sector, the company had to implement an incisive company restructuring process, started at the end of July 2015, which led, inter alia, to the consensual termination of employment relations with personnel tasked with managing the operations relating to the assets subject to transfer and to the company being placed in liquidation on 11 April 2016. Following the aforementioned extraordinary transactions and the restructuring commenced, the scope and nature of company activities managed by the Fashion District Group reduced and changed considerably, and are currently limited to solely management of the investments held in some subsidiaries (Parco Mediterraneo S.r.l., Loft S.r.l. and Fashion District Roma S.r.l. in liquidation) and its interest in the company Alfa Park S.r.l.

As regards the performance of the subsidiary **Parco Mediterraneo S.r.l.**, the company's statutory financial statements for the year ended as at 30 September 2016 showed a loss of EUR 0,4 million (loss of EUR 1,0 million as at 30 September 2015). The equity of Parco Mediterraneo as at 30 September 2016 amounted to EUR 2,0 million (EUR 1,3 million as at 30 September 2015), benefiting from waiver of the quoteholders' loans by the quoteholder Fashion District Group for EUR 1,1 million.
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. During the year, activities continued targeted at assessment of a better/different development of the land.
It should be noted that, in 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, with Building Permit no. 195/2008. Due to the filing of said application, the company exercised, in accordance with the legal terms, the right expressly provided in its favour by art. 4 of the Town Planning Agreement, stipulated with the Municipality of Belpasso on 21 May 2008 as part of the Urban Implementation Plan approved by the municipal council of Belpasso by means of resolution no. 24 of 27 March 2008. On 28 June 2013, the competent office - Town Planning Sector - of the Municipality of Belpasso expressed a favourable opinion on the recognition of the extension. To date, the company is still 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 - on 12 May 2014, the company filed an appeal before the Regional Administrative Court of Sicily, with the sole purpose of protecting its interests. The Regional Administrative Court hearing was held on 3 December 2015, after which the decision of 18 January 2016 pronounced Parco Mediterraneo S.r.l.'s claim to recognition of the three-year extension of Building Permit no. 195/2008 was valid. Subsequently, with support from the external legal advisor, on 1 July 2016 the Company filed a claim requesting that the Municipality of Belpasso extend the validity of the Building Permit by five years (to June 2025). After the aforementioned Catania Regional Administrative Court decision, the Municipality of Belpasso filed an appeal for cancellation of that decision. The external legal advisor was assigned to represent and defend the company in the appeal proceedings brought by the Municipality of Belpasso and by Alis Immobiliare CTA S.p.A. On 2 September 2016 a brief was filed for the hearing in chambers of 7 September 2016.

For preparation of the financial statements as at 30 September 2015, in order to identify the most likely market value of the asset held, an independent third party expert was assigned. The appraisal, issued on 23 October 2015, was prepared by taking into account the current situation of the asset and its building potential, pending the administrative procedure targeted at extension of the associated building licence and settlement of the dispute pending before the Regional Administrative Court of Catania. The appraiser 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 different configurations of the area: agricultural and industrial. In fact, if, as a result of the pending appeal judgment and the consequent conclusion of the aforementioned administrative extension procedure, the area in question lost its development characteristics, due to the revision in the general town planning tool of the Municipality of Belpasso, 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 1,2 million compared to the approximate EUR 7,7 million recorded). The Directors believe the recognition of the land at a value of EUR 7,7 million to be consistent, attributing said land with the development characteristics identified in the town planning variant in view of the successful first instance outcome of the administrative dispute regarding usage.
In the year ended as at 30 September 2016, the directors continued their efforts to identify potential buyers for the land. The negotiations with parties potentially interested in the asset held by the Group constitute a further element of confirmation of the commercial potential of the land and recoverability of the book value recognised under property inventories in the financial statements.

As regards the performance of the investee **Loft S.r.l.**, the company's financial statements for the year ended as at 30 September 2016 posted a loss of EUR 1,2 million (loss of EUR 0,7 million as at 30 September 2015). The equity as at 30 September 2016 amounted to EUR 0,4 million (EUR 0,3 million as at 30 September 2015), benefiting from waiver of the quoteholders' loans by the quoteholder Fashion District Group for EUR 1,3 million.
During the year, the company first and foremost continued its marketing of home and personal design articles in the Puglia Outlet Village in Molfetta.
Following negotiations, the company mutually agreed with Fashion District Molfetta S.r.l., lessor of the business premises, on termination of the original contract and related amendments earlier than its expiry, with termination effective from 30 September 2016, settling amounts outstanding on signing of the termination agreement by both parties on 14 July 2016. This agreement envisaged closure of the premises to the public by 20 September 2016 and handover by 30 September 2016. As at today's date, these obligations had been met.
At the time of signing the agreement, the company paid the lessor the sum of EUR 0,95 million plus VAT, an all-inclusive amount and full and final settlement of all claims and/or demands, also in terms of rent instalments, costs, charges and expense of any nature, accrued and accruing, from the date of the original agreement and until 30 September 2016.
After closing down the point of sale, the company then arranged termination of employment of all employees with effect from 1 October 2016.

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 share capital of the vehicle companies responsible for the management 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. 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 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.
With reference to the valuation of the investee, it should be noted that: (i) as a result of the valuations performed at the time of drafting of the financial statements for the year ended as at 30 September 2014, the book value of the investment was written down in full; (ii) the valuations performed in previous years, in consideration of the persistence of the difficult situation (including financial) the investee is in, were confirmed also for the year under review and led to a write-down also of the existing shareholder loan granted to the investee as, without assuming a new injection of funds by the shareholders, it would be

impossible to forecast strategic valuation and recovery of the previous book values of the receivables and the investment.

FD33 S.r.l. (share capital EUR 7.608.177 - 100% owned)
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 of the former Fashion District Group S.p.A. (now Fashion District Group S.r.l. in liquidation) for a share of 33,33% and of 10% of Parco Mediterraneo S.r.l. share capital.
As at 30 September 2016, the company posted a profit of EUR 751 thousand (loss of EUR 23 thousand as at 30 September 2015). Equity as at 30 September 2016 amounted to EUR 7,5 million (EUR 6,8 million as at 30 September 2015).

❖ **Ghea S.r.l.** (share capital EUR 1.000.000 - 51% owned)
In February 2009, the company had acquired on a non-recourse basis from Banco di Brescia ("BBS"), for a consideration of EUR 25 million, the receivables due to the latter from Bios S.p.A. amounting to EUR 50 million, receivables secured by a pledge on a total of 34.796.687 Sorin S.p.A. shares, at the same time replacing BBS in the so-called "Bios Protocol". The Protocol was 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 original version of the Articles of Association of Bios S.p.A., entitled 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.
The agreements provided 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 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.
Following the merger, completed on 19 October 2015 between Sorin and Cyberonics, which gave rise to Livanova, Ghea S.r.l. and Banca Monte dei Paschi di Siena S.p.A. received Livanova Plc securities as guarantee for the share swap with respect to Sorin S.p.A. shares previously pledged.
On 29 April 2016, the Extraordinary Shareholders' Meeting of Bios S.p.A. amended art. 26 of its Articles of Association in order to adapt to the new ownership structure resulting from the transaction completed at the end of 2013. As a result of the statutory change, the rights of Ghea S.r.l., currently sole holder of Bios B shares, 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, is consequently reduced by EUR 37,4 million to EUR 17,0 million, plus a return of 4,875% capitalised on an annual basis and effective from 22 December 2013.
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 43,3 million, down on the EUR 53,5 million of the previous year, mainly due to the statutory change described above.
The financial statements of Ghea S.r.l. for the year ended 31 December 2015 posted a net loss of EUR 0,1 million, essentially in line with the figure for the previous year. Equity totalled EUR 2,9 million, down compared to the previous year, due solely to recognition of the loss for the year.
The statement of financial position and income statement of Ghea S.r.l. for the 1 January 2016 - 30 September 2016 period, drafted for the purposes of the consolidated financial statements of the Mittel

Group, prior to IFRS adjustments, (the company year ends on 31 December each year) posted a loss of EUR 40 thousand and equity of EUR 2,9 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 2015 posted a loss of EUR 0,9 million (loss of EUR 0,1 million as at 31 December 2014). The equity of Locaeffe S.r.l. in liquidation as at 31 December 2015 amounted to EUR 2,5 million (EUR 3,4 million as at 31 December 2014). The company was placed in liquidation on 11 October 2011. From 1 January 2016 to 30 September 2016, the company's statement of financial position posted near break-even result and, consequently, equity steady at EUR 2,5 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 2015 posted a loss of EUR 0,5 million (loss of EUR 0,3 million as at 31 December 2014). The equity of Markfactor S.r.l. in liquidation as at 31 December 2015 amounted to a negative EUR 4,6 million (negative EUR 4,0 million as at 31 December 2014). From 1 January 2016 to 30 September 2016, the company's statement of financial position posted near break-even result and, consequently, equity steady at EUR 0,1 million, benefiting from the waiver of a portion of the shareholder loan during the year by Mittel S.p.A.

Companies subject to joint control

- **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 holding company which holds a 7,38% stake in Livanova Ltd (8,72% prior to the disposals in 2016), set up as a result of the merger, finalised on 19 October 2015, between Sorin S.p.A., a company 19% owned by Bios S.p.A., and Cyberonics Inc. The Livanova Ltd group is a global leader in the treatment of cardiovascular diseases and the field of neuromodulation.
  It should be remembered that on 26 February 2015, Mittel S.p.A.'s Board of Directors resolved to give its support to the project for the integration of Sorin S.p.A. and Cyberonics Inc., a company active in the production of medical devices in the United States and specialised in the field of neuromodulation, undertaking, inter alia and together with Equinox Two, an investment partner, to vote in favour of the transaction at the company's shareholders' meeting, and not to dispose of Sorin S.p.A. shares until the effective date of the transaction. On 19 October 2015, due to completion of the transaction, each Sorin shareholder therefore received 0,0472 shares in the new entity Livanova Plc, a company listed on the Nasdaq and London stock exchanges. As a result of this transaction, the percentage held by the vehicles Bios S.p.A. and Tower 6 Bis S.à r.l., in which Mittel holds stakes of 50% and 49% respectively, is now at 8,7% and 3,0% in Livanova Plc. The merger spawned a new global leader in medical technologies operating in three divisions: neuromodulation, heart surgery and Cardiac Rhythm Management (CRM). Following completion of the transaction on 19 October 2015, the restrictions assumed by Mittel and Equinox in relation to Livanova shares no longer applied, while in the days immediately after, the shareholders' agreement between Mittel and Equinox was terminated.
  In 2016, September in particular, through a number of market transactions - disclosed to the public pursuant to applicable regulations - Bios sold 700.000 Livanova shares (1.43%) for a total value of around EUR 37,8 million and a result compared to the book value in the separate financial statements (which had been revalued at the time of preparation of the financial statements as at 31 December 2015) of approximately EUR 0,7 million.
  Bios S.p.A. closed the year ended as at 31 December 2015 with a profit of EUR 27,0 million (loss of EUR 5,4 million as at 31 December 2014). The equity of Bios S.p.A. as at 31 December 2015 amounted to EUR 94,8 million (EUR 94,8 million as at 31 December 2014). The loss for the year was mainly due to the net effect of the EUR 33,1 million revaluation of the Livanova investment and the recognition of interest expense of EUR 4,9 million on the outstanding financial debt to Ghea S.r.l. and Monte dei Paschi di Siena S.p.A.
  From 1 January 2016 to 30 September 2016, the company's statement of financial position, before IFRS and consolidation entries, posted a loss of EUR 4,1 million and equity of EUR 117,7 million. The loss for the period was generated mainly by the net effect of interest expense on the financial debt for EUR 3,9 million, costs for services and other operating expenses for a total of EUR 0,8 million and the gain from the previously described disposal of Livanova shares for EUR 0,6 million.

It should be noted that, as at 30 September 2016, Bios has a financial payable of EUR 78,2 million due to Banca Monte dei Paschi di Siena S.p.A. and EUR 22,7 million due to Ghea S.r.l. These loans, previously secured by a pledge on Sorin shares, are currently guaranteed by Livanova Plc shares and, after 30 September 2015, given the conditions exist based on the Loan to Value underlying the loan, Bios exercised the option (i) to extend their expiry until the end of December 2016 and (ii) to capitalise the interest accrued. For a description of the loans and their origin, please refer to the description of the investee Ghea S.r.l. above.
Also note that Bios, along with Mittel S.p.A., was notified, at the request of Snia S.p.A. in Amministrazione Straordinaria (under extraordinary administration), of a writ of summons whose details are illustrated in the paragraph pertaining to ongoing legal disputes, as with the same paragraph relating to the description of the provision (formal notice to comply) received in July 2015 from the Ministry of the Environment and for which Bios S.p.A. filed a challenge before the Regional Administrative Court of Lazio.

Investment of Bios S.p.A.

Livanova Plc
Livanova Plc, listed on the Nasdaq and London stock exchanges, is a global leader in medical technologies operating in three divisions: neuromodulation, heart surgery and Cardiac Rhythm Management (CRM), with turnover recorded in the first nine months of 2016 of USD 903,3 million and a leading position in high-growth markets (sleep apnea, heart failure and mitral valve regurgitation).
Geographically speaking, the company is present in all markets with roughly 40% exposure towards Europe, around 35% to the United States and, for the remainder, to the rest of the world, with a major presence in Japan, China and Brazil.

Mittel S.p.A. associates

- **Castello SGR S.p.A.** (share capital EUR 3.730.424 – 21,81% owned)

Castello SGR S.p.A. is a real estate Asset Management Company and 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. By availing itself of expertise in the sector, Castello SGR now manages 28 real estate funds for a gross asset value of EUR 2,1 billion (EUR 1,6 billion as at 31 December 2015).
The company closed the year ended as at 31 December 2015 with a net profit of EUR 2,5 million (net profit of EUR 2,4 million as at 31 December 2014) while equity totalled EUR 13,4 million (EUR 13,3 million as at 31 December 2014).
Mittel S.p.A. subscribes to two closed-end real estate funds managed by Castello SGR S.p.A and, more specifically, to:

Fondo Augusto
Augusto is a closed-end reserved mutual real estate fund which primarily invests in property assets with stable income profiles and measurable performance.
The Fund's target is, above all, to invest in investment property assets in Italy, with intended use as offices, logistics, retail and light industrial.
As at 30 September 2016, Mittel S.p.A. holds 300 class A shares, equal to 11,37% of the Fund's shares.

Fondo Cosimo I
Cosimo I is a closed-end reserved mutual real estate fund.
Castello SGR, as manager of Fondo Cosimo I, 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 strategic partnerships and as manager of the Cosimo I fund, Castello SGR aims for positioning as the reference operator for the tourism market by aggregating hotels in such a way as to express the quality of "Made in Italy" hospitality.
The goal is to maximise returns for its investors through an increasing dividend yield and by increasing the value of assets in the portfolio.

As at 30 September 2016, Mittel S.p.A. holds 78 shares of the 1.599 issued, equal to 4,88% of the Fund's shares.

- **Tower 6 Bis S.à r.l.** (share capital EUR 4.500.000 - 49% owned)
  Tower 6 Bis S.à r.l., in March 2009, acquired the 6,693% stake in Sorin S.p.A. from Bios S.p.A., an investment that, as a result of the integration completed on 19 October for which each Sorin shareholder received 0,0472 shares in the new entity Livanova Plc, became a stake of 3,04% of Livanova Plc, a company listed on the Nasdaq and London stock exchanges and a global leader in medical technologies operating in three divisions: neuromodulation, heart surgery and Cardiac Rhythm Management (CRM).
  In September 2016, Tower 6 Bis disposed of 729.981 Livanova shares. As a result of this transaction, Tower 6 Bis holds 756.103 shares for an interest of 1,57%.
  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 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 2015 showed equity of EUR 3,9 million (EUR 3,9 million as at 31 December 2014), with a net loss of EUR 0,9 million (EUR 0,9 million as at 31 December 2014), deriving mainly from the interest accrued on the bank borrowing raised at the time of acquisition of Sorin.

- **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 2016 recorded profit of EUR 4,8 million (loss of EUR 3,1 million as at 30 September 2015) and equity of EUR 24,3 million (EUR 19,4 million as at 30 September 2015). The recorded profit is mainly attributable to the net effect of gains on the investment held in Mittel Generale Investimenti for EUR 14,3 million (relating to the distribution arranged by the investee during the year), financial charges for a total of EUR 2,2 million accrued on the financial debt and value adjustments for EUR 6,8 million recognised on the investment in Mittel Generale Investimenti following alignment of the book value to the related shareholders' equity, representing its recoverable value.

  Mittel Generale Investimenti S.p.A. (share capital EUR 17.000.000 - 100% owned by Liberata S.p.A.)
  The company, while retaining its nature as an authorised financial intermediary pursuant to Articles 106 and 107 of the Consolidated Banking Act, provided credit (directly and/or syndicated) and acted 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 recent months, Mittel Generale Investimenti S.p.A., a subsidiary of Liberata, ceased operations as an authorised financial intermediary, merely continuing its existing credit management activities with the aim of efficient repayment of the credit positions held.
  As at 30 September 2016, the income statement of Mittel Generale Investimenti S.p.A. recorded a decrease of EUR 9,3 million from the previous year, from a positive EUR 0,2 million to a negative EUR 9,1 million. This result is largely explained by the net effect of an interest margin and commissions of EUR 4,7 million (down slightly on the EUR 5,0 million of the previous year), value adjustments to receivables for a total of EUR 11,4 million, operating costs amounting to EUR 1,5 million, loss from the trading of financial assets for EUR 2,6 million and other income (mainly from the sale of a property) for EUR 2,1 million.
  Equity as at 30 September 2016 amounted to EUR 61,0 million (compared to EUR 84,4 million as at 30 September 2015). The considerable reduction in equity (EUR 23,4 million) is mainly due, in addition to the loss for the year, to the distribution of reserves to the Liberata shareholder for a total of EUR 14,3 million.

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 could affect the Group's activities, with unique methods and repercussions with respect to the different sectors in which the Group operates, in particular:

- *Investments and Private Equity*: the weakness of the global economies, despite a recovery with respect to previous years, could adversely impact the activities carried out by the Group and lead to a potential deterioration in the assets held (for example, equity investments in listed and unlisted companies, their nature characterising them with a potentially high level of risk, also as a result of financial market volatility) and/or, in the absence of adequate financial support, the option of carrying out disposals that take longer than envisaged and without achieving the predefined return objectives on investments currently in the portfolio.
- *Real Estate*: there is a risk deriving from the problems connected with the cyclical nature of the purchase/sale and lease values (generally speaking, market stagnation in previous years and the evolution of demand have brought down the properties' market prices).
  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 wide access to credit lines granted by numerous leading banks and in July 2013 successfully finalised the issue of the Mittel S.p.A. 2013 - 2019 bonds 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, 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.
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 find it difficult to meet its payment commitments at the set due dates due to the difficulties in liquidating assets without penalties 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 disposal of assets carried out during the year to pursue the 2016-2019 Strategic Plan constitutes a factor mitigating the risk associated with obtaining funding.

Risk of default and debt covenants

Contractual clauses, commitments and covenants are applied to a number of funding sources of 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 Mittel S.p.A. make provision, at present for one credit line, for capital covenants, non-compliance with which, currently unlikely, could trigger the acceleration clause.

Bank payables as at 30 September 2016, totalling EUR 77,9 million, are made up of the bank payables of Mittel S.p.A. (EUR 72,9 million) and Mittel Investimenti Immobiliari S.r.l. (EUR 5,0 million).

As regards the parent company Mittel S.p.A., note that to date there is one unsecured loan agreement with Banco Popolare for EUR 8 million, with a repayment plan that envisages the final instalment on 31 December 2017.
This unsecured loan makes provision for a covenant (Net Debt/Equity ≤1) to be verified on an annual basis on 30 April of each year, regarding the financial statements as at 30 September of the previous year.

Risks connected with Mittel's obligations pursuant to the regulations of the fixed-rate bonds "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 income-related reserves, (ii) compliance with a financial covenant calculated as the ratio of 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 2016 the covenant on the loan had been satisfied.
Furthermore, for the entire duration of the Loan, Mittel S.p.A. has undertaken not to distribute dividends or income-related 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 fluctuations

The Mittel Group uses various forms of financing to support its investments, therefore, significant changes in interest rates could potentially involve major increases/decreases in the cost of financing or in margins deriving from financial services. In the 2012-2013 financial year, in order to mitigate the risks referred to above, the Group obtained a fixed-rate loan represented by the Bond Loan for EUR 100 million, maturing July 2019.
As at 30 September 2016, the Group's bank loans and borrowings, amounting to EUR 77,9 million, are at a variable rate (based on the Euribor).
As at 30 September 2016, the Group had a bond issue in place maturing in July 2019 for EUR 99,2 million at a fixed rate (6%).
In the event of a significant rise in interest rates, and considering the partial sterilisation of interest rate risk through variable rate loans, 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 2016, 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 0,8 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 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 2016, the receivables portfolio is largely composed 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., credit position of Ghea S.r.l. on a receivable due from Bios 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 heavily on certain key management figures who provide a significant contribution to business development. Though the Group has adopted a remuneration policy (which from March 2016 includes a medium/long-term incentive system envisaging the assignment of Stock Appreciation Rights) 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.

Risks connected to legal disputes and judicial proceedings

In the normal course of its business, the Group is a party in 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 non-recurring liabilities, with subsequent economic and financial effects and further damage to its reputation.
In its consolidated financial statements as at 30 September 2016, the Group allocated a specific provision for risks and charges totalling EUR 1,8 million (EUR 5,4 million as at 30 September 2015), to cover, inter alia, the liabilities that could result from 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 further 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 consolidated financial statements for the year ended as at 30 September 2016, the Group asked 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 practice. The Group impaired the properties in its portfolio in the cases in which the appraisals of the main property assets showed their net realisable values to be lower than their book values in the consolidated financial statements (EUR 7,2 million as at 30 September 2016 compared to EUR 5,9 million as at 30 September 2015).
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 legislation applicable to the Group

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 investees and the formation and realisation of capital gains on divestments of investments held. Thus, the performance of the company's results in different years may not be linear and/or significantly comparable. There is also no guarantee of the extent and amount of dividends that will be distributed by Mittel, due to the physiological characteristics of the investments held.
Following approval of the 2016-2019 Strategic Plan, whose guidelines include the focus on controlling investments in small Italian enterprises with a high cash-generating capacity and cash generation through the disposal of non-core assets, action began to implement the defined strategies which involved start-up of the investment activities. The developments described represent a factor to mitigate risks associated with the nature of investment holding, amongst other things implying launch of the investment replacement process, which should facilitate mitigation of the risk of excessively long time horizons and instability of the Group's profit inflows.

Significant events after 30 September 2016

On 28 October 2016, through a merger of their respective activities in the Debt Advisory segment, the Mittel Group and Ethica Corporate Finance S.p.A. established the new company Ethica & Mittel Debt Advisory S.r.l., with a 51% indirect investment by Mittel S.p.A. and 49% by Ethica Corporate Finance S.p.A. Ethica & Mittel Debt Advisory is the first Italian integrated platform for all debt advisory services. In fact, the new company will provide support to medium and large companies and to Private Equity funds in their projects for the structuring, organisation and sourcing of bank, alternative, subsidised and structured financing, as well as rescheduling of existing bank debt. With a team of 10 professionals, the new company already manages a portfolio of 15 assignments from corporate enterprises and private equity funds. Rosario Bifulco, CEO of Mittel S.p.A., is the Chairman of the Board of Directors and the Executive Director is Cosimo Vitola, CEO of Ethica Corporate Finance S.p.A.

On 9 November 2016, in accordance with the Guidelines of the 2016-2019 Strategic Plan, disclosed to the market on 30 March 2016 and envisaging a focus on private equity business with a view to permanent capital, Mittel S.p.A. purchased 75% of the Zaffiro Group, a major player in the Italian healthcare industry. Gabriele Ritossa, one of Zaffiro's original partners, remains a shareholder in the initiative with an investment of 25% of the capital and acceptance of the role of Chief Executive Officer.
This transaction fits into the framework of a much broader Mittel S.p.A. plan in this sector, with the investment in Zaffiro proving consistent with and complementary to other opportunities under review. Zaffiro represents a solid base on which, in agreement with Gabriele Ritossa, a process of combining with other local healthcare operators can be built, with the aim over the next few years of becoming a reference point for the sector.
Founded in 1992 by Gabriele Ritossa and Riccardo del Sabato, Zaffiro operates in the healthcare industry by offering long-term care services to elderly patients that are no longer self-sufficient or have serious illnesses. The Group currently has eight care homes - four in Friuli Venezia Giulia and four in the Marche region - that can accommodate a total of around 900 patients. The care homes are distinguished by a strong degree of internalization and by the high quality of their services.
The Zaffiro Group revenue forecast for 2016 is around EUR 24 million, with EBITDA of approximately EUR 4 million.

The Mittel Group's interest in the project is based on the dynamics of the reference sector, which shows clear structural growth trends, associated with demographic and social factors, and a service structure that is still highly fragmented and with significant room for aggregation. The Zaffiro Group offers sound competitive positioning and major geographic coverage of the Friuli Venezia Giulia and Marche regions. The transaction also calls for significant reinvestment and for maintaining the management role played by the current operating partner of the Group, who has amassed considerable experience and expertise in the sector and has outstanding entrepreneurial skills.
Mittel S.p.A.'s total investment is around EUR 21,5 million, including a bridge loan of EUR 8,0 million granted for the transaction.

The Extraordinary Shareholders' Meeting of Mittel S.p.A., chaired by the Chairman of the Board of Directors, Franco Dalla Sega, was held on 18 November 2016 on specific call to approve the proposed amendments to art. 34 and art. 39 of the Articles of Association, the latter by the introduction of art. 39.3, and subsequent adoption of the new text.
The Shareholders consequently unanimously approved the change in the closing date of the company year from 30 September to 31 December each year with effect from the year in progress as at the date of the Shareholders' Meeting, the duration of which will therefore be from 1 October 2016 to 31 December 2017. In accordance with law, the approved amendments do not offer any right of withdrawal.

Following the request from Liberata S.p.A. to postpone the payment date and reduce the interest rate on the existing Vendor Loan due 30 November 2016, on that date the Board of Directors of Mittel S.p.A. resolved to extend the final payment date to 31 December 2018 and reduce the spread from 5% to 4.75%.
Mittel S.p.A.'s interest in completing the transaction was assessed in the light of the contingent position of Mittel Generale Investimenti S.p.A., the only asset in the Liberata S.p.A. portfolio, following its cancellation from the general and special list pursuant to Articles 106 and 107, Italian Legislative Decree 385/1993 for Financial Intermediaries, approved by the Bank of Italy in acceptance of the related application submitted by Mittel Generale Investimenti S.p.A. on the basis of strategic assessments conducted by its administrative body, once the absence of firm prospects for relaunching its business activities was confirmed.

Cancellation from the list led to termination of the core business activities previously conducted by Mittel Generale Investimenti S.p.A., activities which are now limited to management only of its own credit portfolio.
Mittel S.p.A. consequently decided it was in its interest to allow rescheduling of the Vendor Loan, also with a view to maximising the value of the overall investment held in Liberata S.p.A., which includes a 27% stake in its share capital.
In relation to Liberata S.p.A.'s further request to reduce the interest rate applied to date, Mittel S.p.A., given the removal of deferral of the Vendor Loan to the bank loan, the interest rate spread on which constituted a form of payment, reduced the spread applied to 25 basis points
As a result of the agreed transaction, Mittel Generale Investimenti S.p.A. has an adequate time horizon to identify the most suitable action, of an ordinary or extraordinary nature, to maximise its assets.
The transaction qualifies as a transaction with related parties pursuant to the Procedures in that the transaction counterparty is an associate in which Mittel S.p.A. holds a 27% interest. Furthermore, (i) the ownership structure of Liberata S.p.A. includes other related parties or in any event major shareholders, such as Fondazione Caritro which holds 10,9% of the share capital, and Istituto Atesino di Sviluppo S.p.A. which holds 8,8%, and (ii) as regards the administrative body, a key manager of Mittel S.p.A. holds the office of Chief Executive Officer.
The transaction was therefore agreed as subordinated to obtaining the binding opinion of the Related Party Transactions Committee, since this is a transaction of greater importance pursuant to art. 3.1, paragraph a) of the Related Party Procedures which, amongst other things, required the Company's preparation of an information document, in accordance with art. 5 of the Consob Regulation adopted by resolution no. 17221 of 12 March 2010, as amended by resolution no. 17389 of 23 June 2010, published on 6 December 2016.

Business outlook for the year

In the next few months activities will continue to implement the Strategic Plan, the objective of which is to transform Mittel S.p.A. into an Investment-Merchant Bank, shifting its hub of activity towards high profit-potential activities.

In a manner consistent with the Plan's guidelines, which identify Life Science as among the most interesting sectors for investment, after the end of the financial year - on 9 November 2016 - Mittel S.p.A. acquired 75% of the Zaffiro Group, a major player in the Italian healthcare industry. The transaction fits into the framework of a much broader build-up plan in this sector, with the investment in Zaffiro proving consistent with and complementary to other opportunities under review. Zaffiro represents a solid base on which a process of combining with other local healthcare operators can be built, with the aim over the next few years of becoming a reference point for the sector.

In the next few months, management aims to make new investments also in other areas where business excellence, combined with long-term industrial funding, offers extensive opportunities to create value for the Group and its investees.

For this purpose, the process of recovering financial resources through disposals, credit collection and reduction of costs will continue.

Corporate Governance

Mittel S.p.A. signed up to the original 1999 version of the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A., and currently adheres to the Corporate Governance Code approved in July 2016.

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

At the meeting on 22 February 2016, on the proposal of the Remuneration Committee and Appointments Committee, the Board of Directors approved the current version of the Remuneration Policy, adopted 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 24 March 2016, also called to approve the 2015 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 F2i SGR S.p.A.
Giorgio Franceschi	Chief Executive Officer of ISA Istituto Atesino di Sviluppo S.p.A. Member of the Management Board of Banco di Brescia S.p.A. Director of Dolomiti Energia Holding S.p.A. Director of In.Bre. S.p.A. Deputy Chairman of Castello SGR S.p.A. Member of the Management Board of Terme e Grandi Alberghi Sirmione S.p.A.
Rosario Bifulco (from 15 November 2015)	Chairman of Banca ITB Director for Regional Competitiveness of Assolombarda Director of Humanitas S.p.A. Director of Italian Hospital Group S.p.A. Director of Finarte S.p.A. Director of Castello SGR S.p.A.
Maria Vittoria Bruno	Chairman of the Board of Statutory Auditors of COOP Lombardia
Marco Colacicco	Standing Auditor of Assietta Private Equity SGR S.p.A. Standing Auditor of Partners Group (Italy) SGR S.p.A. Standing Auditor of Praesidium SGR S.p.A.
Michele Iori	Chairman of the Management Board of Fondazione Cassa di Risparmio di Trento e Rovereto Standing Auditor of Dolomiti Energia Holding S.p.A. Chairman of the Board of Statutory Auditors of CAL S.p.A.
Marco Merler	Chief Executive Officer of Dolomiti Energia Holding S.p.A. Chief Executive Officer of Dolomiti Energia 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	Independent director of Retelit S.p.A. Director of Guber S.p.A.
Michela Zeme	Standing Auditor of Telecom Italia Sparkle S.p.A. Standing Auditor of Inwit S.p.A. Standing Auditor of Prelios S.p.A. Standing Auditor of Pioneer Global Asset Management S.p.A. Director of Equita Sim S.p.A.
Riccardo Perotta	Chairman of the Board of Statutory Auditors of Cassa Lombardia S.p.A. Chairman of the Board of Statutory Auditors of Molmed S.p.A. Standing Auditor of Savio Macchine Tessili S.p.A.
Fabrizio Colombo	Standing Auditor of Geox S.p.A. Standing Auditor of Credit Agricole Vita S.p.A. Standing Auditor of Publitalia '80 S.p.A. Standing Auditor of Acciaieria Arvedi S.p.A. Standing Auditor of Finarvedi S.p.A. Standing Auditor of Sistemi Informativi S.r.l. Standing Auditor of BNP Paribas for Innovation Italia S.r.l. Standing Auditor of Value Transformation Services S.p.A.
Maria Teresa Bernelli	Chairman of the Board of Statutory Auditors of Dana S.p.A.
Aida Ruffini	---
Giulio Tedeschi	Chairman of the Board of Statutory Auditors of Agos Ducato S.p.A. Standing Auditor of Carlo Tassara S.p.A.

Other information

Research and development activities
Given the nature of companies operating in the financial and real estate 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 parent 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 parent company or the Group during the year.

Information on the environmental impact
Given the nature of companies operating in the financial and real estate sectors, no activities are carried out with 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 and workplace safety.

Transactions with related parties of the Group
The Group has adopted special regulations on transactions with related parties, available at http://www.mittel.it/en/procedures. 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 2015-2016, transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out. All transactions were performed on an arm's length basis and generally refer to:
- the supply of general and administrative services between the Group companies;
- intercompany loan relationships and surety obligations;
- the purchase/sale of securities and investments between Group companies;
- the intercompany transfer of IRES (corporate income tax)/VAT receivables;
- the issuing of guarantees from Group companies to investees.

On 10 February 2016 the Board of Directors of Mittel S.p.A. resolved, also pursuant to articles 117 to 129 of the TUIR (Consolidated Law on Income Tax), on the renewal for a further three years and, thus, up to the financial year 2017/2018, of the Group tax consolidation option for Mittel Advisory Debt and Grant S.p.A.

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

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

Treasury shares
As at 30 September 2016, the Company held 12.357.402 treasury shares.

Share-based payment arrangements

Description of share-based payment arrangements relating to the long-term incentive plan involving the assignment of SARs (Stock Appreciation Rights) on Mittel S.p.A. shares

As at 30 September 2016 there is only the option for share-based payment in the form of treasury shares due to Mittel S.p.A. against the issue of the "Mittel 2016 Stock Appreciation Rights (SARs) Plan" approved by the Parent Company shareholders' meeting of 24 March 2016, as described in the paragraph "Significant events in the year", to which reference should be made.

As part of the medium/long-term incentive plans, payment arrangements are envisaged for the Chief Executive Officer and management with share-based payments on shares representing capital.
On 22 February 2016 the Board of Directors approved the medium/long-term incentive plan reserved for the Chief Executive Officer and other managerial staff based on the assignment of a variable share-based compensation (Stock Appreciation Rights or SARs) at the end of the multi-year reference period and against the achievement of objectives. The objectives are predefined, linked to parameters verifiable ex-post and scalable in that they are assigned according to the office or role covered within the Group and based on the expected results.
These financial instruments offer beneficiaries the right, subject to the predefined conditions being met and at the end of the last year of the vesting period, to obtain the cash equivalent of the increased value of the company's ordinary shares compared to the value on assignment or, at the discretion of the Board of Directors, that value increase in the form of Company shares.
The long-term variable component (payable in cash or in Mittel S.p.A. shares at the discretion of the Board of Directors) will be equal to the difference between the ordinary share's closing price (calculated on the arithmetic average of the share's closing price in the thirty trading days prior to the exercise date) and the strike price (calculated on the arithmetic average of the share's closing price in the thirty trading days prior to assignment of the financial instruments). A number of instruments assigned to each beneficiary is determined, based on financial models that calculate the starting price of the share and provide an estimate of its present value.
The long-term incentive plan has a 5-year duration, of which 4 years as vesting period and one year for exercise of the assigned instruments.
All the economic and asset-related effects of the medium/long-term incentive plan relating to the assigned SARs will be accounted for during the vesting period on the basis of a value determined by the financial models used to estimate the respective present value based on the most likely objective achievement results.
In the consolidated financial statements, and likewise in the separate financial statements as at 30 September 2016, the Stock Appreciation Rights plan led to the recognition of a total cost of EUR 0,1 million, calculated on the component vested by the Chief Executive Officer on the basis of objectives assigned to him and achieved in the year.

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 Group.

Interests of members of administration and control bodies, general managers and key managers
(pursuant to art. 79 of Consob resolution no. 11971 of 14 May 1999 and subsequent amendments)

Name and Surname	Investee company	Shares held as at 30.09.2015	Shares purchased	Shares sold	Shares held as at 30.09.2016	
Rosario Bifulco	Mittel S.p.A.	700.000	5.492.241	-	6.192.241	(a)
Marco Colacicco	Mittel S.p.A.	65.241	3.536	-	68.777	(b)
Stefano Gianotti	Mittel S.p.A.	143.029	-	-	143.029	
Giovanni Brondi	Mittel S.p.A.	38.401	-	-	38.401	(c)

(a) of which 700.000 shares held before the co-optation to director (15 November 2015)
(b) of which 65.241 shares held before the co-optation to director (1 October 2014) and 24 held by the spouse
(c) of which 271 held by the spouse.

Proposal of the Board of Directors

Dear Shareholders,

We submit for your approval the separate financial statements for the 1 October 2015 - 30 September 2016 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 to the Shareholders' Meeting to cover the loss for the year of EUR 30.770.032 using distributable reserves.

Milan, 14 December 2016

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

(signed on the original)

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

The reconciliation between equity and profit (loss) for the year of the Parent Company, as shown in the separate financial statements for the year ended as at 30 September 2016, and the equity and profit (loss) 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 2016**		**30 september 2015**	
	Equity	Profit (loss) for the year	Equity	Profit (loss) for the year
Equity and profit (loss) of the Parent Company	**174.005**	**(30.770)**	**205.759**	**(20.410)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(73.072)		(158.972)	
Goodwill arising on consolidation				
Intangible assets arising from business combinations				
Net capital gain attributed to the activities of consolidated companies				
Pro rata amount of equity of consolidated companies	80.157		157.102	
Results achieved by fully consolidated companies		(39.132)		(9.285)
Cancellation of write-downs of investments	55	88.647	4.567	1.933
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets			3.062	6.078
Investments valued according to the equity method:				
Adjustments for pro-rata results of investments valued according to the equity method	71.826		72.287	
Income (loss) from Investments valued according to the equity method		25.248		368
Elimination of effects of transactions carried out between consolidated companies:				
Net intercompany income capitalised in consolidated companies				
Elimination of intercompany dividends:				
Dividends distributed by fully consolidated companies		(48.174)		
Dividends distributed by associates		(325)		(1.002)
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and income (loss) for the year pertaining to the Group	**252.971**	**(4.506)**	**283.805**	**(22.318)**
Non-controlling interests	19.782	(7.097)	38.483	(887)
Consolidated equity and income (loss)	**272.753**	**(11.603)**	**322.288**	**(23.205)**

Consolidated financial statements as at 30 September 2016

Consolidated Statement of Financial Position (*)

Valori in Euro

	Notes	30.09.2016	30.09.2015
Non-current assets			
Intangible assets	4	41.408	146.850
Property, plant and equipment	5	3.764.090	854.379
Investments accounted for using the equity method	6	88.133.490	87.967.803
Financial receivables	7	100.176.385	163.545.698
Other financial assets	8	37.781.775	44.423.663
Sundry receivables and other assets	9	314.973	244.000
Deffered tax assets	10	1.256.243	4.608.355
Total non-current assets		**231.468.364**	**301.790.748**
Current assets			
Property inventories	11	99.590.721	109.829.602
Financial receivables	12	32.950.798	910.615
Other financial assets	13	6.909.464	20.074.272
Current tax assets	14	10.841.212	14.720.698
Sundry receivables and other assets	15	8.503.688	16.135.740
Cash and cash equivalents	16	84.989.558	100.598.453
Total current assets		**243.785.441**	**262.269.380**
Total assets		**475.253.805**	**564.060.128**
Equity			
Share capital		87.907.017	87.907.017
Share premium		53.716.218	53.716.218
Treasury shares		(21.553.509)	(26.514.895)
Reserves		137.407.672	191.014.946
Profit (loss) for the year		(4.505.929)	(22.317.948)
Equity pertaining to the Group	17	**252.971.469**	**283.805.338**
Non-controlling interests	18	19.782.426	38.482.908
Total Equity		**272.753.895**	**322.288.246**
Non-current liabilities			
Bond issue	19	97.873.411	97.239.392
Financial payables	20	2.279.610	2.918.777
Provisions for personnel	21	1.429.528	1.750.581
Deferred tax liabilities	22	9.495.069	17.697.691
Provisions for risks and charges	23	1.755.853	5.397.233
Sundry payables and other liabilities	24	477.792	718.618
Total non-current liabilities		**113.311.263**	**125.722.292**
Current liabilities			
Bond issue	25	1.309.554	1.313.142
Financial payables	26	77.872.265	101.370.087
Other financial liabilities	27	-	245.641
Current tax liabilities	28	12.660	1.492.384
Sundry payables and other liabilities	29	9.994.168	11.628.336
Total current liabilities		**89.188.647**	**116.049.590**
Total equity and liabilities		**475.253.805**	**564.060.128**

(*) 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 following pages and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements.

Consolidated Income Statement (*)

Valori in Euro

		30.09.2016	30.09.2015
Revenue	30	7.985.272	18.739.780
Other income	31	1.732.294	1.537.905
Variations in property inventories	32	(10.030.130)	(3.297.757)
Costs for purchases	33	(2.303.734)	(6.342.096)
Costs for services	34	(9.637.971)	(17.006.401)
Personnel costs	35	(6.627.391)	(9.363.319)
Other costs	36	(4.938.420)	(5.738.297)
Dividends	37	899.530	1.957.979
Profit (loss) from management of financial assets and investments	38	7.825.320	2.589.033
Gross operating margin (EBITDA)		**(15.095.230)**	**(16.923.173)**
Amortization and value adjustments to intangible assets	39	(321.236)	(705.142)
Allocations to the provision for risks	40	(364.977)	(2.373.167)
Value adjustments to financial assets and receivables	41	(23.532.590)	(3.757.433)
Share of income (loss) of investments accounted for using the equity method	42	25.241.887	(1.361.720)
Profit (loss) from non-recurring transactions	43	-	176.490
Operating result (EBIT)		**(14.072.146)**	**(24.944.145)**
Financial income	44	6.641.607	9.599.937
Financial expenses	45	(8.972.677)	(11.694.348)
Profit (loss) from trading of financial assets	46	60.740	5.356.974
Income (loss) before taxes		**(16.342.476)**	**(21.681.582)**
Income taxes	47	4.739.032	(1.523.690)
Profit (loss) for the year		**(11.603.444)**	**(23.205.272)**
Attributable to:			
Income (loss) pertaining to non controlling interests	48	(7.097.515)	(887.324)
Profit (loss) pertaining to the Group		**(4.505.929)**	**(22.317.948)**

Earnings (loss) per share (in EUR)		
From continuing ordinary operations:		
- Basic	(0,059)	(0,307)
- Diluted	(0,059)	(0,307)

(*) 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 following pages and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements, to which reference should be made.

Consolidated Statement of Comprehensive Income

Amounts in EUR

	Notes	01.10.2015 30.09.2016	01.10.2014 30.09.2015
Profit (loss) for the year (A)		**(11.603.444)**	**(23.205.272)**
Other profits / (losses) comprehensive which will be not subsequently reclassified to profits / (losses) for the year:			
Profits/(losses) from remeasurement of defined benefit plans		(62.088)	49.036
Tax effect relating to other profits/(losses) which will be not subsequently reclasified to profits/(losses)		17.074	(10.047)
Total Other profits / (losses) which will be not subsequently reclassified to profits / (losses) for the year, net ot taxes (B.1)		**(45.014)**	**38.989**
Other profits / (losses) comprehensive which are subsequently reclassified to profits / (losses) for the year:			
Effective part of the profits/(losses) on cash flow hedges		-	-
Profits/(losses) from the redetermination of available-for-sale financial assets	17	(5.709.817)	450.006
Profits/(losses) from the transfer of available-for-sale financial assets	17	(1.037.402)	(7.231.563)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets		-	(6.350)
Profits/(losses) of companies valued using the equity method	17	(24.975.135)	33.913.503
Tax effect relating to other profits/(losses) whitch will be subsequently reclassified to profit or (loss)		77.414	(718)
Total other profits/(losses), net of taxes (B.2)		**(31.644.940)**	**27.124.878**
Total Other profits / (losses) which will be subsequently reclassified to profits / (losses) for the year, net of taxes (B) = (B.1) + (B.2)		**(31.689.954)**	**27.163.867**
Total comprehensive profit/(loss) (A) + (B)		**(43.293.398)**	**3.958.595**
Total comprehensive profit/(loss) attributable to:			
Non controlling interests		(7.143.517)	(903.069)
Income (loss) pertaining to the Group		(36.149.881)	4.861.664

Statement of changes in consolidated equity for the year ended as at 30 September 2016

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 1 October 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**
Increase in share capital	-	-	-	-	-	-	-	-	-	**-**
Change in the consolidation scope	-	-	-	(1.590.283)	-	-	-	-	1.577.120	**(13.163)**
Other changes	-	-	-	(70.883)	-	-	-	-	(71.895)	**(142.778)**
Capital payments by non-controlling shareholders	-	-	-	-	-	-	-	-	865.982	**865.982**
Dividends distributed to non-controlling shareholders	-	-	-	-	-	-	-	-	(2.000.000)	**(2.000.000)**
										-
Total comprehensive profit/(loss)	-	-	-	(22.317.948)	47.841		(6.781.732)	33.913.503	(903.069)	**3.958.595**
Balance as at 30 September 2015	**87.907.017**	**(26.514.895)**	**53.716.218**	**88.771.742**	**(86.911)**		**11.770.670**	**68.241.497**	**38.482.908**	**322.288.246**
Sale of treasury shares	-	8.683.994	-	484.930	-	-	-	-	-	**9.168.924**
Purchases of treasury shares for the exercise of rights of withdrawal	-	(3.722.608)	-	-	-	-	-	-	-	**(3.722.608)**
Change in the consolidation scope	-	-	-	220.483	-	-	-	-	(147.597)	**72.886**
Reserve for employee SARs	-	-	-	101.094	-	-	-	-	-	**101.094**
Other changes	-	-	-	(451.881)	-	-	-	-	(582.399)	**(1.034.280)**
	-	-	-	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	-	-	(10.826.969)	**(10.826.969)**
								-	-	**-**
Total comprehensive profit/(loss)	-	-	-	(4.505.929)	(51.273)	-	(6.617.544)	(24.975.135)	(7.143.517)	**(43.293.398)**
Balance as at 30 September 2016	**87.907.017**	**(21.553.509)**	**53.716.218**	**84.620.439**	**(138.184)**	**-**	**5.153.126**	**43.266.362**	**19.782.426**	**272.753.895**

Consolidated Cash Flow Statement

Amounts in EUR	Notes	30.09.2016	30.09.2015
OPERATING ACTIVITIES			
Net income (loss) for the year pertaining to the Parent Company and non-controlling interests		**(11.603.444)**	**(23.205.272)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		11.204	1.785.590
Deferred taxes		(4.750.236)	(300.268)
Depreciation of property, plant and equipment		191.921	461.489
Amortisation of intangible assets and write-downs		129.315	205.312
Dividends received		(899.530)	(1.957.979)
Financial income		(6.641.607)	(9.599.937)
Financial expenses		8.963.887	11.685.558
Exchange gains/(losses)		8.790	8.790
Allocations to provisions for risks and charges		364.977	2.373.167
Provisions for employee severance indemnity		294.710	398.771
Expenses for incentive plan with settlement option through equity instruments		101.094	-
Other non-monetary net income		14.947	59.863
Net capital loss from disposal group		-	(176.490)
Profits/(losses) of investments valued according to the equity method		(25.248.136)	1.361.720
Write-downs of receivables		21.033.066	3.097.121
Losses on receivables		38.239	555.937
Capital gains (losses) from transfer of investments		(6.820.921)	(8.683.316)
Write-downs of property inventories		7.239.873	5.670.983
Value adjustments to intangible assets		-	38.341
Write-downs (write-backs) of available-for-sale financial assets		2.499.525	624.316
Write-downs (write-backs) of investments		393.635	-
Profits/(losses) from trading of financial assets		(454.375)	(4.935.679)
Cash flows from operating activities before changes in working capital		**(15.133.066)**	**(20.531.983)**
(Increase)/decrease in property inventories		2.999.008	290.136
(Increase)/decrease in other current assets		(850.890)	7.677.117
Increase/(decrease) in trade payables and other current liabilities		(2.340.311)	(15.338.475)
Cash and cash equivalents generated (absorbed) by operating activities		**(15.325.260)**	**(27.903.205)**
Uses of provisions for risks and charges		(849.188)	(8.697.603)
Payments of employee severance indemnity		(618.321)	(869.449)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(16.792.768)**	**(37.470.257)**
INVESTING ACTIVITIES			
Dividends received from subsidiaries and associates		285.668	1.002.189
Dividends received on financial assets		899.530	1.957.979
Equity investments:		-	-
Consideration for incremental acquisitions		(657.133)	-
Increase in available-for-sale financial assets		(344.271)	(6.716.091)
Increases in financial assets held for trading		(6.061.440)	(16.861.655)
Other investments (property, plant and equipment and intangible assets)		(3.349.163)	(420.284)
Realisation from disposal of:			
Investments		-	393.126
Equity instruments available for sale		13.591.604	52.377.599
Equity instruments held for trading		10.096.567	24.277.482
Net cash flow connected with assets held for sale		-	62.956.472
Other non-current assets (property, plant and equipment, intangible assets and other)		223.659	633.126
(Increase) decrease in financial receivables due from customers and financial institutions		19.042.388	9.782.950
Interest collected		5.234.733	8.615.290
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		**38.962.141**	**137.998.183**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(24.136.989)	(17.572.292)
Interest paid		(8.257.854)	(11.076.240)
Purchase of treasury shares		(3.722.608)	-
Sale of treasury shares		9.168.924	-
Change in financial liabilities for derivative instruments		(2.772)	(2.558.150)
Payment of dividends		(10.826.969)	(2.000.000)
Capital payments by non-controlling shareholders		-	852.820
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(37.778.268)**	**(32.353.862)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(15.608.894)**	**68.174.064**
OPENING CASH AND CASH EQUIVALENTS (E)		100.598.453	32.424.389
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)		**84.989.558**	**100.598.453**

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

Amounts in Euro

	Notes	30.09.2016	*of which related parties*	*%*	30.09.2015	*of which related parties*	*%*
Non-current assets							
Intangible assets	4	41.408	-		146.850	-	
Property, plant and equipment	5	3.764.090	-		854.379	-	
Investments accounted for using the equity method	6	88.133.490	-		87.967.803	-	
Financial receivables	7	100.176.385	66.101.676	66,0%	163.545.698	124.157.809	75,9%
Other financial assets	8	37.781.775	-		44.423.663	-	
Sundry receivables and other assets	9	314.973	-		244.000	-	
Deferred tax assets	10	1.256.243	-		4.608.355	-	
		231.468.364	**66.101.676**	**28,6%**	**301.790.748**	**124.157.809**	**41,1%**
Current assets							
Property inventories	11	99.590.721	-		109.829.602	-	
Financial receivables	12	32.950.798	57.377	0,2%	910.615	192.898	21,2%
Other financial assets	13	6.909.464	-		20.074.272	-	
Current tax assets	14	10.841.212	-		14.720.698	-	
Sundry receivables and other assets	15	8.503.688	11.250	0,1%	16.135.740	6.250	0,0%
Cash and cash equivalents	16	84.989.558	-		100.598.453	-	
Total current assets		**243.785.441**	**68.627**	**0,0%**	**262.269.380**	**199.148**	**0,1%**
Total assets		**475.253.805**	**66.170.303**	**14,0%**	**564.060.128**	**124.356.957**	**22,0%**
Equity							
Share capital		87.907.017	-		87.907.017	-	
Share premium		53.716.218	-		53.716.218	-	
Treasury shares		(21.553.509)	-		(26.514.895)	-	
Reserves		137.407.672	-		191.014.946	-	
Profit (loss) for the year		(4.505.929)	-		(22.317.948)	-	
Equity pertaining to the Group	17	**252.971.469**	**-**		**283.805.338**	**-**	
Non controlling interests	18	19.782.426	-		38.482.908	-	
Total Equity		**272.753.895**	**-**		**322.288.246**	**-**	
Non-current liabilities							
Bond issue	19	97.873.411	-		97.239.392	-	
Financial payables	20	2.279.610	-		2.918.777	-	
Provisions for personnel	21	1.429.528	-		1.750.581	-	
Deferred tax liabilities	22	9.495.069	-		17.697.691	-	
Provisions for risks and charges	23	1.755.853	-		5.397.233	-	
Sundry payables and other liabilities	24	477.792	-		718.618	-	
Total non-current liabilities		**113.311.263**	**-**	**0,0%**	**125.722.292**	**-**	**0,0%**
Current liabilities		-					
Bond issue	25	1.309.554	-		1.313.142	-	
Financial payables	26	77.872.265			101.370.087	4.500.000	4,4%
Other financial liabilities	27	-	-		245.641	-	
Current tax liabilities	28	12.660	-		1.492.384	-	
Sundry payables and other liabilities	29	9.994.168	577.926	5,8%	11.628.336	652.456	5,6%
Total current liabilities		**89.188.647**	**577.926**	**0,6%**	**116.049.590**	**5.152.456**	**4,4%**
Total equity and liabilities		**475.253.805**	**577.926**	**0,1%**	**564.060.128**	**5.152.456**	**0,9%**

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

Amounts in Euro

		30.09.2016	*of which related parties*	*%*	30.09.2015	*of which related parties*	*%*
Revenue	30	7.985.272	290.941	3,6%	18.739.780	418.337	2,2%
Other income	31	1.732.294	30.484	1,8%	1.537.905	27.706	1,8%
Variations in property inventories	32	(10.030.130)			(3.297.757)	-	
Costs for purchases	33	(2.303.734)			(6.342.096)	-	
Costs for services	34	(9.637.971)	(2.156.707)	22,4%	(17.006.401)	(2.465.907)	14,5%
Personnel costs	35	(6.627.391)	(1.214.602)	18,3%	(9.363.319)	(1.482.169)	15,8%
Other costs	36	(4.938.420)			(5.738.297)	(1.050.000)	18,3%
Dividends	37	899.530	666.203	74,1%	1.957.979	1.589.297	81,2%
Profit (loss) from management of financial assets and investments	38	7.825.320			2.589.033	(6.000.000)	-231,7%
Gross operating margin (EBITDA)		**(15.095.230)**			**(16.923.173)**		
Amortization and value adjustments to intangible assets	39	(321.236)			(705.142)	-	
Allocations to the provision for risks	40	(364.977)			(2.373.167)	-	
Value adjustments to financial assets and receivables	41	(23.532.590)			(3.757.433)	-	
Share of income (loss) of investments accounted for using the equity method	42	25.241.887			(1.361.720)	-	
Profit (loss) from non-recurring transactions	43	-			176.490	-	
Operating result (EBIT)		**(14.072.146)**			**(24.944.145)**		
Financial income	44	6.641.607	4.386.599	66,0%	9.599.937	6.961.373	72,5%
Financial expenses	45	(8.972.677)	(26.407)	0,3%	(11.694.348)	(21.828)	0,2%
Profit (loss) from trading of financial assets	46	60.740			5.356.974	-	
Income (loss) before taxes		**(16.342.476)**			**(21.681.582)**		
Income taxes	47	4.739.032			(1.523.690)		
Profit (loss) for the year		**(11.603.444)**			**(23.205.272)**		
Attributable to:							
Income (loss) pertaining to non-controlling interests	48	(7.097.515)			(887.324)		
Income (loss) pertaining to the Group		**(4.505.929)**			**(22.317.948)**		

Explanatory Notes

1. Form and content of the financial statements

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

2. Significant accounting standards and basis of preparation

2.1 General principles

The consolidated financial statements for the year ended as at 30 September 2016 were drafted in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union as at 30 September 2016, 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 25 of IAS 1, regarding the going concern assumption.

This section illustrates the general principles adopted in the drafting of the financial statements for the year ended as at 30 September 2016, as required by IAS 1.

a) Going concern
Assets, liabilities and "off-statement of financial position" transactions are valued according to operating values, given that they are set to last over time.

b) Accrual basis accounting
Costs and revenue are recorded, regardless of the moment of their monetary settlement, on an accrual basis and according to the matching 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) Materiality and Aggregation
Each material 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 revenue 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. They 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 hedging instruments.

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

The variations generated by transactions with non-owners must be shown in a single separate table that shows the performance in the year (statement of comprehensive income and losses recorded) or in two separate statements: 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-owners must also be shown separately in the Statement of changes in equity with respect to variations generated by transactions with owners.

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

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, operating result and the pre-tax result. The operating result is determined as the difference between net revenue and operating costs (the latter including non-monetary costs relating to amortization/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 materiality 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, available-for-sale assets, 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 revenue or costs connected to the cash flows deriving from investing 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 Euro.

Events after the reporting period (IAS 10)

These financial statements were authorised for publication, in accordance with IAS 10, by the Board of Directors on 14 December 2016. Reference should be made to the information in the Directors' Report on Operations for a description of the significant events after the reporting period.

2.3 Accounting standards adopted by the Mittel Group

Intangible assets (IAS 38)

Intangible assets are identifiable non-monetary assets without physical substance, 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 assets with a finite useful life is amortized using the straight-line method on the basis of the relative useful life.
If the useful life is indefinite, no amortization 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 amortized on a straight-line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At each reporting date, in the presence of impairment, the recoverable value of the asset is estimated.

The amount of the loss, booked in the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is derecognised 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-generating capacities of the investee. A test is conducted at the close of each financial year to check the value of goodwill. Any impairment loss 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 development to be amortized starting from the year their useful life starts.

Intangible assets with an indefinite life

An intangible asset shall be regarded by the Group 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 amortized but are subject to an impairment test, to verify the recoverability of their carrying amount; 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 amortized at the lower of the residual term of the rental agreement and the residual useful life of the asset to which the improvement relates. At each reporting date, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.
In the event of indication 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 revised, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.
Property, plant and equipment are derecognised 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.
Leasehold improvements are classified under property, plant and equipment, consistent with the nature of the cost incurred. The depreciation period corresponds to the shorter 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 liability for the same amount under liabilities.
The liability is gradually reduced on the basis of the repayment plan of principal amounts included in contractual payments, 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 shorter, 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 lease term.

Investments accounted for using the equity method (IAS 28)

Associates

The item includes interests held in:
- associates, recorded according to the equity method. Companies in which at least 20% of voting rights is held and investments which 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 measured according to the equity method, determined on the basis of the IFRS. 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, reversals of the impairment losses are booked to the income statement.

Companies subject to joint control

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

Other financial assets (IAS 32 and 39)

The item includes available-for-sale financial assets (current and non-current assets) and financial assets 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 at fair value through profit or loss.
In particular, this item includes investments not held for trading which do not qualify as investments in subsidiaries, associates or joint ventures, and bonds which are not traded. Following initial recognition, available-for-sale financial assets continue to be measured at fair value, with profits/losses deriving from the change in fair value recorded in a special equity reserve, 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 that 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 define 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 with it and simultaneously use values not taken from the market and involve estimates and assumptions.
Testing is carried out to check for any objective evidence of impairment at each reporting date.
The amount of any impairment loss 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 loss it is reversed. These reversals are booked in equity, in the case of equities, and in 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 fair value reserve 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 reporting date), available-for-sale financial assets are classified under "Other financial assets" in current or non-current assets.

Financial assets measured at fair value

This category contains securities acquired for the purpose of being held in the medium/long-term, and which are specifically designated as "non-current assets" at fair value through profit or loss. These assets are measured 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, Sector 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 that 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 determine 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 with it and simultaneously use values not taken from the market and involve estimates and assumptions.

Financial assets are derecognised when the contractual rights to 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 measured at cost, increased by incremental expenses and the capitalisable 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 order outcome 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 order profit or loss can be determined, in proportion to the part transferred.

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

Loans and receivables (IAS 32 and 39)

All non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified under loans and 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, upon initial recognition, are designated at fair value through profit and loss;
- those that, at the time of initial recognition, are designated as available for sale;
- those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Loans and 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 that recognition under the item Loans and receivables takes place after the reclassification from financial assets 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 amortized cost, equal to the initial recognition value, net of principal repayments, increased or decreased by impairment losses or reversal of impairment losses and amortization 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 reporting date, loans and receivables are tested for impairment, in order to identify any objective evidence that said loans and receivables have undergone impairment.
If there is objective evidence that the loans and receivables have undergone 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 impairment loss is booked to the income statement.
The original value of the loans and receivables is written back in subsequent years, with recognition in the income statement, to the extent which the reasons that determined the adjustment no longer exist.
Loans and 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 loans and receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the loans and receivables in the financial statements to the extent of the Group's continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the Group is exposed to a change in the value of said receivables.

Depending on their nature, loans and 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 loans and receivables is contractually established as after one year, these are classified under "non-current" assets. Loans and 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 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 measured 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 with 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 with variability in their value. Profit or loss resulting from remeasurement

of the hedging instrument at fair value 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 business unit 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 with assets held for sale.

Non-current assets held for sale are not subject to amortization/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 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 operating result, 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 Group'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 Group 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 Bonds (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 creditor. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Depending on their nature and expiry, liabilities are classified into the following items:

- bonds;
- financial payables;
- sundry payables and other liabilities.

Where, at the time of the initial 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 in the income statement.
Debt securities and the negative value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.

After initial recognition, financial liabilities held for trading are measured 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 quoted 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 change in 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 accrued 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 reporting date. The accrued 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 Group 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).

Share-based payment arrangements (IFRS 2)

As part of the medium/long-term incentive plans, payment arrangements are envisaged for the Chief Executive Officer of Mittel S.p.A. and management with share-based payments on shares representing capital, consisting in the assignment of rights which, subject to the predefined conditions being met and at the end of the last year of the vesting period, offer beneficiaries the right to obtain the cash equivalent or, at the discretion of the Board of Directors, the equivalent in the form of parent company shares.
In particular, the long-term variable incentive plan is based on the assignment of Stock Appreciation Rights (SARs), the value of which depends on the Mittel S.p.A. share performance. This plan envisages that, subject to predefined conditions being met, the beneficiaries can receive the equivalent in cash or in shares of the increase in value of the Company's ordinary share.
The fair value of transactions involving share-based payments settled in the form of equity instruments is recognised as a cost in the income statement under personnel costs or service costs as a balancing entry of the related item in equity, proportionally according to the period in which the service is provided and in consideration of the conditions established in the Incentive Plan regulations that offer the Company the option of choosing between cash settlement or the issue of equity instruments.

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 among equity reserves.

Business combinations and Goodwill

A business combination consists of an amalgamation of businesses or separate company activities 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 in the income statement in the period in which they are incurred.
Conditional considerations are considered part of the transfer price of the net assets acquired and measured at fair value on the acquisition date. Similarly, if the business combination contract makes provision for the right to the return of certain price components when specified conditions are met, this right is classified by the acquirer as an asset. Any subsequent changes in fair value shall be recognised to adjust the original accounting treatment only if they are caused by additional or better information about this fair value and if they take place within 12 months from the acquisition date; all other changes shall be recognised in the income statement.

Any positive difference between the cost of the acquisition and the Group's share of the fair value of the acquired identifiable assets, liabilities or contingent liabilities is recorded as goodwill. If the difference is negative, it is booked directly in 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 IFRS 3, 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 amortization. Goodwill always relates to the profit-generating activities identified, whose income and cash-flow generating capacity is constantly monitored for the purposes of impairment testing.
In the case of an acquisition of a subsidiary in phases, the non-controlling interest held previously, up until that moment accounted for in accordance with IAS 39 – Financial Instruments: Recognition, or according to IAS 28 - Investments in Associates and Joint Ventures, 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 measurement are recorded in the income statement. In addition, each value previously recorded in equity as Other comprehensive profit and loss, booked in 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 owners 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 in 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 accruals principle are recognised, consistently with the methods of recognition in the financial statements of the costs and revenue 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 and deferred tax assets and liabilities.
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.
Deferred tax assets and liabilities are determined on the basis of temporary differences - with no time limits - between the carrying amount of an asset or a liability and their tax base.
Deferred 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 relevant company or group of companies, due to exercise of the "tax consolidation" option, to generate positive taxable profit on an ongoing basis.
Deferred tax assets and liabilities 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 deferred tax assets 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 tax liabilities are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
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 taxes, 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)

Accruals to the provision for risks and charges are made exclusively when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits in order to fulfil the obligation;
- the amount of the obligation can be reliably estimated.

Where the time factor is significant, the provisions 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 claw-back claims; estimated disbursements for customer complaints relating to activities; other estimated disbursements in respect of existing legal or constructive obligations at the reporting date.

Revenue recognition (IAS 18)

Revenue is measured at the fair value of the consideration received for the sale of the products or services.

Sales of products

Revenue from product sales is recorded when all the following conditions are met:
- the significant risks and rewards related to ownership of the assets have been transferred to the buyer;
- effective control of the assets involved in the transaction and continuing managerial involvement to the degree usually associated with ownership are discontinued;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits deriving from the sale will flow to the Group;
- the costs incurred or to be incurred can be measured.

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

Revenue from services is 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 revenue can be reliably measured;
- it is probable that the economic benefits of the transaction will flow to the Group;
- 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 measured.

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 amortized 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 accruals basis, according to the provisions of the contents of the related agreement.

Dividends

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

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 amortization recognised (IAS 18). Guarantees received that are excluded from the scope 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 in the income statement.

Earnings per share (IAS 33)

Basic earnings per share are determined on the basis of the ratio of 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 have a dilutive effect.

Use of estimates

Preparation of the financial statement and the notes under IFRS requires management to use estimates and assumptions that affect the carrying amount of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities.
The estimates and assumptions used are based on experience and other factors considered relevant. The actual 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 that period, or also in subsequent periods if the revision has an effect on both the current 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 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 impairment losses 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 with 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 undergo impairment which cause them to fall into rating categories below the “investment grade” threshold are, reasonably, subject to 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 sources of information 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 amortized 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, an impairment loss 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 impaired before bonds issued by the same issuer company; therefore, indicators of the impairment of debt securities issued by a company, i.e. the impairment of said debt securities, are in themselves strong indicators of impairment of the equities of said company.

More generally speaking, to establish whether there is evidence of impairment of an equity instrument, 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 initially recognised book value;
- persistence of the situation of fair value lower than the initially recognised book value 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 in 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), equity 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 require 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 undergone impairment, the Group records an impairment loss 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 its Group, for the purposes of the drafting the separate and consolidated financial statements as at 30 September 2016, 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 timing, originally scheduled, of the process of disposal of investments at fair values.

Realisability of deferred tax assets

As at 30 September 2016, 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. For further details, please refer to note no. 10 of the consolidated financial statements.

Loans and receivables

For loans and 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 allowance for impairment 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 involved in legal disputes in relation to which, 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 cash outlay and when the amount of the resulting losses can be reasonably estimated. In the event in which a cash outlay becomes possible but the amount cannot be determined, this is reported in the notes to the consolidated financial statements.

Changes in accounting estimates

Pursuant to IAS 8, changes in accounting estimates are booked prospectively in the income statement starting from the year in which they are adopted. It should be noted that 2015-2016 was not characterised by changes to the estimate criteria already applied to draft the financial statements as at 30 September 2015.

Standards, amendments and interpretations effective for the year ended as at 30 September 2016

The following standards, amendments and interpretations were applied for the first time by the Group from 1 October 2015:

- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (published on 21 November 2013): relating to recognition in the financial statements of contributions from employees or third parties to the defined benefit plans. The adoption of these amendments had no effect on the Group's consolidated financial statements.

- On 12 December 2013, as part of the annual improvements to the standards, the IASB published the "Annual Improvements to IFRSs: 2011-2013 Cycle" (including: IFRS 3 Business Combinations - Scope exception for joint ventures, IFRS 13 Fair Value Measurement - Scope of portfolio exception, IAS 40 Investment Properties - Interrelationship between IFRS 3 and IAS 40) and the "Annual Improvements to IFRSs: 2010-2012 Cycle" (including IFRS 2 Share-Based Payments - Definition of vesting condition, IFRS 3 Business Combinations - Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement - Short-term receivables and payables), documents which partially supplement the pre-existing standards. The adoption of these amendments had no effect on the Group's consolidated financial statements.

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

The Group has not adopted the following new and amended Standards, issued but not yet in force.

- Amendment to IFRS 11 Joint Arrangements - "Accounting for acquisitions of interests in joint operations" (published on 6 May 2014: relating to the accounting of interests acquired in a joint venture where the activity acquired constitutes a business. The amendments apply from 1 January 2016 but early application is permitted.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - "Bearer Plants" (published on 30 June 2014): bearer plants, i.e. fruit trees with annual harvests (for example, vines, hazelnut trees) must be recognised in accordance with the requirements of IAS 16 (rather than IAS 41). The amendments apply from 1 January 2016 but early application is permitted.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - "Clarification of acceptable methods of depreciation and amortization" (published on 12 May 2014): according to which a revenue-based amortization criteria is normally considered inappropriate, in that revenue generated by an activity that includes the use of the asset being amortized or depreciated generally reflects factors other than mere consumption of the economic benefits of that asset, a requirement which vice versa is required for amortization/depreciation. The amendments apply from 1 January 2016 but early application is permitted.
- Amendment to IAS 1 - "Disclosure Initiative" (published on 18 December 2014): the aim of the amendments is to provide clarification on elements of the disclosure that could be perceived as inhibiting the clear, intelligible preparation of financial statements. The amendments apply from 1 January 2016 but early application is permitted.

The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.

Lastly, as part of the standards' annual improvement process, on 25 September 2014 the IASB published the "Annual Improvements to IFRSs: 2012-2014 Cycle" (including: IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 - Financial Instruments: Disclosure and IAS 19 - Employee Benefits), which partially supplement the pre-existing standards. These amendments apply at the latest from annual periods beginning on or after 1 January 2016.
The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.

Standards, amendments and interpretations not yet endorsed by the European Union

As at the reporting date of these consolidated financial statements, the competent bodies of the European Union have still not completed the endorsement process necessary for the adoption of the standards and amendments described below.

- IFRS 14 - Regulatory Deferral Accounts (published on 30 January 2014), allows only first-time adopters of IFRS to continue recognising amounts related to rate regulation activities in accordance with previously adopted accounting standards. As the Group is not a first-time adopter, this standard does not apply.
- IFRS 15 - Revenue from Contracts with Customers (published on 28 May 2014 and integrated with further clarifications published on 12 April 2016), which is due to replace IAS 18 - Revenue and IAS 11 - Construction Contracts, as well as IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model which will apply to all contracts signed with customers except those covered by the scope of other standards such as leases, insurance contracts and financial instruments. The key steps in recording revenue according to the new model are:
    - identification of the contract with the customer;
    - identification of the contract's performance obligations;
    - pricing;
    - allocation of the price to the contract's performance obligations;
    - revenue recognition criteria when the entity satisfies every performance obligation.

  The standard is applicable from 1 January 2018 but early application is permitted.
- Final version of IFRS 9 - Financial Instruments (published on 24 July 2014). The document incorporates the results of phases relating to Classification and Measurement, Impairment and Hedge Accounting of the IASB project to replace IAS 39:
    - introduces new criteria for the classification and measurement of financial assets and liabilities;
    - with regard to the impairment model, the new standard requires that expected credit losses are estimated on the basis of the expected losses model (and not on the incurred losses model used by IAS 39), using supporting information available without unreasonable cost or effort, including historical, current and forecast data;
    - introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, change in the accounting method for forward and option contracts when included in a hedge accounting relationship, changes to hedge efficiency testing)

  The new standard, which replaces previous versions of IFRS 9, must be applied to annual periods beginning on or after 1 January 2018.
- On 13 January 2016, the IASB published the IFRS 16 - Leases, which is due to replace IAS 17 - Leases as well as IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The new standard provides a new definition of "lease" and introduces a criterion based on the right of use of an asset to distinguish lease contracts from service contracts, as distinguishing features adopting the following: identification of the asset, the right to replace the asset, the right to essentially achieve all economic benefits from use of the asset and the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, envisaging recognition of the asset covered by the lease (including operating leases) under assets with a balancing entry of a financial payable, also offering the option of non-recognition as leases of contracts involving low-value assets and leases with a contractual term of 12 months or less. Vice versa, the standard does not include significant changes for lessors.

The standard is applicable from 1 January 2019 but early application is permitted, only for companies that opted for early adoption of IFRS 15 - Revenue from Contracts with Customers.

- On 11 September 2014, the IASB published an amendment to IFRS 10 and to IAS 28 "Sales or Contributions of Assets between an Investor and its Associate or Joint Venture". The document was published to solve the current conflict between IAS 28 and IFRS 10 in relation to measuring the gains or losses deriving from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a percentage of the latter's share capital. At present, the IASB has suspended the application of this amendment.
- On 18 December 2014, the IASB published the document Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), containing amendments relating to issues emerging following application of the consolidation exception offered to investment entities. The amendments introduced by this document must be applied from annual periods beginning on or after 1 January 2016, but early adoption is however permitted.
- On 19 January 2016, the IASB published the document "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" containing amendments to the international accounting standard IAS 12. The document aims to provide clarification on the recognition of deferred tax assets on unrealised losses in certain circumstances and based on estimated taxable income for future years. The amendments apply from 1 January 2017 but early adoption is permitted.
- On 29 January 2016 the IASB published the document "Disclosure Initiative (Amendments to IAS 7)" containing amendments to the international accounting standard IAS 7. The document aims to provide clarification to improve the disclosure of financial liabilities. In particular, the amendments require a disclosure that allows financial statements users to understand the changes in liabilities deriving from financing transactions. The amendments apply from 1 January 2017 but early application is permitted. The presentation of comparative data from previous years is not required.
- On 20 June 2016 the IASB published the document "Classification and Measurement of share-based payment transactions (Amendments to IFRS 2)", containing clarification on accounting for the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and accounting for the changes in terms and conditions of a share-based payment that amends the classification from cash-settled to equity-settled. The amendments apply from 1 January 2018 but early application is permitted.

The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements, except for accounting standards IFRS 9, IFRS 15 and IFRS 16, for which it is not possible however to provide a reasonable estimate of the effects until the Group has completed a detailed analysis.

3. Consolidation scope

The Consolidated Financial Statements include Mittel S.p.A. and its direct and indirect subsidiaries, including in the consolidation scope - as specifically provided for by the IFRS - also companies operating in business sectors dissimilar to those to which the Parent Company belongs.

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

Control only exists when the following elements are simultaneously present:

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

The consolidation scope does not include structured entities for which the requirements of effective control may be met, including regardless of the existence of an equity interest.

Entities in which, on a contractual basis, control is shared between the Parent Company, directly or indirectly, and one or more other entities, or when decisions about the relevant activities require the unanimous consent of the parties sharing control, are considered jointly controlled.

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

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

Lastly, the consolidation scope excludes non-investee companies for which pledged shares have been received with voting rights exceeding 20%, in consideration of the purpose of said instrument which is the protection of the credit granted and not the exercising of control and management of the financial and economic policies, in order to enjoy the economic benefits deriving from them.

With respect to the situation as at 30 September 2015, no significant changes were recorded in the consolidation scope, as regards companies consolidated on a line-by-line basis, associates or investments subject to joint control, deriving from the application of IFRS 10 and IFRS 11. The only changes to report are:

- the increase in the interest held in the subsidiary Iniziative Nord Milano S.r.l.;
- the increase in the interest held in the associate Castello Sgr S.p.A.;
- the merger of Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l. into the Parent Company Mittel S.p.A.

The table below indicates the investments included in the consolidation scope of the consolidated financial statements as at 30 September 2016:

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

(a) Type of relationship:
1 – majority of voting rights at ordinary shareholders' meeting;
2 – dominant influence at ordinary shareholders' meeting;
3 – agreements with other shareholders;
4 – joint control;
5 – other forms of control which, pursuant to IFRS 10, simultaneously attribute availability of the power of governance over the relevant activities and exposure to the variability of the resultant returns;
6 – company subject to significant influence;
7 - company subject to significant influence based on agreements with other shareholders which regulate their governance and administration with binding veto power over significant specific matters;
(b) Availability of votes at ordinary shareholders' meeting, distinguishing between actual and potential.
(c) The investment in Chase Mittel Capital Holding NV which is inactive and irrelevant is maintained at cost given that the valuation using the equity method is approximated by the cost.

Significant valuations and assumptions for determining the consolidation scope

As stated previously, the following are considered subsidiaries: companies in which Mittel S.p.A. is exposed to variable returns, or holds rights over said returns, deriving from its relationship with the same and at the same time has the capacity to affect the returns by exercising its power over said entities. Control only exists when the following elements are simultaneously present:
- power to direct the relevant activities of the investee;
- exposure or the rights to variable returns deriving from the relationship with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

More specifically, the Group considers the following factors when assessing the existence of control:

- the purpose and the structure of the investee, in order to identify the entity's objectives, its relevant activities or those that significantly affect returns, and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to direct the relevant activities;
- the exposure to the variability of the returns of the investee, in order to evaluate whether the return received by the Group may potentially vary based on the results achieved by the investee.

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

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

In order to exercise this power, the Group's rights over the investee must be substantive; to be substantive, these rights must be practically exercisable when the decisions about relevant activities must be taken.
The existence and effect of potential voting rights, where substantive, are taken into consideration when assessing whether the power to direct the financial and management policies of another entity exists or not.
No situations are recognised in which the Group is in a condition to exercise "de facto control" over an entity which, despite the absence of the majority of voting rights, demonstrates the ownership of rights, even of a non-participatory nature, such as to allow the unidirectional management of the investee's relevant activities.
Under subsidiaries, no "structured entities" are identified in which the voting rights do not represent key elements for the evaluation of control, including therein vehicle companies (SPE/SPV) and investment funds.

As at 30 September 2016, it should be noted that the Group owns the majority of the voting rights in all operating entities subject to line-by-line consolidation.
It should also be pointed out that there are no cases in which:
- control derives from the ownership of potential voting rights and/or other substantial rights;
- the Group holds the majority of voting rights and is not exposed to the variability of returns and is able to influence them

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

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

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

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

An associate is an entity in which the investor exercises a significant influence and which is neither a wholly-owned subsidiary nor a joint venture.
Entities in which the Group holds at least 20% of voting rights (including therein "potential" voting rights) or in which - despite with a lower share of voting rights - has the power to participate in the determination of the financial and management policies by virtue of particular legal links, such as participation in shareholders' agreements, are considered to be companies subject to a significant influence (associates).
Significant influence is presumed to exist when the investor owns, directly or indirectly, at least 20% of the capital of another company, or is able, also through shareholder agreements, to exercise a significant influence through:

- representation in the company's governing body;
- participation in the policy definition process, including therein participation in decisions relating to dividends or other distributions;
- the existence of significant transactions;
- the exchange of managerial personnel;
- the supply of essential technical information.

Any interests exceeding 20% in which the Group exclusively holds equity rights over a portion of the profits from the investments, has no access to the management policies and can exercise governance rights limited to the protection of its own equity interests, are not considered subject to a significant influence.

Changes in the consolidation scope

There were no significant changes in the consolidation scope in the year ended as at 30 September 2016. The only changes to report are:

- the increase in the interest held in the subsidiary Iniziative Nord Milano S.r.l.;
- the increase in the interest held in the associate Castello Sgr S.p.A.;
- the merger of Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l. into the Parent Company Mittel S.p.A.

Additional information on the subsidiaries with significant non-controlling interests:

With reference to the information required by IFRS 12 aimed at illustrating the interests that non-controlling interests have in the Group's activities and cash flows, the subsidiaries with significant non-controlling interests are considered to be represented by investments with non-controlling interests of greater than 10% of the relative higher value.
For each of the subsidiaries with significant non-controlling interests a summary is provided below of the economic and financial data of the subsidiary as at 30 September 2016 and the information relating to the share of the interests held by non-controlling shareholders and the percentage of voting rights.

The aforementioned economic and equity data derive from the accounting situations as at 30 September 2016 of the subsidiaries with significant non-controlling interests, appropriately reclassified and adjusted to take account of the consolidation requirements and, where necessary, to bring them into line with the Group accounting standards for the purpose of the consolidated financial statements as at 30 September 2016:

Subsidiaries:	**Ghea S.r.l.**	**Lucianita S.r.l.**	**Esse Ventuno S.r.l.**	**Santarosa S.r.l.**	**Earchimede S.p.A.**	**FD 33 S.r.l.**	**Fashion District Group S.r.l. in liq.**	**Fashion District Roma in liquidation**	**LOFT Srl**	**Parco Mediterraneo S.r.l.**
Gross operating margin (EBITDA)	**(49)**	**(236)**	**21**	**1.043**	**(220)**	**(645)**	**(883)**	**271**	**(1.303)**	**(258)**
of which:										
Revenue	-	*1.489*	*28*	*2.212*	-	-	*265*	-	*305*	-
Variations in property inventories	-	*(1.314)*	-	*89*	-	-	-	-	-	-
Costs for purchases	-	*(296)*	-	*(1.035)*	-	-	-	-	*(194)*	-
Costs for services	*(42)*	*(190)*	*(6)*	*(196)*	*(140)*	*(17)*	*(697)*	*(53)*	*(707)*	*(148)*
Personnel costs	-	-	-	-	-	-	*(580)*	-	*(153)*	-
Operating result (EBIT)	**(12.519)**	**(236)**	**21**	**1.043**	**(909)**	**(647)**	**(6.441)**	**271**	**(1.306)**	**(258)**
of which:										
Amortisations	-	-	-	-	-	*(2)*	*(7)*	-	*(3)*	-
Allocations	-	-	-	-	-	-	*(110)*	-	-	-
Value adjustments to financial assets	*(12.470)*	-	-	-	*(690)*	-	*(5.441)*	-	-	-
Profit (loss) from non-recurring transactions	-	-	-	-	-	-	-	-	-	-
Financial income	2.261	-	10	-	177	19	219	142	-	-
Financial expenses	(1.146)	(129)	-	(902)	(19)	-	(17)	-	(20)	(159)
Income (loss) before taxes	**(11.404)**	**(365)**	**31**	**141**	**(752)**	**(628)**	**(6.239)**	**413**	**(1.326)**	**(417)**
Income taxes	3.749	14	(8)	9	39	41	588	(166)	91	11
Profit (loss) for the year	**(7.654)**	**(351)**	**23**	**151**	**(712)**	**(586)**	**(5.651)**	**247**	**(1.236)**	**(406)**
of which Income (loss) pertaining to non-controlling interests	(3.751)	(172)	2	80	(101)	(88)	(2.449)	106	(535)	(164)
Non-current assets	**19.400**	**-**	**-**	**4**	**10.463**	**-**	**8.704**	**-**	**1**	**-**
of which:										
Financial receivables	19.400	-	-	-	-	-	7.378	-	-	-
Other financial assets	-	-	-	-	10.006	-	-	-	-	-
Current assets	**23.929**	**5.001**	**310**	**19.099**	**17.623**	**1.647**	**13.323**	**3.322**	**850**	**7.827**
of which:										
Property inventories	-	3.468	-	16.400	-	-	-	-	-	7.700
Financial receivables	23.903	-	268	-	-	1.545	5.000	-	-	-
Cash and cash equivalents	19	79	39	245	17.018	55	6.073	2.217	387	37
Total assets	**43.330**	**5.001**	**310**	**19.103**	**28.086**	**1.647**	**22.026**	**3.322**	**851**	**7.827**
Non-current liabilities	**5.403**	**270**	**-**	**80**	**7**	**-**	**2.855**	**1.200**	**28**	**-**
of which:										
Financial payables	-	270	-	80	-	-	-	-	-	-
Current liabilities	**24.132**	**2.689**	**77**	**18.641**	**3.491**	**14**	**1.746**	**855**	**1.749**	**6.894**
of which:										
Financial payables	24.096	2.221	-	16.734	1.545	-	-	-	1.650	5.728
Equity	**13.795**	**2.042**	**233**	**382**	**24.588**	**1.633**	**17.426**	**1.268**	**(925)**	**933**
of which attributable to non-controlling interests	***6.759***	***1.001***	***23***	***153***	***3.686***	***245***	***7.385***	***555***	***(402)***	***378***

Figures as at 30 September 2015:

Subsidiaries:	Ghea S.r.l.	Iniziative Nord Milano S.r.l.	Immobiliare Volta Marconi S.r.l.	Lucianita S.r.l.	Esse Ventuno S.r.l.	Santarosa S.r.l.	Earchimede S.p.A.	FD 33 S.r.l.	Fashion District Group S.p.A.	Loft S.r.l	Parco Mediterraneo S.r.l.
Gross operating margin (EBITDA)	**(70)**	**(816)**	**(17)**	**891**	**22**	**495**	**156**	**(26)**	**(580)**	**(710)**	**(621)**
of which:											
Revenue	-	*83*	-	*4.620*	*37*	-	-	-	*8.088*	*316*	-
Variations in property inventories	-	*(800)*	-	*(3.077)*	-	*5.735*	-	-	-	-	*(370)*
Costs for purchases	-	-	-	*(370)*	-	*(5.041)*	-	-	*(41)*	*(186)*	-
Costs for services	*(58)*	*(95)*	*(11)*	*(165)*	*(13)*	*(176)*	*(180)*	*(22)*	*(5.874)*	*(686)*	*53*
Personnel costs	-	-	-	-	-	-	-	-	*(2.287)*	*(162)*	-
Operating result (EBIT)	**(70)**	**(821)**	**(17)**	**891**	**22**	**495**	**(20)**	**(26)**	**(4.567)**	**(1.427)**	**(623)**
of which:											
Amortisations	-	-	-	-	-	-	-	-	(175)	(3)	-
Allocations	-	-	-	-	-	-	-	-	(1.840)	-	-
Value adjustments to financial assets	-	(6)	-	-	-	-	(154)	-	(1.436)	-	(2)
Profit (loss) from non-recurring transactions	-	-	-	-	-	-	-	-	176	-	-
Financial income	4.641	-	-	-	12	-	1.011	5	772	-	-
Financial expenses	(1.081)	(374)	-	(227)	(0)	(740)	-	(1)	(522)	(44)	(515)
Income (loss) before taxes	**3.490**	**(1.196)**	**(17)**	**664**	**33**	**(245)**	**990**	**(22)**	**(3.604)**	**(757)**	**(963)**
Income taxes	(1.176)	-	-	(218)	(9)	(3)	(222)	2	(108)	57	7
Profit (loss) for the year	**2.314**	**(1.196)**	**(17)**	**446**	**24**	**(248)**	**768**	**(20)**	**(3.713)**	**(700)**	**(955)**
of which Income (loss) pertaining to non-controlling interests	1.134	(299)	(8)	219	2	(99)	119	(3)	(1.234)	(304)	(414)
Non-current assets	**53.512**	**2**	**-**	**3**	**2**	**1**	**10.944**	**-**	**15.767**	**20**	**-**
of which:											
Financial receivables	53.512	-	-	-	-	-	-	-	10.441	-	-
Other financial assets	-	-	-	-	-	-	10.462	-	1.124	-	-
Current assets	**30**	**7.630**	**28**	**6.621**	**302**	**19.124**	**66.185**	**27**	**27.834**	**625**	**7.892**
of which:											
Property inventories	-	7.500	-	4.783	-	18.543	-	-	-	-	7.700
Financial receivables	-	-	-	-	265	-	32.130	-	-	-	-
Cash and cash equivalents	20	62	22	59	32	124	30.208	23	23.789	-	-
Total assets	**53.542**	**7.632**	**28**	**6.624**	**304**	**19.125**	**77.130**	**27**	**43.601**	**645**	**7.892**
Non-current liabilities	**9.152**	**414**	**-**	**273**	**-**	**80**	**7**	**1.130**	**6.346**	**23**	**6.044**
of which:											
Financial payables	-	379	-	270	-	80	-	1.130	-	-	-
Current liabilities	**22.941**	**6.707**	**-**	**3.958**	**94**	**18.813**	**1.248**	**16**	**4.098**	**62**	**121**
of which:											
Financial payables	22.882	6.644	-	3.569	-	17.430	-	-	-	-	-
Equity	**21.449**	**511**	**28**	**2.393**	**210**	**231**	**75.874**	**(1.115)**	**33.156**	**560**	**1.726**
of which attributable to non-controlling interests	***10.510***	***134***	***14***	***1.173***	***21***	***93***	***11.374***	***(167)***	***14.367***	***266***	***699***

Non-controlling interests, availability of non-controlling interests and dividends distributed to non-controlling interests

	Interests in capital of non-controlling interests	Availability of votes of non-controlling interests % (1)	Income (loss) pertaining to non-controlling interests	Equity pertaining to non-controlling interests	Dividends distributed to non-controlling interests
Ghea S.r.l.	49,00%	49,00%	(3.750.656)	6.759.368	-
Lucianita S.r.l.	49,00%	49,00%	(171.992)	1.000.543	-
Esse Ventuno S.r.l.	10,00%	10,00%	2.293	23.322	-
Santarosa S.r.l.	40,00%	40,00%	60.271	152.845	-
Earchimede S.p.A.	14,99%	14,99%	(100.723)	3.685.745	7.492.969
FD 33 S.r.l.	14,99%	0,00%	(87.629)	244.848	-
Fashion District Group S.r.l. in liquidation	43,33%	33,34%	(2.448.878)	7.384.621	3.333.333
Fashion District Roma S.r.l. in liquidation	43,33%	0,00%	105.689	555.083	-
Loft S.r.l.	43,33%	0,00%	(535.418)	(401.878)	-
Parco Mediterraneo S.r.l.	40,50%	0,00%	(164.413)	377.929	-
			(7.091.456)	**19.782.426**	**10.826.302**

(1): Availability of voting rights at ordinary shareholders' meetings

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

The section 'Significant accounting standards and basis of preparation', to which reference should be made, contains an illustration of the criteria and methods of determination of the consolidation scope and the reasons for which an investee is subject to joint control or significant influence.

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

Information on the Consolidated Statement of Financial Position

Non-current assets

4. Intangible assets

This item totalled EUR 41 thousand, a decrease of EUR 105 thousand over the previous year. The decrease is due in particular to amortization of this item in the year.

The item saw the following changes:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2015	**-**		**-**	**53.241**	**93.609**	**146.850**
Changes in the year:						
- acquisitions				6.160	16.499	**22.659**
- disposals					(14.813)	**(14.813)**
- reclassifications						**-**
- amortisation			-	(39.951)	(73.337)	**(113.288)**
- other changes	-		-	(6.000)	6.000	**-**
Total changes	**-**	**-**	**-**	**(39.791)**	**(65.651)**	**(105.442)**
Values as at 30.09.2016	**-**		**-**	**13.450**	**27.958**	**41.408**

5. Property, plant and equipment

This item amounted to EUR 3,8 million, up by EUR 2,9 million compared to 30 September 2015. 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 01.10.2015	**153.046**	**60.198**	**3.611**	**448.735**	**188.789**	**854.379**
Changes in the year:						
- acquisitions	3.267.076			10.139	44.989	**3.322.204**
- disposals				(74.308)		**(74.308)**
- reclassifications						**-**
- amortisation	(49.006)		(263)	(84.771)	(73.908)	**(207.948)**
- other changes	-	(60.198)	(2.517)	(36.553)	(30.969)	**(130.237)**
Total changes	**3.218.070**	**(60.198)**	**(2.780)**	**(185.493)**	**(59.888)**	**2.909.711**
Values as at 30.09.2016	**3.371.116**		**831**	**263.242**	**128.901**	**3.764.090**

The increase in the item is mainly attributable to Mittel S.p.A.'s purchase of the twelfth floor of the property at Piazza Diaz 7, Milan, where the registered office is located.

6. Investments accounted for using the equity method

These totalled EUR 88,1 million, up by EUR 0,2 million.

	30.09.2016	**30.09.2015**
Chase Mittel Capital Holding II NV in liquidtion	-	6.249
Tower 6 bis S.à r.l.	28.101.131	29.194.750
Liberata S.p.A.	5.400.000	5.342.653
Bios S.p.A.	50.749.060	49.916.944
Castello SGR S.p.A.	3.332.294	2.843.808
Mit.Fin S.p.A.	93.997	186.460
Superpartes S.p.A.	457.008	476.939
	88.133.490	**87.967.803**

The change in the item is as follows:

Name	% interest	Opening balances 1.10.2015	Purchase	Sales	Profit (loss) pro rata	Adjustments to valuation reserve	Other changes	Dividends distributed	Closing balances 30.09.2016
Direct associates									
Liberata S.p.A./Mittel Generale Investimenti S.p.A.	27,00%	5.342.654	-	-	23.071	(5.462)	39.737	-	5.400.000
Tower 6 bis S.à r.l.	49,00%	29.194.750	-	-	12.799.398	(13.893.017)		-	28.101.131
Chase Mittel Capital Holding II NV	27,55%	6.249	-	-	(6.249)	-		-	-
Castello SGR S.p.A.	23,17%	2.843.806	657.133	-	477.877	145.948	(467.067)	(325.403)	3.332.294
Bios S.p.A.	50,00%	49.916.944	-	-	12.060.182	(11.228.066)	-	-	50.749.060
Mit.Fin Compagnia Finanziara S.p.A.	30,00%	186.460	-	-	(92.463)	-	-	-	93.997
Over Earchimede S.p.A.									
Superpartes S.p.A.	11,89%	476.939	-	-	(19.930)	-	-	-	457.009
		87.967.803	**657.133**	**-**	**25.241.886**	**(24.980.597)**	**(427.330)**	**(325.403)**	**88.133.490**

Among the changes during the year, note those relating to the investments subject to joint control held by Mittel S.p.A. in Bios S.p.A. and Tower 6 Bis S.à r.l. Considerable gains on these investments were recorded in the income statement, mainly as a consequence of the disposals of Livanova Plc shares during the year by the two investees, which led to recognition in the income statement of a gain on disposal that was in part already incorporated into the equity valuations of the investees, as a balancing entry to the valuation reserve, in previous consolidated financial statements of the Mittel Group. Therefore, despite the presence of considerable gains recorded in the income statement, the two investments - which explain most of the balance in the financial statements item - record essentially stable book values, from a total of EUR 79,1 million to a total EUR 78,9 million.

Information on companies subject to joint control and associates:

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

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 income statement and statement of financial position figures as at 30 September 2016 of the jointly controlled companies, adjusted in compliance with IFRS for application of the equity method for the purposes of Group consolidation and the reconciliation between the summary of the economic-financial data presented and the book value of the joint interests, are detailed below:

	Bios S.p.A.	Tower 6 bis S.à r.l.
Jointly controlled companies (thousands of Euro)		
Non-current assets	**191.855**	**40.518**
Available-for-sale financial assets – Equity investments	191.855	89.732
Current assets	**39.264**	**39.341**
Cash and cash equivalents	39.254	10.134
Total Assets	**231.119**	**79.859**
Equity	**101.499**	**57.349**
Non-current liabilities	**152**	**-**
Current liabilities	**129.468**	**22.510**
	231.119	**79.859**
Gross operating margin	**(141)**	**(172)**
Costs for services	(742)	(172)
Operating result	**(293)**	**(172)**
Amortization/depreciation		-
Financial income	28.310	27.010
Financial expense	(3.897)	(700)
Income (loss) before taxes	**24.120**	**26.138**
Income taxes	-	(17)
Profit/(Loss) for the period (1)	**24.120**	**26.121**
Other profit/(loss) components after taxes (2)	(22.456)	(28.353)
Comprehensive profit (loss) (3) = (1) + (2)	**1.664**	**(2.232)**
% Interest		
Pro-rata comprehensive profit (loss)	*50%*	*49%*
Jointly controlled companies	**832**	**(1.094)**

In terms of significant restrictions on the capacities of investees subject to joint control or significant influence to transfer funds to the investor, it should be noted with respect to Bios S.p.A. and Tower 6 Bis S.à r.l., companies subject to joint control, the loan agreements in place with their lenders provide that they can distribute dividends subject to the transfer of investments in Livanova Plc and limited to the available resources after the fulfilment of the obligations with repayment priorities based on the contractual agreements. The creditors hold Livanova Plc shares as pledges on the existing loans.

In particular, it should be noted that two agreements were signed between Bios S.p.A. and Hopa S.p.A. (now Mittel S.p.A.) and two of Bios' creditor banks (MPS and UBI-Banco di Brescia, the latter later replaced by the Group company Ghea S.r.l.) for the restructuring of loans granted to the latter by Bios S.p.A. The banks participated in the coverage of losses accrued through the lowering of Bios S.p.A.'s share capital and its simultaneous recomposition, through the subscription of preference shares.
The Articles of Association of Bios S.p.A, as set out in the restructuring agreements, envisaged the recognition of rights to the preference shares (class "B" shares without voting rights) on the basis of which, for each distribution resolved after the achievement, by the preference shares, of the guaranteed amount, was to exclusively benefit the ordinary shares, until a total of EUR 75 million had been distributed in respect of the latter and any additional distribution was to equally benefit each of the ordinary and preference shares.
On 20 December 2013, a significant transaction was finalised involving the renegotiation and general restructuring of the equity and corporate structures aimed at strengthening the equity of Bios S.p.A, in particular through: (i) the purchase by Bios S.p.A of 818.182 preference shares owned by Monte dei Paschi di Siena pursuant to and in accordance with art. 2357 of the Italian Civil Code and the full cancellation of these; (ii) the maintenance, by the shareholder Ghea S.r.l. of preference shares owned with the simultaneous recognition by said Ghea S.r.l., in respect of Bios S.p.A. that, as at said date, no profits or other income is collectable that has been accrued in relation to preference shares owned; (iii) the simultaneous use, by Ghea S.r.l., of a portion of the receivable due in accordance with the Ghea S.r.l. loan agreement for the purposes of the equity strengthening of Bios S.p.A. equal to EUR 11 million in the form of principal and EUR 10,7 million 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 S.r.l.

This transaction became necessary to prevent Bios S.p.A., in consideration of the applicable loan agreements, from being obliged to sell the assets it owned.
The shareholders' agreement previously in place, signed by Mittel, Equinox, Tower 6, and, for aspects within their respective competence, by Tower 6Bis and Ghea S.r.l., a company jointly controlled by Mittel and Equinox and holder of special preference shares of Bios S.p.A. renewed on 12 November 2012, with extension of the expiry of 17 May 2015 and on 9 March 2015 with extension of the term until the fifteenth day effective from the earlier of the effective date of the planned combination between Sorin and Cyberonics (merger between Sorin and the UK company Sand Holdeo Limited through Cyberonics INC) and establishes that Bios S.p.A. does not carry out any activities, aside from those targeted at the disposal, management and development of the investment in Sorin S.p.A. (now Livanova Plc).
Even after expiry of the shareholders' agreement, the continued pledge on shares by the creditors and the business nature of the vehicle Bios leads to the presence of protection rights for Bios S.p.A. creditors in terms of the loans granted with a view to protecting their interests, which in essence exclude the exercise of substantive control over Livanova S.p.A. activities by the investors in Bios S.p.A. capital which are not liable for, or have rights upon, the variable results deriving from involvement with the investee.
In addition, the non-controlling shareholders (equal measure) of Bios S.p.A, are not only excluded from substantive control over the relevant activities of Bios but, despite being exposed to the variable returns of the investee, do not have the option to actually use their power to influence the investee's returns.
It should be pointed out that the indirect investment in Livanova Plc is considered an investment classified as a financial asset, given that, as specifically reported above, based on the contractual arrangements in place, Bios S.p.A. is a vehicle company dedicated exclusively to performing the transfer of the Livanova investment, whose revenue is allocated exclusively, on a pre-deduction basis, to the full repayment of existing bank loans and, therefore, with reference to said equity interest, Bios S.p.A. essentially holds exclusively equity rights subject to repayment of the financial payables and, solely in said exclusive eventuality of protection of its equity interests, exercises the subsequent governance rights over the investment in Livanova Plc.

With regard to the existence and measurement of protection rights and guarantees regarding the joint interests which limit the capacity to access the associated assets, or use them, it should be noted that as at 30 September 2016 the shares of Bios S.p.A. and Tower 6 Bis S.à.r.l. are pledged entirely in favour of the creditors.

In addition, with reference to the risks associated with events or circumstances which could expose the Group to a loss in relation to joint interests, it should be noted that Bios S.p.A. has a dispute in progress relating to the Snia S.p.A. (under extraordinary administration) proceedings described in detail in the previous paragraph "Main ongoing legal proceedings".

Lastly, note that during the year, on 29 April 2016, the Extraordinary Shareholders' Meeting of Bios S.p.A. amended art. 26 of its Articles of Association in order to adapt to the new ownership structure resulting from the transaction completed at the end of 2013. As a result of the statutory change, the rights of Ghea S.r.l., currently sole holder of Bios B shares, 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, is consequently reduced by EUR 37,4 million to EUR 17,0 million, plus a return of 4,875% capitalised on an annual basis and effective from 22 December 2013.
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 43,3 million, down on the EUR 53,5 million of the previous year, mainly due to the statutory change described above. The portion attributable to the open receivable is EUR 22,7 million.
Therefore, as at 30 September 2016 the reporting package of Bios shows an open financial payable of EUR 85,2 million due to Banca Monte dei Paschi di Siena S.p.A. and of EUR 23,9 million due to Ghea S.r.l. (added to which, as described previously, is the component payable to Ghea S.r.l. relating to the B shares). As described extensively in previous paragraphs, these loans are currently backed by Livanova Plc shares (received as a swap with Sorin S.p.A. shares previously held as pledge). In December 2015, as the conditions were met based on the Loan to Value underlying the loan, Bios exercised the option (i) to extend their expiry until the end of December 2016 and (ii) to capitalise the interest accrued. After 30 September 2016 (on 22 November 2016), following the disposal of Livanova shares in September 2016, Bios repaid a total of EUR 36,5 million, of which EUR 28,5 million to Banca MPS and EUR 8,0 million to Ghea.

Negotiations are at finalisation stage with two lenders for extension of the loans expiring on 22 December 2016.

The income statement and statement of financial position figures as at 30 September 2016 of the associates, adjusted in compliance with IFRS for application of the equity method for the purposes of preparing the Group consolidated financial statements and the reconciliation between the summary of the economic-financial data presented and the book value of the associates, are detailed below:

Companies subject to significant influence	**Castello SGR S.p.A.**	**Mit.Fin Compagnia Finanziaria S.p.A.**	**Superpartes S.p.A.**	**Liberata S.p.A.**	**Mittel Generale Investimenti S.p.A.**
(thousands of Euro)					
Non-current assets	**14.347**	**9**	**853**	**67.849**	**78.125**
Financial receivables	4.770	-	244	-	75.309
Other financial assets	6.574	-	-	-	-
Current assets	**5.416**	**379**	**259**	**212**	**942**
Cash and cash equivalents	-	278	94	206	538
Total assets	**19.763**	**388**	**1.112**	**68.061**	**79.067**
Equity	**14.381**	**313**	**780**	**31.109**	**70.710**
Non-current liabilities	**814**	**15**	**108**	**36.618**	**1.595**
Non-current financial payables	-	-	-	36.618	-
Current liabilities	**4.568**	**60**	**224**	**334**	**6.762**
Current financial payables	-	-	3	-	6.500
Total equity and liabilities	**19.763**	**388**	**1.112**	**68.061**	**79.067**

Gross operating margin	**3.186**	**(300)**	**(202)**	**14.110**	**1.196**
Costs for services	(1.847)	(721)	(406)	(110)	(962)
Operating result	**2.766**	**(304)**	**(422)**	**14.110**	**(409)**
Amortizations	(111)	(2)	-	-	(49)
Impairment on financial assets	-	-	6	-	(1.153)
Financial income	8	1	158	-	5.012
Financial expenses	(5)	-	(2)	(2.229)	(771)
Profit (loss) from trading of financial assets	(1)	-	98	-	(2.563)
Income (loss) before taxes	**2.768**	**(303)**	**(168)**	**11.881**	**1.269**
Income taxes	(706)	(5)	-	(275)	(665)
Profit (loss) for the year (1)	**2.062**	**(308)**	**(168)**	**11.606**	**604**
Other income net of taxes (2)	663	-	-	-	-
Total profit(loss) (3) = (1) + (2)	**2.725**	**(308)**	**(168)**	**11.606**	**604**

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

The reconciliation between the summary of the economic-financial data presented and the book value of the investments in jointly controlled companies and associates is detailed below:

(thousands of Euro)	Total equity	Pro rata equity	Goodwill	Impairment losses	Other changes	Book value
Jointly controlled companies:						
Bios S.p.A.	101.499	50.749	-	-	-	50.749
Tower 6 bis S.a.r.l.	57.349	28.101	-	-	-	28.101
	158.848	**78.850**	**-**	**-**	**-**	**78.850**
Companies subject to significant influence:						
Liberata S.p.A./Mittel Generale Investimenti S.p.A. (*)	33.988	9.177	-	(1.685)	(2.092)	5.400
Chase Mittel Capital Honding II NV	-	-	-	-	-	-
Castello SGR S.p.A.	14.381	3.332	-	-	-	3.332
Mit.Fin Compagnia Finanziara S.p.A.	313	94	-	-	-	94
Superparters S.p.A.	780	93	364	-	-	457
	49.462	**12.695**	**364**	**(1.685)**	**(2.092)**	**9.282**
	208.310	**91.546**	**364**	**(1.685)**	**(2.092)**	**88.133**

(*) Data of Liberata S.p.A. inclusive of the consolidation of the 100%investment in Mittel Generale Investimenti S.p.A. recognised for Eur 67,8 million

It should be noted that, at present there are no commitments deriving from contractual arrangements, particular events or circumstances that could subject the parent company Mittel S.p.A. and its subsidiaries to providing financial support to associates or non-consolidated structured entities which could determine future cash outflows and obligations from unconditional purchase commitments or unrecognised commitments to grant loans or guarantee any other type of financial support, including the intention to assist investees in obtaining financial assistance.

7. Financial receivables

These amounted to EUR 100,2 million, down by EUR 63,3 million.

	30.09.2016	30.09.2015
Loans	99.900.992	157.831.944
Other receivables	275.393	5.713.754
Security deposits		
	100.176.385	**163.545.698**

The item Loans is composed as follows:

	30.09.2016	30.09.2015
- Loans - financial institutions	10.000.000	30.000.000
- Loans - customers	89.900.992	127.831.944
	99.900.992	**157.831.944**

The item "Loans" mainly includes:

- loans of EUR 36,6 million, in place between Mittel S.p.A. and Liberata S.p.A., taken out on the transfer of the Mittel Generale Investimenti S.p.A. investment and subject to rescheduling, as illustrated among the subsequent events;
- the non-current portion of the receivable due to Ghea from Bios S.p.A. for EUR 19,4 million;
- the loan in place between Mittel S.p.A. and Montini S.p.A. amounting to EUR 16,6 million, taken out at the same time as the transfer of the investment in 2008, originally held by Hopa S.p.A. (incorporated into Mittel S.p.A. on 5 January 2012);
- the receivable of EUR 13,9 million due from Sofimar SA, for which recovery action is in progress following the award granted through international arbitration proceedings;
- the receivable of EUR 10,0 million due from Fondo Augusto as a result of full collection of the previous receivable of EUR 30,0 million and the granting of a new loan;
- the residual loan of EUR 2,0 million to Fingruppo Holding S.p.A. in liquidation, originally held by Hopa S.p.A. (incorporated into Mittel S.p.A. on 5 January 2012);
- the receivable of EUR 1,3 million due to Locaeffe S.r.l. in liquidation, subject to impairment in the previous year.
- the receivable of EUR 0,1 million due to Mittel S.p.A. from Tower 6 Bis S.à r.l.

The decrease in the item Loans to customers is attributable to (i) the EUR 10,2 million reduction in the receivable due to Ghea from Bios S.p.A. following the amendment to the latter's articles of association in relation to the Class B shares held by Ghea S.r.l. and (ii) the reclassification to current financial receivables of EUR 23,9 relating to a portion of the residual receivable. In addition, the receivable due to Fashion District Group S.r.l. in liquidation from the investee Alfa Park S.r.l. was fully written down as its recoverability was deemed remote.

The item "other receivables" comprises a receivable due to Markfactor S.r.l. in liquidation, already subject to impairment in the previous year.

8. Other financial assets

These totalled EUR 37,8 million, down by EUR 6,6 million.

The item is composed as follows:

	30.09.2016	30.09.2015
Available-for-sale financial assets		
Equities and fund units	37.731.003	43.313.411
Bonds	50.772	1.110.252
Derivative financial instruments		
Financial assets at fair value		
	37.781.775	**44.423.663**

Available-for-sale financial assets

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

	30.09.2016	30.09.2015
Available-for-sale financial assets		
Equities and fund units:		
Fondo Augusto	13.840.178	14.257.508
Equinox Two S.c.a.	11.235.220	10.818.448
Credit Access Asia NV	990.000	4.088.703
Fondo Cosimo I	3.760.259	4.041.198
Istituto Atesino di Sviluppo S.p.A.	3.312.953	3.312.953
SIA - SSB S.p.A.	1.400.000	1.400.000
Opera 2 Partecipations S.C.A.	773.488	1.301.120
Medinvest International S.A.	1.103.934	1.265.064
Pioneer - Fondo comune di investimento	-	1.123.506
Investitori Associati II S.A.	875.587	891.458
Fondo Progressio Investimenti	5.593	286.097
Lu-Ve S.p.A.	164.710	184.184
Mc Link	97.416	121.176
Nomisma S.p.A.	100.000	100.000
Frendy Energy	38.092	76.594
Warrant Lu-Ve S.p.A.	22.914	30.784
Società Editoriale Vita S.p.A.	7.660	10.638
Isfor 2000 S.c.p.a.	3.000	3.000
Inn. Tec S.r.l.	-	980
Bonds:		
Credit Acess 6,50% (bonds)	-	1.059.480
Editoriale Vita S.p.A. 4% (bonds)	50.772	50.772
	37.781.775	**44.423.663**

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

		Changes in the period							
Name/company name	Value as at 01/10/2015	Purchases and subscriptions	(Drawdowns) Reimbursements	Transfers	Capital gains (losses)	Impairment losses	Fair value adjustments	Reclassification to current and other changes	Value as at 30/09/2016
Equities and fund units:									
Fondo Augusto	14.257.508	-	-	-	-	(417.330)	-	-	13.840.178
Equinox Two S.c.a.	10.818.448	86.015	-	-	-	-	330.757	-	11.235.220
Credit Access Asia NV	4.088.703	-	-	(9.518.267)	5.814.767	-	604.797	-	990.000
Fondo Cosimo I	4.041.198	-	-	-	-	-	(280.939)	-	3.760.259
Istituto Atesino di Sviluppo S.p.A.	3.312.953	-	-	-	-	-	-	-	3.312.953
SIA - SSB S.p.A.	1.400.000	-	-	-	-	-	-	-	1.400.000
Opera 2 Partecipations S.C.A.	1.301.120	-	-	-	-	(527.632)	-	-	773.488
Medinvest International S.A.	1.265.064	-	-	-	-	(161.130)	-	-	1.103.934
Pioneer - Fondo comune di investimento	1.123.506	-	(1.123.983)	-	477	-	-	-	-
Investitori Associati II S.A.	891.458	-	-	-	-	-	(15.871)	-	875.587
Fondo Progressio Investimenti	286.097	-	-	(257.040)	-	(23.464)	-	-	5.593
Lu-Ve S.p.A.	184.184	-	-	-	-	(17.290)	(2.184)	-	164.710
Mc Link	121.176	-	-	-	-	(23.760)	-	-	97.416
Nomisma S.p.A.	100.000	-	-	-	-	-	-	-	100.000
Frendy Energy	76.594	-	-	-	-	(38.502)	-	-	38.092
Warrant Lu-Ve S.p.A.	30.784	-	-	-	-	-	(7.870)	-	22.914
Società Editoriale Vita S.p.A.	10.638	-	-	-	-	(1.695)	(1.284)	-	7.659
Isfor 2000 S.c.p.a.	3.000	-	-	-	-	-	-	-	3.000
Inn. Tec S.r.l.	980	-	-	-	-	(980)	-	-	-
Bonds:									
Credit Acess 6,50% (bondsi)	1.059.480	-	-	(1.059.480)	-	-	-	-	-
Editoriale Vita S.p.A. 4%(bonds)	50.772	-	-	-	-	-	-	-	50.772
									-
	44.423.663	86.015	**(1.123.983)**	**(10.834.787)**	**5.815.244**	**(1.211.783)**	**627.406**	**-**	**37.781.775**

Some information on the main changes in equity investments classified as "Available-for-sale financial assets" is provided below: The increase of EUR 1,1 million refers to the full repayment received by Fashion District Group S.r.l. in liquidation from Fondo Pioneer. The amount was collected in July 2016 as contractually envisaged.

The disposals amounting to EUR 10,8 million refer to the sale of shares (EUR 9,5 million) and bonds (EUR 1,1 million) of Credit Access Asia N.V. and to the disposal of part of the units held in Fondo Progressio Investimenti (EUR 0,2 million).

The capital gains of EUR 5,8 million are almost exclusively attributable to the part-disposal transaction relating to Credit Access Asia N.V.

The decreases due to impairment losses refer to the impairment losses recognised by the Parent Company for a total of EUR 522 thousand and, for EUR 689 thousand, to impairment losses recognised by Earchimede S.p.A. in relation to the funds Opera 2 Partecipations S.p.A. (EUR 528 thousand) and Medinvest International S.A. (EUR 161 thousand).

The item "Fair value adjustments", positive for EUR 627 thousand, refer mainly to the revaluations performed in relation to the fund Equinox Two S.c.a. (EUR 331 thousand) and the residual investment in Credit Access Asia N.V. (EUR 605 thousand), offsetting the impairment loss in Fondo Cosimo I (EUR 281 thousand).

9. Sundry receivables and other assets

The item "Sundry receivables and other non-current assets" totalled EUR 315 thousand (EUR 244 thousand as at 30 September 2015) and is composed as follows:

	30.09.2016	**30.09.2015**
Tax receivables	143.033	34.788
Other receivables	144.741	188.046
Other assets	27.199	21.166
	314.973	**244.000**

10. Deferred tax assets

These totalled EUR 1,3 million, down by EUR 3,3 million.

	30.09.2016	30.09.2015
Tax assets recognised in Profit or loss	1.227.482	4.595.593
Tax assets recognised in Equity	28.761	12.762
	1.256.243	**4.608.355**

	30.09.2016	30.09.2015
Deferred tax assets		
Assets/liabilities held for trading	-	-
Investments	-	-
Property, plant and equipment/intangible assets	-	-
Allocations	-	-
Other assets/liabilities	36.856	50.451
Receivables	-	833.028
Losses carried forward	1.219.387	3.717.127
Other	-	7.749
	1.256.243	**4.608.355**

The item tax assets is mainly composed of the contribution from the Fashion District Group, with deferred tax assets totalling EUR 1,2 million recorded under its assets. Changes in the item tax assets recognised in profit and loss are as follows:

	30.09.2016	30.09.2015
Opening Balance	**4.595.593**	**5.483.022**
Increases	**302**	**2.310.038**
Deferred tax assets recorded in the period:	**-**	**285.210**
- relating to previous years	-	-
- other	-	285.210
Increases in tax rates	-	25.209
Other increases	302	1.999.619
Decreases	**(3.368.413)**	**(3.197.467)**
Deferred tax assets cancelled in the period:	**(2.823.180)**	**(3.174.903)**
- reversals	(2.823.180)	(3.174.903)
Decreases in tax rates	-	-
Other reductions	(545.233)	(22.564)
	1.227.482	**4.595.593**

The item reversals relates mainly to the release of deferred tax assets, recognised in previous years by Fashion District Group S.r.l. in liquidation (EUR 1,5 million) and by Fashion District Roma S.r.l. in liquidation (EUR 0,2 million), released this year as deemed to be of uncertain recovery, despite the presence of deferred tax liabilities resulting from the timing of expected deductibility of the related tax items. It also includes EUR 0,9 million for the release of deferred tax assets recorded by Fashion District Group S.r.l. on previous years' losses, partly used in the year ended as at 30 September 2016.

Changes in the item tax assets recognised in equity are as follows:

	30.09.2016	30.09.2015
Opening Balance	**12.762**	**21.671**
Increases	**36.206**	**12.830**
Deferred tax assets recorded in the period:	**7.703**	**2.350**
- relating to previous years	-	-
- other	7.703	2.350
Increases in tax rates	-	-
Other increases	28.503	10.480
Decreases	**(20.207)**	**(21.739)**
Deferred tax assets cancelled in the period:	**(10.423)**	**(21.739)**
- reversals	(10.423)	(21.739)
Decreases in tax rates	-	-
Other reductions	(9.784)	-
	28.761	**12.762**

Deferred tax assets are recognised to the event it is deemed likely that taxable profits will be generated to allow the use of the amount recognised as at 30 September 2016.

Management recorded the 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 companies included in the Mittel tax consolidation, after offsetting performed for the purpose of the financial statements as at 30 September 2016, totalled EUR 56,8 million. The Group companies did not recognise any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the period through the fee due in accordance with the provisions of the tax consolidation contract.

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

Current assets

11. Property inventories

As at 30 September 2016, the item amounted to EUR 99,6 million, a decrease of EUR 10,2 million compared to the previous year. In particular, the item is composed as follows:

	30.09.2016	30.09.2015
Properties under construction	91.890.721	102.129.602
Properties under development	7.700.000	7.700.000
Properties held for trading		
	99.590.721	**109.829.602**

As regards "properties under construction", see the table below which shows the changes in the item. The item "properties under development", however, refers to a development site in the province of Catania held via Parco Mediterraneo S.r.l. Specifically, it is an area of around 600.000 square metres located in the Municipality of Belpasso (CT). For further information on the investee and its assets, please refer to the section on investees in the Report on Operations.

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

	30.09.2016	30.09.2015
Breme S.r.l.	10.100.000	11.400.000
CAD Immobiliare S.r.l.	16.073.866	17.973.866
Fede S.r.l.	6.900.000	7.582.037
Gamma Tre S.r.l.	5.210.000	5.720.000
Iniziative Nord Milano S.r.l.	6.200.000	7.500.000
Lucianita S.r.l.	3.468.462	4.782.838
Mittel Investimenti Immobiliari S.r.l.	10.938.393	12.937.804
MiVa S.r.l.	13.000.000	14.000.000
Regina S.r.l.	1.500.000	1.689.833
Santarosa S.r.l.	18.500.000	18.543.224
Total	**91.890.721**	**102.129.602**

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

	30.09.2015	Initiative transfer/other	increase for capitalisation of cost	Decreases for sales	Impairment	Changes in advances	30.09.2016
Breme S.r.l.	11.400.000		3.428		(1.303.428)		10.100.000
CAD Immobiliare S.r.l.	17.973.866		7.748	(307.032)	(1.600.716)		16.073.866
Fede S.r.l.	7.582.037				(682.037)		6.900.000
Gamma Tre S.r.l.	5.720.000		74.951		(552.551)	(32.400)	5.210.000
Iniziative Nord Milano S.r.l.	7.500.000			(584.939)	(715.061)		6.200.000
Lucianita S.r.l.	4.782.838		295.694	(1.610.070)			3.468.462
Mittel Investimenti Immobiliari S.r.l.	12.937.804		515.751	(758.768)	(1.712.284)	(44.110)	10.938.393
MiVa S.r.l.	14.000.000		188.610		(1.188.610)		13.000.000
Regina S.r.l.	1.689.833		686		(190.520)		1.500.000
Santarosa S.r.l.	18.543.224		1.383.217	(1.999.534)	705.334	(132.241)	18.500.000
Totale	**102.129.602**	**-**	**2.470.085**	**(5.260.343)**	**(7.239.873)**	**(208.751)**	**91.890.721**

In order to allow a better analysis of the Group's property portfolio, in support of the financial statement disclosures, 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 realisable value. The cost is increased by the incremental expenses and capitalisable financial expenses. Any impairment to the net realisable value is performed on the basis of an appraisal of the individual properties 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 appraisal is conducted at the reporting date. For development projects, the appraisals 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.
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 using the appropriate discount rates, the financial components and business risk of the transaction. Given that the cash flows are the result of the difference between revenue 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 such as: 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 2016, the Group's property portfolio recorded an overall adjustment based on the net realisable value, carried out on the basis of appraisals performed on the individual properties by an independent expert, for a total of EUR 7.239.873, which is broken down, for the individual subsidiaries to which the specific property initiatives relate, as follows:

Write–down/write-back of property inventories	Eur
Breme S.r.l.	1.303.428
CAD Immobiliare S.r.l.	1.600.716
Fede S.r.l.	682.037
Gamma Tre S.r.l.	552.551
Iniziative Nord Milano S.r.l.	715.061
Mittel Investimenti Immobiliari S.r.l.	1.712.284
MiVa S.r.l.	1.188.610
Regina S.r.l.	190.520
Santarosa S.r.l.	(705.334)
	7.239.873

12. Financial receivables

As at 30 September 2016, the item amounted to EUR 33,0 million, an increase of EUR 32,1 million, and is composed as follows:

	30.09.2016	30.09.2015
Loans	27.850.798	233.421
Other receivables	5.100.000	677.194
Security deposits		
	32.950.798	**910.615**

The item Loans is composed as follows:

	30.09.2016	30.09.2015
Loans - financial institutions	57.377	233.421
Loans - customers	27.793.421	-
	27.850.798	**233.421**

Current loans - financial institutions comprise the interest accrued but not yet collected on the loan to Fondo Augusto.

Current loans - customers are composed as follows:

- the current portion of the receivable due to Ghea from Bios S.p.A. for EUR 23,9 million. In the previous year this amount was classified under non-current financial receivables;
- the receivable due from the disposal of shares in the investment held in Credit Access Asia N.V. for EUR 3,9 million. This amount was collected, as contractually envisaged, in December 2016.

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

13. Other financial assets

As at 30 September 2016, the item refers mainly to the valuation of the securities held by Mittel S.p.A. as a result of the merger of Mittel Partecipazioni Stabili S.r.l., which contributed EUR 4,6 million to this item, reclassified under current assets as a result of the planned disposal of said securities during the next year, and to the trading shares held by Mittel S.p.A. for EUR 2,1 million.

The item is composed as follows:

	30.09.2016	30.09.2015
Bonds	-	3.009.814
Equity instruments	6.909.464	17.042.685
Derivative financial instruments	-	21.773
	6.909.464	**20.074.272**

Changes in current bonds and equity instruments are detailed below:

Amount in Euro		Changes in the period					
Name/company name	Amount as at 01.10.2015	Purchases and subscriptions	Transfers and reimbursements	Capital gais (losses)	Impairment losses	Fair Value adjustments	Amount as at 30.09.2016
Current available-for-sale financial assets:							
Intesa San Paolo S.p.A. (current)	3.945.000	-	(1.534.934)	(43.066)	-	(886.500)	1.480.500
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)	9.470.457	250.500	-	-	(1.287.741)	(5.268.503)	3.164.713
RCS Media Group S.p.A.	78.803	7.756	(97.900)	11.341	-	-	-
	13.494.260	**258.256**	**(1.632.834)**	**(31.725)**	**(1.287.741)**	**(6.155.003)**	**4.645.213**
Financial assets held for trading:							-
Equities	3.548.425	4.719.691	(5.576.928)	(426.937)			2.264.251
Bonds	3.009.814	1.341.750	(4.519.639)	168.075			-
	6.558.239	**6.061.441**	**(10.096.567)**	**(258.862)**	**-**	**-**	**2.264.251**
	20.052.499	**6.319.697**	**(11.729.401)**	**(290.587)**	**(1.287.741)**	**(6.155.003)**	**6.909.464**

14. Current tax assets

As at 30 September 2016, the item amounted to EUR 10,8 million, a decrease of EUR 3,9 million.

	30.09.2016	30.09.2015
IRES (corporate income tax)	9.526.956	12.728.765
IRAP (regional business tax)	1.314.256	1.304.089
Other taxes	-	687.844
	10.841.212	**14.720.698**

Current IRES tax assets relate, for EUR 8,1 million (EUR 11,4 million in the previous year), to the receivable due from the tax authorities deriving from tax withholdings and payments on account made to date relating to Mittel S.p.A. and deriving from the National Global Tax Consolidation and, for the remainder, to IRES receivables transferred from the Parent Company to Mittel Advisory S.r.l. (EUR 108,3 thousand), Breme S.r.l. (EUR 10,9 thousand), Cad Immobiliare S.r.l. (EUR 14,4 thousand), Earchimede S.p.A. (EUR 423 thousand), Fashion District Roma S.r.l. in liquidation (EUR 8 thousand), Fede S.r.l. (EUR 53,7 thousand), Gamma Tre S.r.l. (EUR 79,9 thousand), Ghea S.r.l. (EUR 5,6 thousand), Lucianita S.r.l. (EUR 54,2 thousand), Mittel Advisory Debt and Grant S.p.A. (EUR 312 thousand), Mittel Investimenti Immobiliari S.r.l. (EUR 101,1 thousand), Miva S.r.l. (EUR 81,8 thousand), Parco Mediterraneo S.r.l. (EUR 7,7 thousand), Regina S.r.l. (EUR 8,8 thousand) and Santarosa S.r.l. (EUR 59,5 thousand), in addition to the receivable due from the tax authorities for withholdings and payments on account paid by Iniziative Nord Milano S.r.l. (EUR 35,9 thousand) and Earchimede S.p.A. (EUR 48 thousand).

The IRAP receivable is due to payments on account made by Mittel S.p.A. (EUR 1,0 million), Mittel Advisory S.r.l. (EUR 65,6 thousand), Earchimede S.p.A. (EUR 47,5 thousand), Fashion District Group S.r.l. in liquidation (EUR 15,0 thousand), Fashion District Roma S.r.l. in liquidation (EUR 18,5 thousand), Lucianita

S.r.l. (EUR 72,4 thousand), Mittel Advisory Debt and Grant S.p.A. (EUR 35,5 thousand), Santarosa S.r.l. (EUR 9,9 thousand) and Iniziative Nord Milano S.r.l. (EUR 9,1 thousand).

The item showed the following changes:

	30.09.2016	30.09.2015
Opening balance	**14.720.698**	**17.492.198**
Increases	**124.640**	**670.246**
Current tax assets recorded in the period:	**27.930**	**272.309**
- relating to previous years	-	-
- other	27.930	272.309
Other increases	96.710	397.937
Decreases	**(4.004.126)**	**(3.441.746)**
Current tax assets cancelled in the period:	**-**	**(264.466)**
- reimbursements	-	(264.466)
- Other decreases	(4.004.126)	(3.177.280)
	10.841.212	**14.720.698**

Of the decreases, EUR 3,3 million refer to the IRES and IRAP receivables offset against the payment of taxes through Form F24.

15. Sundry receivables and other assets

As at 30 September 2016, the item amounted to EUR 8,5 million, decreasing by EUR 7,6 million, and was composed as follows:

	30.09.2016	30.09.2015
Trade receivables	1.232.399	3.914.489
Receivables from leases	-	513.974
Other tax receivables	4.004.260	4.969.154
Other receivables	2.830.195	6.117.562
Accrued income and prepaid expenses	436.834	620.561
	8.503.688	**16.135.740**

The item trade receivables is mainly comprised of receivables due from the customers of companies in the Advisory sector deriving from ordinary operations.
The tax receivables refer mainly to (i) the Group VAT receivable for EUR 2,1 million, (ii) VAT receivables accrued by Fashion District Group S.r.l. in liquidation for EUR 1,2 million, Loft S.r.l. for EUR 0,2 million, Parco Mediterraneo S.r.l. for EUR 0,1 million, Santarosa S.r.l. for EUR 0,2 million and (iii) the receivable recorded by Markfactor S.r.l. in liquidation following the transformation of deferred tax assets into tax credits pursuant to Italian Law Decree 201/11 for EUR 0,1 million. The decrease in this item compared to the previous year is due to reimbursements received in relation to VAT receivables accrued by Miva S.r.l. (EUR 0,4 million) and Lucianita S.r.l. (EUR 0,5 million), as well as to the collection of a tax receivable originally due to Hopa S.p.A. (merged into Mittel S.p.A. on 5 January 2012) for a total of EUR 0,2 million.

The item Other receivables is strongly affected by the contribution from the real estate sector, and in particular from (i) Lucianita S.r.l. for EUR 1,3 million, in relation to a receivable due from the general contractor Ediltecnica S.r.l. for a dispute concerning failure to deliver the property and (ii) Miva S.r.l. for EUR 1,1 million, referring to the receivable due from the general contractor Ediltecnica S.r.l. in relation to the costs incurred by the Company to undertake works not completed by that general contractor. The latter receivable was covered by insurance guarantees.

The remainder of the item Other receivables is mainly attributable to advances to suppliers paid by Mittel S.p.A.

The item accruals and deferrals is mainly due to the deferral of expenses for insurance policies stipulated by the Parent Company Mittel and its subsidiaries.

16. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 85,0 million (EUR 100,6 million as at 30 September 2015), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	30.09.2016	30.09.2015
Cash	15.243	15.498
Bank and postal deposits	84.974.315	100.582.955
	84.989.558	**100.598.453**

As regards changes in the item, please refer to the consolidated cash flow statement.

Statement of financial position - Liabilities

Equity

17. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 253,0 million, a decrease of EUR 30,8 million over 30 September 2015.

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

	30.09.2016	**30.09.2015**
Share capital	87.907.017	87.907.017
Legal reserve	16.760.462	16.760.462
Treasury shares	(21.553.509)	(26.514.895)
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	48.281.304	79.925.256
Other reserves	63.743.894	92.710.606
Profit (loss) of previous years	8.622.012	1.618.622
Profit (loss) for the year	(4.505.929)	(22.317.948)
Equity	**252.971.469**	**283.805.338**

Changes in equity during the year are shown in detail in the relative schedule 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 2016, the Parent Company held 12.357.402 treasury shares, compared to 15.308.706 held as at 30 September 2015. This change is attributable to the following events:

- on 15 November 2015, the Board of Directors of Mittel S.p.A. co-opted Rosario Bifulco to the post of Chief Executive Officer. At that same meeting, considering the strategic value of the expected contribution of Rosario Bifulco, the Board of Directors resolved upon the assignment to him of 5.300.000 treasury shares at the price of EUR 1,73 per share, equal to the average book value of the treasury shares in portfolio;
- the amendments to the articles of association approved by the Shareholders' Meeting of 23 December 2015, which gave shareholders not party to that resolution the right of withdrawal pursuant to art. 2437, paragraph 2 of the Civil Code. The liquidation process resulting from the subscription of 3.980.185 shares was finalised as follows:
    - on 11 April 2016, as a result of the rights offer and pre-emption, pursuant to art. 2437-quater, paragraph 1 of the Civil Code, 1.631.489 shares were liquidated with the ratio of 1 share for every 18,5737 options;
    - by the maximum deadline of 180 days, pursuant to art. 2437-quater, paragraph 5 of the Civil Code, i.e. on 25 July 2016, the remaining 2.348.696 shares had been liquidated, taking into account that their stock exchange placement failed, through purchase by Mittel S.p.A.

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:

Amounts in thousands of Euro

Fair value reserve	**Valuation reserve pertaining to the Group as at 01.10.2015**	**Changes in the consolidation scope**	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 gains (losses)	Valuation reserve pertaining to the Group as at 30.09.2016	**Share pertaining to non-controlling interests as at 30.09.2016**	**Total valuation reserve as at 30.09.2016**
Available-for-sale financial assets:									
Ubi Banca Scpa	5.268	-	-	(5.268)	-	-	-	-	-
Intesa San Paolo S.p.A.	2.594	-	-	(887)	(1.037)	-	670	-	670
Isa S.p.A.	969	-	-	-	-	-	969	-	969
Fondo Cosimo I	747	-	-	(204)	-	-	543	-	543
Fondo Augusto	-	-	-	-	-	-	-	-	-
Editoriale Vita S.p.A.	1	-	-	(1)	-	-	-	-	-
SIA - SSB S.p.A.	1.168	-	-	-	-	-	1.168	-	1.168
Equinox SCA (quota di Mittel)	179	-	137	-	-	-	316	-	316
Equinox SCA (quota di Earchimede)	264	-	165	-	-	-	429	76	505
Credit Access Asia N.V.	-	-	605	-	-	-	605	-	605
Fondo dimensione Network	-	-	-	-	-	-	-	-	-
Lu-ve S.p.A.	2	-	-	(2)	-	-	-	-	-
Warrant Lu-ve S.p.A.	30	-	-	(8)	-	-	22	-	22
Investitori Associati II SA (in liquidation)	444	-	-	(13)	-	-	431	76	507
Opera 2A Partecipations SCA	-	-	-	-	-	-	-	-	-
Opera 2C Partecipations SCA	-	-	-	-	-	-	-	-	-
Fondo Pioneer	103	-	-	(103)	-	-	-	-	-
Total	**11.770**	**-**	**907**	**(6.486)**	**(1.037)**	**-**	**5.153**	**152**	**5.305**
							-		-
Investments measured using the equity method:									-
Tower 6 bis S.à r.l.	27.574	-	-	(349)	(13.544)	-	13.681	-	13.681
Bios S.p.A.	40.719	-	-	(11.228)	-	-	29.491	-	29.491
Castello SGR S.p.A.	(52)	(7)	153	-	-	-	94	-	94
Totale	**68.241**	**(7)**	**153**	**(11.577)**	**(13.544)**	**-**	**43.266**		**43.266**
									-
Derivative instruments for interest rate hedges :									-
Actuarial reserve	(87)	-	10	(61)	-	-	(138)	(3)	(141)
	(87)	**-**	**10**	**(61)**	**-**	**-**	**(138)**	**(3)**	**(141)**
	79.924	**(7)**	**1.070**	**(18.124)**	**(14.581)**	**-**	**48.281**	**149**	**48.430**

Other comprehensive income/(expense)

The value of Other comprehensive income (expense) is composed as follows:

Amounts in thousands of Euro			**Non-controlling interests**		**Income (expense) pertaining to the Group**	
	01.10.2015 30.09.2016	**01.10.2014 30.09.2015**	**01.10.2015 30.09.2016**	**01.10.2014 30.09.2015**	**01.10.2015 30.09.2016**	**01.10.2014 30.09.2015**
Profit (loss) for the year (A)	**(11.603.444)**	**(23.205.272)**	**(7.097.515)**	**(887.324)**	**(4.505.929)**	**(22.317.948)**
Effective part of the profits/(losses) on cash flow hedges	-	-		-	-	-
Profits/(losses) from the redetermination of available-for-sale financial assets	(5.709.817)	450.006	(51.127)	(7.094)	(5.658.690)	457.100
Profits/(losses) from the transfer of available-for-sale financial assets	(1.037.402)	(7.231.563)	-	-	(1.037.402)	(7.231.563)
Release to the income statement of losses for fair value on available-for-sale financial assets	-	(6.350)	-	-	-	(6.350)
Profits/(losses) of companies valued using the equity method	(24.975.135)	33.913.503	-	-	(24.975.135)	33.913.503
Profits/(losses) from remeasurement of defined benefit plans	(62.088)	49.036	5.264	(12.210)	(67.352)	61.246
Tax effect relating to other profits/(losses)	94.488	(10.765)	(139)	3.559	94.627	(14.324)
Total other income/(expence), net of taxes (B)	**(31.689.954)**	**27.163.867**	**(46.002)**	**(15.745)**	**(31.643.952)**	**27.179.612**
Total comprehensive income/(expence) (A) + (B)	**(43.293.398)**	**3.958.595**	**(7.143.517)**	**(903.069)**	**(36.149.881)**	**4.861.664**

The tax effect relating to Other consolidated income/(expense) is composed as follows:

	01.10.2015 30.09.2016 Gross value	01.10.2015 30.09.2016 Tax expense/benefit	01.10.2015 30.09.2016 Net value	01.10.2014 30.09.2015 Gross value	01.10.2014 30.09.2015 Tax expense/benefit	01.10.2014 30.09.2015 Net value
Effective part of the profits/(losses) on cash flow hedges	-	-	-	-	-	-
Profits/(losses) from the redetermination of available-for-sale financial assets	(5.709.817)	77.414	(5.632.403)	450.006	(718)	449.288
Profits/(losses) from the transfer of available-for-sale financial assets	(1.037.402)	-	(1.037.402)	(7.231.563)	-	(7.231.563)
Release to the income statement of losses for fair value on available-for-sale financial assets	-	-	-	(6.350)	-	(6.350)
Profits/(losses) of companies valued using the equity method	(24.975.135)	-	(24.975.135)	33.913.503	-	33.913.503
Profits/(losses) from remeasurement of defined benefit plans	(62.088)	17.074	(45.014)	49.036	(10.047)	38.989
Other components of the statement of comprehensive income reclassified to the income statement						-
Total other income/(expence)	**(31.784.442)**	**94.488**	**(31.689.954)**	**27.174.632**	**(10.765)**	**27.163.867**

18. Non-controlling interests

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

	30.09.2016	30.09.2015
Share capital pertaining to non-controlling interests	7.017.633	6.231.355
Tresury shares pertaining to non controlling interests		
Other reserves pertaining to non-controlling interests	19.713.303	32.943.900
Non-controlling interests - Reserve from available-for-sale financial assets	151.600	203.829
Non-controlling interests - Cash flow hedge reserve	-	-
Non-controlling interests - Actuarial reserve IAS 19	(2.595)	(8.852)
Profit (loss) for the year pertaining to non-controlling interests	(7.097.515)	(887.324)
Equity pertaining to non-controlling interests	**19.782.426**	**38.482.908**

Non-current liabilities

19. Bond issue

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

	30.09.2016	30.09.2015
"Mittel S.p.A. 2013-2019" TF 6% bonds		
Current portion	1.309.554	1.313.142
Non-current portion	97.873.411	97.239.392
	99.182.965	**98.552.534**

More specifically, the liability for Bonds breaks down as follows:

	30.09.2016	30.09.2015
Current portion		
"Mittel S.p.A. 2013-2019" TF 6% bonds	1.310	1.313
Non-current portion		
"Mittel S.p.A. 2013-2019" TF 6% bonds	99.854	99.854
Total nominal repayment	**101.164**	**101.167**
Measurement at amortized cost	(1.981)	(2.614)
Total book value	**99.183**	**98.553**

The single issue of the bonds to service the public exchange offer (OPSC) and the public subscription option (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 bonds 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 redeemed during the OPSC have the same characteristics as the bonds involved in the OPSO and, therefore, accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the "Nominal Interest Rate") of 6,000%. The gross annual rate of return on expiry of the Bonds offered for exchange, (i) calculated on the basis of the Nominal Interest Rate and of the issue price of the Bonds offered for exchange equal to 100% of the nominal value and (ii) assuming that the Issuer does not make any early redemption, is equal to 6,000%, and, therefore, coincides with the Nominal Interest Rate.

The prospectus for the bond issue is available on the website www.mittel.it, in the section "Investor Relations".
The Bonds were listed on the MOT on 12 July 2013.

Therefore, the total nominal value and the number of the bonds issued to service of the OPSC and OPSO, with a nominal value of EUR 1,75 each as at 30 September 2016 were as follows:

	Bonds issued for the OPSO	Bonds issued for the OPCS	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 bonds redemption (Euro)			
"Mittel S.p.A. 2013-2019" TF 6% bonds	73.977.220	25.876.302	99.853.522

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

	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 30.09.2016 (Euro)
"Mittel S.p.A. 2013-2019" bonds subscription public offer (OPSO)	Eur	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**	**1,83**
"Mittel S.p.A. 2013-2019" bonds public exchange offer (OPSC)	Eur	25.876.302	25.876.302					
		98.743.863	**99.853.522**					

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

20. Financial payables

As at 30 September 2016, the item amounted to EUR 2,3 million, a decrease of EUR 0,6 million over the previous year.

The item is composed as follows:

	30.09.2016	30.09.2015
Bank loans		
Other loans		-
Financial lease payables		
Other financial payables	2.279.610	2.918.777
	2.279.610	**2.918.777**

The item other financial payables comprise third-party shareholder loans received from Lucianita S.r.l. for EUR 0,3 million and Santarosa S.r.l. for EUR 0,1 million, and from loans received from third parties who were formerly shareholders, i.e. Fede S.r.l. for EUR 0,1 million, Mi.Va S.r.l. for EUR 1,6 million and Gamma Tre S.r.l. for EUR 0,2 million.

21. Provisions for personnel

As at 30 September 2016, the item amounted to EUR 1,4 million, decreasing by EUR 0,3 million, and was composed as follows:

	30.09.2016	30.09.2015
Employee severance indemnity	1.429.528	1.750.375
Other allowances		206
	1.429.528	**1.750.581**

Changes in employee severance indemnity in the year were as follows:

	30.09.2016	30.09.2015
Opening balances	**1.750.375**	**2.274.730**
Increases:		
- Allocation for the year	237.577	373.051
- Increase due to business combination		
- Other increases	111.170	25.742
Decreases:		
- Utilisations	(619.814)	(869.992)
- Other decreases	(49.780)	(53.156)
	1.429.528	**1.750.375**

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 based on market experiences, and reflect the current corporate, legislative and existing market conditions at the valuation date, and are based on the assumption of the parent and group companies as going concerns.

AA-rated EUR Composite rates were used for discounting.

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 (1% for 2016, 1,5% for 2017/2018 and steady at 2% by 2019 and beyond) and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.

For revaluation purposes, with the exclusion of the portion accrued in the year, employee severance indemnity is increased 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 17% is applied on annual returns (this rate was raised from 11% to 17% due to the legislative amendment pursuant to paragraph 623, art. 1 of Law no. 190 of 23 December 2014 – 'Stability Law').

For each of the basic assumptions, an analysis is performed of the effect on the results of actuarial evaluations of a variation of 10% increase or decrease in said amount. One amount was varied at a time, without prejudice to all other amounts.

22. Deferred tax liabilities

These amounted to EUR 9,5 million and include deferred taxes calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The item is composed as follows:

	30.09.2016	30.09.2015
Tax liabilities recognised in profit or loss	6.540.866	10.995.153
Tax liabilities recognised in equity	2.954.203	6.702.538
	9.495.069	**17.697.691**

	30.09.2016	30.09.2015
Deffered liabilities		
Receivables	5.414.476	9.151.907
Assets/liabilities held for sale	213.758	296.937
Investments		
Property, plant and equipment/intangible assets	3.862.613	8.210.699
Other assets/liabilities	4.222	38.148
Other		
	9.495.069	**17.697.691**

This item primarily included (i) EUR 5,4 million in deferred taxes calculated on the adjustment to the receivable due to Ghea S.r.l. from Bios S.p.A., (ii) EUR 3,9 million from the contributions to the consolidation by Fashion District Group S.r.l. in liquidation (EUR 2,7 million), as a result of the tax gain realised on disposal of the Mantova and Molfetta property complexes, and Fashion District Roma S.r.l. (EUR 1,1 million), as a result of the sale of its business unit, and (iii) EUR 0,2 million contributed by the parent Mittel S.p.A.

Changes in the item tax liabilities recognised in profit or loss are as follows:

	30.09.2016	30.09.2015
Opening balance	**10.995.153**	**11.891.403**
Increases	**473.825**	**3.458.230**
Deferred taxes recorded in the year:	**87.462**	**3.458.230**
- relating to previous years	-	-
- other	87.462	3.458.230
Increases in tax rates	-	-
Other increases	386.363	-
Decreases	**(4.928.112)**	**(4.354.480)**
Deferred taxes cancelled in the year:	**(641.122)**	**(4.354.271)**
- reversals	(641.122)	(4.354.271)
Decreases in tax rates	(163.196)	-
Other reductions	(4.123.794)	(209)
	6.540.866	**10.995.153**

Changes in the item tax liabilities recognised in equity are as follows:

	30.09.2016	30.09.2015
Opening balance	**6.702.538**	**8.660.710**
Increases	**-**	**328.786**
Deferred taxes recorded in the year:	**-**	**4.044**
- relating to previous years	-	-
- other	-	4.044
Increases in tax rates	-	-
Other increases	-	324.742
Decreases	**(3.748.335)**	**(2.286.958)**
Deferred taxes cancelled in the year:	**(2.943.615)**	**(2.286.958)**
- reversals	(2.943.615)	(2.286.958)
Decreases in tax rates	(600.154)	-
Other reductions	(204.566)	-
	2.954.203	**6.702.538**

The changes in the table above partly feeds the amount of Deferred tax liabilities in note 47 of the explanatory notes "Income taxes", as a result of the reversal of deferred taxes relating to the subsidiary Fashion District Group S.r.l. in liquidation which, despite being recognised in equity, will be reversed through profit or loss.

23. Provisions for risks and charges

As at 30 September 2016, the item amounted to EUR 1,8 million, decreasing by EUR 3,6 million, and was composed as follows:

	30.09.2016	30.09.2015
Provision for risks:		
Legal disputes		
Disputes with personnel		41.000
Contractual disputes	902.875	616.898
Other disputes	521.346	442.500
Other provisions:		
Expenses for personnel		
Other expenses	331.632	4.296.835
	1.755.853	**5.397.233**

The item saw the following changes:

	30.09.2016	30.09.2015
Opening balance	**5.397.233**	**11.721.669**
increases:		
Allocation	981.875	2.748.552
Other increases	-	15.636
Decreases:		
Utilisations	(1.466.086)	(8.202.025)
Other decreases	(3.157.169)	(886.599)
	1.755.853	**5.397.233**

The item Provision for risks and charges is composed mostly of allocations made by the Parent Company Mittel S.p.A. of EUR 0,9 million, Fashion District Group S.r.l. in liquidation of EUR 0,5 million and by the real estate sector for EUR 0,3 million.

The decrease in this item is attributable to the following: EUR 3,1 million to Fashion District Group S.r.l. in liquidation following reabsorption of the provision for future risks and charges recognised previously, in reference to the contract loss of Loft S.r.l. as a result of the mutual termination agreement signed between Loft S.r.l. and Fashion District Molfetta S.r.l. and the reversal of charges for the company reorganisation as paid to employees this year.
The residual decrease in the item is mostly attributable to Mittel Advisory S.r.l. as a result of the conclusion of two labour law disputes.

The existing provision attributable to the real estate sector, for EUR 0,3 million, refers to the provision for risks allocated against costs to be incurred in relation to the delayed handover of residential units not yet notarised.

The provision of the Parent Company Mittel S.p.A., of EUR 0,9 million, is attributable to allocation on the basis of the best estimate of legal costs associated with pending legal disputes (with related risk of the dispute improbable and therefore not subject to allocation, in line with the provisions of IAS 37).

24. Sundry payables and other non-current liabilities

These amounted to EUR 0,5 million (EUR 0,7 million as at 30 September 2015) and mainly refer to advances and earnest money received as a result of the sale of the residential units of the real estate sector.

Current liabilities

25. Bond issue

This item amounts to EUR 1,3 million and refers to the interest accrued in the period from 12 July 2016, the coupon registration date of the bond issue, to 30 September 2016, the date of these consolidated financial statements.

26. Financial payables

The item totalled EUR 77,9 million, down by EUR 23,5 million.

The item is composed as follows:

	30.09.2016	30.09.2015
Bank loans	71.815.391	66.983.039
Current portion of medium/long-term bank loans	6.056.874	29.887.048
Other loans	-	-
Other financial payables		4.500.000
	77.872.265	**101.370.087**

Bank loans are composed of hot money or other short-term credit facilities granted by leading banks, regulated at rates indexed to the 1-3 month Euribor with short-term expiry, of which EUR 66,9 million relating to Mittel and EUR 5,0 million relating to Mittel Investimenti Immobiliari S.r.l.
The overall contribution of the Parent Company to the item Financial payables comprises the hot money, except for one credit facility of EUR 25 million expiring 31 December 2016, with current account use for EUR 22,9 million, and the short-term residual portion for EUR 6,1 million of an amortizing loan originally for EUR 8,0 million.

The item "Other financial payables" as at 30 September 2015 amounted to EUR 4,5 million and related to the residual debt to Liberata S.p.A. (following the transaction signed on 23 July 2015 for the final closure of indemnity claims made by Liberata S.p.A. in relation to the collection of Mittel Generale Investimenti S.p.A. credit positions), zeroed out following the payment of the amount in three instalments of EUR 1,5 million each, the last of which in February 2016.

27. Other financial liabilities

Zero as at 30 September 2016, decreasing by EUR 0,3 million compared to 30 September 2015.

	30.09.2016	30.09.2015
Derivative financial instruments	-	245.641
Other financial liabilities		
	-	**245.641**

The item refers to the valuation of the negative fair values of the options subscribed by Mittel Partecipazioni Stabili S.r.l., now merged into the Parent Company, and by Mittel S.p.A.
As at 30 September 2016 the Group held no negative financial derivatives.

28. Current tax liabilities

As at 30 September 2016, the item amounted to EUR 13 thousand, a decrease of EUR 1.479 thousand compared to the previous year, and is composed of the existing tax payable broken down as follows:

	30.09.2016	30.09.2015
IRES (corporate income tax)		
IRAP (regional business tax)	12.660	1.446.969
Other		45.415
	12.660	**1.492.384**

The tax liability is attributable solely to Fashion District Roma S.r.l. in liquidation.

	30.09.2016	30.09.2015
Opening balance	**1.492.384**	**1.017.039**
Increases	**12.660**	**1.709.187**
Current tax liabilities recorded in the year:	**12.660**	**1.663.772**
- relating to previous years	-	-
- other	12.660	1.663.772
Other increases	-	45.415
Decreases	**(1.492.384)**	**(1.233.842)**
Current tax liabilities cancelled in the year:	**-**	**(696.688)**
- reimbursements	-	(696.688)
Other decreases	(1.492.384)	(537.154)
	12.660	**1.492.384**

The considerable decrease is due to the fact that, during the last year, the final disposal was arranged of the main corporate assets of Fashion District Group S.r.l. in liquidation. This transaction generated a fully-taxable capital gain, in the year it is realised, for IRAP purposes.

29. Sundry payables and other liabilities

This item amounted to EUR 10,0 million, down by EUR 1,6 million compared to the previous year. The item is composed as follows:

	30.09.2016	30.09.2015
Trade payables	3.106.326	5.213.307
Tax payables	330.678	455.991
Payables relating to employees	567.322	844.068
Payables relating to other personnel		24.917
Payables due to directors and statutory auditors	569.413	470.610
Payables due to social security institutions	189.838	278.316
Other payables	4.958.221	4.111.033
Accrued expenses and deferred income	272.370	230.094
	9.994.168	**11.628.336**

The item "Trade payables" mainly includes the payables recorded by parent company Mittel for invoices received and to be received (EUR 1,9 million), the payables of real estate companies for the respective property projects in place (EUR 0,9 million), the payables of the Fashion District Group (EUR 0,2 million) and, lastly, the payables of the advisory sector (EUR 0,1 million).
The item "other payables" mainly includes: for EUR 2,1 million, the advances and earnest money received from the real estate companies in relation to their sale activities; for EUR 2,3 million, the distributions received from Equinox still not formally distributed definitively to its subscribers; and for EUR 0,2 million, the debt owed by Mittel Investimenti Immobiliari S.r.l. to RRE S.p.A. in liquidation (RRE) following the purchase of the latter's quotes of Iniziative Nord Milano S.r.l. and its receivable due from the investee.

Information on the Consolidated Income Statement

30. Revenue

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

	30.09.2016	30.09.2015
Revenue from property sales	5.561.343	6.178.600
Revenue from rent	309.045	7.201.228
Revenue from provision of services	464.590	1.775.572
Other revenue	1.650.294	3.584.380
	7.985.272	**18.739.780**

The item revenue from property sales refers to revenue from sales of properties. In particular, the item is composed of the contribution made by Lucianita S.r.l. for EUR 1,5 million (EUR 4,6 million as at 30 September 2015), Cad Immobiliare S.r.l. for EUR 0,4 million (EUR 0,9 million as at 30 September 2015), Iniziative Nord Milano S.r.l. for EUR 0,6 million, Santarosa S.r.l. for EUR 2,2 million and Mittel Investimenti Immobiliari for EUR 0,8 million relating to its initiative located in Arluno (EUR 0,3 million as at 30 September 2015).

The item revenue from rent comprises EUR 0,1 million relating to charges made by Mittel S.p.A. for the lease of offices owned and EUR 0,2 million relating to rents received on existing lease agreements by other real estate companies in the Group.
The consistent decrease in this item is attributable to the lack of contribution from the Fashion District Group following its disposal (in the early part of this year) of the Molfetta and Mantova outlets and of the business unit for management of the Valmontone outlet. At the beginning of this year, the contribution to revenue also ceased from servicing activities, again relating to the Outlets, performed by the Fashion District Group after the disposals described and until November 2015.

Revenue from the provision of services relates to services provided by Fashion District Group S.r.l. (in liquidation) (EUR 0,2 million) and to chargebacks for outsourced direct debit, administrative and IT services provided by the Parent Company Mittel S.p.A. (EUR 0,2 million).

Other revenue mainly comprises EUR 0,5 million in revenue from advisory services performed by Mittel Advisory S.r.l., EUR 0,7 million for the activities performed by Mittel Advisory Debt & Grant S.p.A. and EUR 0,3 million in commercial activities of Loft S.r.l.

31. Other income

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

	30.09.2016	30.09.2015
Recoveries of various expenses	-	622
Prior year income	844.977	940.167
Income from elimination of assets	485	-
Other revenue and income	886.832	597.116
	1.732.294	**1.537.905**

The item Prior year income mainly refers to the contribution of Fashion District Group S.r.l. in liquidation for EUR 0,4 million, attributable to the reversal of costs and payables recognised in previous years and proving to be lower than expected, and to the contribution of EUR 0,1 million from Mittel S.p.A., EUR 0,1 million from Cad Immobiliare S.r.l. and EUR 0,1 million from Lucianita S.r.l.

Other revenue and income mainly refers to the contribution from Fashion District Group S.r.l. in liquidation for EUR 0,7 million, relating to the release of a previously recognised provision on the contract loss of Loft S.r.l., removed following the mutual termination agreement signed by Loft S.r.l. and Fashion District Molfetta S.r.l.

32. Variations in property inventories

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

	30.09.2016	30.09.2015
Increases in property inventories	2.470.086	7.084.825
Decreases in property inventories	(5.260.343)	(4.711.599)
Impairment losses in property inventories	(7.239.873)	(5.670.983)
	(10.030.130)	**(3.297.757)**

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

33. Costs for purchases

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

	30.09.2016	30.09.2015
Purchases and property increases	(2.102.617)	(5.471.873)
Provision of services and consultancy	(119.266)	(544.322)
Urbanisation expenses	(46.060)	(433)
Insurance	(28.128)	(28.420)
Maintenance	(3.100)	(43.338)
Other	(4.563)	(253.710)
	(2.303.734)	**(6.342.096)**

Costs for purchases recorded a strong decrease due to the completion this year of a number of property initiatives in progress. The contribution mainly refers to Santarosa S.r.l. for EUR 1,0 million, Lucianita S.r.l. for EUR 0,2 million, Mittel Investimenti Immobiliari S.r.l. for EUR 0,5 million, Miva S.r.l. for EUR 0,2 million and Gamma Tre S.r.l. for EUR 0,1 million.

34. Costs for services

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

	30.09.2016	30.09.2015
Legal consultancy	(1.214.246)	(1.399.616)
Notary consultancy	(118.471)	(88.940)
Other consultancy	(1.885.667)	(4.283.570)
General services and maintenance	(1.419.735)	(2.369.907)
Administrative, organisational and audit services	(3.209)	(292.124)
Cost of temporary workers	(25.987)	(37.065)
Directors' fees	(1.776.449)	(1.208.633)
Board of Statutory Auditors' fees	(261.866)	(396.913)
Supervisory Body's fees	(122.487)	(152.764)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Rentals	(1.870.659)	(4.941.038)
Leases	(38.478)	(167.933)
Insurance	(447.394)	(595.939)
Utilities	(329.874)	(461.821)
Advertising	(43.809)	(264.292)
Others	(63.640)	(329.846)
	(9.637.971)	**(17.006.401)**

Costs for services recorded a significant decrease (by EUR 7,4 million) compared to the previous year.

Note in particular the considerable decrease (EUR 2,4 million) in "Other consultancy" which in the previous year included, amongst other things, the costs relating to consultancy contracts in place with two senior managers which were incorporated into the role of General Manager of the Parent Company (a key manager role no longer envisaged in the company organisation following appointment of the Chief Executive Officer). Further decreases in the item are attributable to the decrease in non-recurring professional assistance services received in the year ended as at 30 September 2015 (managerial staff assessment, issue of opinions on specific issues).

The particularly significant decrease (EUR 3,0 million) in the cost of "Leases" is attributable to: (i) the Outlet Sector for EUR 2,7 million, as a result of the termination of Outlet management activities carried out by the Fashion District Group; (ii) the Parent Company for EUR 0,3 million, from the closure of peripheral offices in Milan, Brescia and Verona and to the purchase of the twelfth floor of the building in Piazza Diaz, Milan, previously leased.

35. Personnel costs

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

	30.09.2016	30.09.2015
Wages and salaries	(4.000.503)	(5.866.451)
Social security costs	(1.400.158)	(1.832.298)
Pension costs	-	(15.833)
Allocation to employee severance indemnity	(213.401)	(376.809)
Payments to external supplementary pension funds	(18.412)	(34.891)
Other personnel costs	(994.917)	(1.237.037)
	(6.627.391)	**(9.363.319)**

In particular, personnel costs included EUR 3,9 million as the contribution of the Parent Company Mittel (EUR 4,3 million in the previous year), EUR 0,7 million of the Fashion District Group (EUR 2,5 million in the financial statements of the previous year), EUR 1,5 million of the Advisory Sector (EUR 1,8 million in the financial statements of the previous year) and EUR 0,5 million of Mittel Investimenti Immobiliari S.r.l. (EUR 0,4 million in last year's financial statements).

Average number of Group employees broken down by category:

	Exact number 30 September 2016	Average in the year 2015/2016	Average in the year 2014/2015
Managers	7	7	10
Officials	13	15	21
Employees	39	44	71
Total	**59**	**66**	**102**

36. Other costs

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

	30.09.2016	30.09.2015
Taxes and duties	(1.904.328)	(3.007.603)
Losses on receivables	(38.239)	(508.115)
Capital losses from transfer of property, plant and equipment	(138.718)	(59.863)
Prior year expenses	(1.179.480)	(513.753)
Other sundry operating expenses	(1.677.655)	(1.648.963)
	(4.938.420)	**(5.738.297)**

The item taxes and duties registered a decrease of EUR 1,1 million, and is mainly composed of taxes of EUR 1,2 million for Mittel S.p.A., taxes of EUR 0,4 million for the Real Estate Sector and taxes of EUR 0,2 million for the Fashion District Group.
The main contributors to the item prior year expenses are Mittel Advisory Debt and Grant S.p.A. (EUR 0,4 million) and the Fashion District Group (EUR 0,6 million). As regards the latter, this item results from elimination of the receivable due from the Municipality of Valmontone against the payment of ICI taxes for 2000 and 2008, considered to be in excess as they were calculated on incorrect property classifications. This dispute was the subject of a settlement agreement between Fashion District Roma S.r.l. (in liquidation), Fashion District Group S.r.l. (in liquidation) and the Municipality of Valmontone. In particular, the agreement was signed on 8 February 2016 and referred to the closure of all disputes, i.e.:
(i) the tax dispute relating to ICI tax for the years 2000 and 2008;
(ii) the grant for promotion of the Valmontone area for which Fashion District Roma had brought proceedings before the Lazio Regional Administrative Court.
The settlement agreement was finalised on payment by Fashion District Roma of EUR 70.000.

Other operating expenses refer mainly to FD33 S.r.l. (EUR 0,6 million), Loft S.r.l. (EUR 0,5 million) and the Parent Company (EUR 0,3 million).
The amount attributable to FD33 S.r.l. is due to expenses referring to a commitment undertaken in previous years through a shareholders' agreement, relating to the repurchase of a shareholder loan granted by the subsidiary Fashion District Group S.p.A. (now S.r.l. in liquidation) to the investee Alfa Park. The expense (in the current situation following insolvency of the counterparty of the shareholder loan beneficiary) is the result of the provision in the shareholders' agreement that loans, if accepted or granted directly or indirectly through Fashion District Group S.p.A. were the liability only of the shareholders proposing such loans. The total amount involved (already partly provisioned in the previous year on the basis of the best estimate possible at the time) was repaid (with recognition of the incremental income component of EUR 0,6 million) in September 2016, by FD33 and Earchimede, each to the extent of their respective responsibility.
With regard to the portion referring to Loft S.r.l., however, this relates to the indemnity envisaged in the mutual termination agreement signed by Loft S.r.l. and Fashion District Molfetta S.r.l. for the early release of premises included in the lease originally due to expire in 2020.

37. Dividends

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

	30.09.2016	30.09.2015
Dividends from financial assets held for trading	62.736	188.643
Dividends from available-for-sale financial assets	495.994	1.769.336
Dividends from financial assets at fair value	-	-
Dividends from investments	340.800	-
Other	-	-
	899.530	**1.957.979**

This item is entirely attributable to Mittel S.p.A. In particular, dividends from available-for-sale financial assets refer to the distributions made by Fondo Augusto (EUR 341 thousand) and Sia S.p.A. (EUR 151 thousand), whilst dividends from investments essentially relates to the dividend distributed by Castello Sgr S.p.A.

38. Profit (loss) from management of financial assets and investments

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

	30.09.2016	30.09.2015
Available-for-sale financial assets		
Capital gains	-	11.660.854
Profits from fair value measurement	-	27.045
Other income	6.820.453	452.575
Capital losses	-	(4.214.380)
Losses from fair value measurement	-	(15.602)
Other	-	-
Capital gains (losses) from transfer of receivables	**43.167**	**(47.822)**
Capital gains (losses) from transfer of investments	**961.700**	**(5.273.637)**
Capital gains (losses) from change in equity interest	**-**	**-**
Reversals/impairment losses on equity	**-**	**-**
	7.825.320	**2.589.033**

The item is largely attributable to Mittel S.p.A. In particular, other income refers mainly to the gain realised from the near total disposal of the investment held in Credit Access Asia N.V. (EUR 5.815 thousand) and to that resulting from the sale of Intesa Sanpaolo S.p.A. shares (EUR 994 thousand) held by Mittel Partecipazioni Stabili S.r.l., merged into the Parent Company, whereas the gains from disposal refer exclusively to the amount collected as the incremental price of equity instruments by Brands Partners 2 S.r.l. in liquidation.

39. Amortization and value adjustments to intangible assets

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

	30.09.2016	30.09.2015
Intangible assets		
Amortization	(113.288)	(205.312)
Impairment losses	-	(38.341)
Reversals of impairment losses	-	-
Property, plant and equipment		
Amortization of investment property	-	(54.966)
Amortization of other assets owned	(207.948)	(406.523)
Amortization - finance leases	-	-
Impairment losses	-	-
Reversals of impairment losses	-	-
Assets relating to finance leases	**-**	**-**
	(321.236)	**(705.142)**

The item mainly includes the contribution of Mittel S.p.A.

40. Allocations to the provision for risks

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

	30.09.2016	30.09.2015
Provisions for ongoing disputes:		
for legal disputes	-	-
for expenses for personnel	-	-
Provision for contractual disputes	(230.977)	(354.071)
Provision for restructuring expenses	-	(1.799.096)
Other provisions	(134.000)	(220.000)
	(364.977)	**(2.373.167)**

The item "provision for contractual disputes" derives from the contribution to the consolidated total of the companies Mittel S.p.A. and Mi.Va. S.r.l.
The item "other provisions" refers to the allocation of costs by the subsidiary Fashion District Group S.r.l. in liquidation in relation to an employee dispute.

41. Value adjustments to financial assets, loans and receivables

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

	30.09.2016	30.09.2015
Impairment losses on financial receivables	(13.693.616)	(1.979.238)
Impairment losses on other receivables	(7.339.450)	(1.117.883)
Impairment losses on available-for-sale financial assets	(2.499.524)	(660.312)
Impairment losses on non-current assets held for sale	-	-
Reversals of impairment losses on financial assets	-	-
	(23.532.590)	**(3.757.433)**

The impairment losses on financial receivables are mainly attributable, for EUR 12,5 million, to Ghea S.r.l. following the statutory amendments by Bios S.p.A. relating to Class B shares held by Ghea S.r.l. (to be read jointly with the consistent gain recognised on the Bios S.p.A. investment) and, for EUR 1,2 million, to Mittel S.p.A. as a result of the discounting of the receivable due from Montini S.p.A. based on the likely postponement of the related payment terms.
The impairment losses on other receivables refer to adjustments made by Fashion District Group S.r.l. in liquidation (EUR 5,7 million) on its own credit positions, particularly that due from Alfa Park S.r.l. (EUR 5,4 million), adjustments of receivables recorded by Mittel Advisory S.r.l. (EUR 0,2 million), impairment losses recorded by Mittel Advisory Debt and Grant S.p.A. following a full prudent assessment of collection risk, specific and portfolio-related, intrinsic in its credit positions at year end (EUR 0,8 million) and adjustments to the receivables of some companies in the real estate sector (EUR 0,5 million), in relation to receivables whose collection is doubtful.
The impairment losses on available-for-sale financial assets relate, for EUR 2,5 million to the adjustment of the value recorded by the Parent Company Mittel in relation to UBI Banca S.p.A. (EUR 1,3 million) and Fondo Augusto (EUR 0,4 million), and for EUR 0,7 million, to the value adjustments recorded by Earchimede S.p.A. in reference to Opera Partecipations 2 S.c.a. (EUR 0,5 million) and Medinvest International S.c.a. (EUR 0,2 million).

42. 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;

- impairment losses/(reversals of impairment losses) of investments measured using the equity method;
- capital gains/(losses) on the disposal of investments measured using 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 impairment losses 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:

	30.09.2016	30.09.2015
Pro-rata profits		
Brands Partners 2 S.p.A. in liquidation	-	71.786
Castello SGR S.p.A.	477.877	385.795
Mit-Fin S.p.A.		29.510
Superpartes S.p.A.		
Tower 6 Bis Sarl	12.799.398	
Liberata S.p.A./Mittel Generale Investimenti S.p.A.	23.072	
Bios S.p.A.	12.060.183	
	25.360.530	**487.091**
Pro-rata losses		
Chase Mittel Capital Holding II N.V. in liquidation	(6.250)	
Tower 6 Bis Sarl		(406.111)
Mit-Fin S.p.A.	(92.463)	
Liberata S.p.A.		(1.419.638)
Superpartes S.p.A.	(19.930)	(23.062)
	(118.643)	**(1.848.811)**
Capital gains (losses) from transfer		
	25.241.887	**(1.361.720)**

The gains relating to Tower 6 Bis S.à r.l. and Bios S.p.A. are the result of the disposal of Livanova Plc shares, commented extensively under the Statement of Financial Position and in the Director's Report on Operations.

43. Profit (loss) from non-recurring transactions

The item presents a nil value as at 30 September 2016, compared to EUR 176 thousand in the previous year.

44. Financial income

The item is composed as follows:

	30.09.2016	30.09.2015
Bank interest income	166.423	200.967
Interest income on financial receivables	5.912.453	8.519.927
Other interest income	343.635	516.573
Other financial income	219.096	90.528
Hedging activities		
Fair value hrdging derivatives	-	271.942
	6.641.607	**9.599.937**

Interest income on financial receivables relates mainly to the contribution relating to Ghea S.r.l.'s loan to Bios S.p.A. (EUR 2,3 million), the contribution of parent company Mittel S.p.A for loans granted (EUR 1,9 million) and the contribution from the subsidiary Fashion District Group S.r.l. (EUR 0,3 million), primarily for interest accrued on the loan to Alfa Park S.r.l. The item "other interest income" refers almost exclusively to interest accrued by Mittel S.p.A. regarding the receivable due from Fingruppo Holding on the tax refund received this year and on listed securities.
Other financial income, mainly referring to Fashion District Roma S.r.l., relates to income distributed by Fondo Pioneer.

45. Financial expenses

The item is composed as follows:

	30.09.2016	30.09.2015
Interest expense on bonds	(6.621.642)	(6.569.682)
Interest expense on bank current accounts	(20)	(76.962)
Interest expense on bank loans	(1.993.487)	(3.669.680)
Interest expense on other loans	(1)	(2.135)
Other interest expenses	(36.101)	(63.739)
Other financial expenses	(316.585)	(866.900)
Hedging activities		
Fair value hedging derivatives	-	(436.460)
Exchange rate losses	(4.841)	(8.790)
	(8.972.677)	**(11.694.348)**

The item interest expense on bonds includes the interest expense connected with the issue of the Mittel S.p.A. 2013-2019 bond for the entire financial year.
Contributing to the item interest expense on bank loans are Mittel S.p.A. (EUR 1,9 million) and Mittel Investimenti Immobiliari S.r.l. (EUR 0,1 million).
The other financial expenses refer exclusively to Mittel S.p.A.

46. Profit (loss) from trading of financial assets

This item, referring exclusively to activities carried out by the Parent Company, is composed as follows:

	30.09.2016	30.09.2015
Gains/losses on disposal of securities (current)	211.506	4.935.678
Capital gains/ losses on securities valuation (current)	(393.635)	(337.227)
Derivative financial instruments	242.869	758.523
	60.740	**5.356.974**

47. Income taxes

The amount is composed as follows:

	30.09.2016	30.09.2015
IRES (corporate income tax)	8.697	(109.399)
IRAP (regional business tax)	(11.459)	(1.814.921)
Taxes of previous years	(8.442)	(38.368)
Total current taxes	**(11.204)**	**(1.962.688)**
Deferred tax liabilities	8.080.045	3.077.016
Deferred tax assets	(3.329.809)	(2.776.748)
Total deferred taxes	**4.750.236**	**300.268**
Other taxes	-	138.730
Total income taxes	**4.739.032**	**(1.523.690)**

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

The item is composed as follows:

	30.09.2016	30.09.2015
Profit (loss) for the year pertaining to non-controlling interests	(7.097.515)	(887.324)
	(7.097.515)	**(887.324)**

49. 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 profit or loss 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 are determined by dividing the profit or loss 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 2016, compared with the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	**30.09.2016**	**30.09.2015**
From income statement:		
- Basic	(0,400)	(0,307)
- Diluted	(0,400)	(0,307)
From comprehensive income:		
- Basic	(0,486)	0,067
- Diluted	(0,486)	0,067

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 2016, compared with the previous year, is as follows:

Basic earnings or loss per share

During the year ended 30 September 2016, the number of shares outstanding changed as follows:

Basic earnings/(loss) per share attributable to the Parent Company	**30.09.2016**	**30.09.2015**
(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	-	-
No. of treasury shares at start of the year	(15.308.706)	(15.308.706)
Average weighted number of treasury shares acquired in the year	(431.130)	-
Average weighted number of treasury shares sold in the year	4.830.954	-
Average weighted number of shares outstanding at the end of the year	**76.998.135**	**72.598.311**

During the year, the number of outstanding shares changed following the transfer of 5.300.000 treasury shares to the Chief Executive Officer of Mittel S.p.A., Rosario Bifulco, at the price per share of EUR 1,73, equal to the average book value of treasury shares in the portfolio and for a total of EUR 9.169.000, as resolved by the Mittel S.p.A. Board of Directors on 16 November 2015.
The amendments to the articles of association approved by the Shareholders' Meeting of 23 December 2015, which gave shareholders not party to that resolution the right of withdrawal pursuant to art. 2437, paragraph 2 of the Civil Code. The liquidation process resulting from the subscription of 3.980.185 shares was finalised as follows:

- on 11 April 2016, as a result of the rights offer and pre-emption, pursuant to art. 2437-quater, paragraph 1 of the Civil Code, 1.631.489 shares were liquidated with the ratio of 1 share for every 18,5737 options;
- by the maximum deadline of 180 days, pursuant to art. 2437-quater, paragraph 5 of the Civil Code, i.e. on 25 July 2016, the remaining 2.348.696 shares had been liquidated, taking into account that their stock exchange placement failed, through purchase by Mittel S.p.A.

The consolidated basic earnings or loss per share attributable to the Parent Company as at 30 September 2016, compared with the previous year, are as follows:

Amounts in EUR		
Net profit/(loss) attributable to the Parent Company	**(4.505.929)**	**(22.317.948)**

Euro		
Basic earnings/(loss) per share attributable to the Parent Company	**(0,059)**	**(0,307)**

The consolidated comprehensive basic earnings or loss per share attributable to the Parent Company as at 30 September 2016, compared with the previous year, are as follows:

Amounts in EUR		
Total net profit/(loss) comprehensive attributable to the Parent Company	**(36.149.881)**	**4.861.664**

Euro		
Total basic earnings/(loss) comprehensive per share attributable to the Parent Company	**(0,469)**	**0,067**

Diluted earnings or loss per share

Presence of a Stock Appreciation Rights assignment plan which affects the determination of the number of shares to be used in the calculation of diluted earnings per share

As at 30 September 2016 the shares for potential issue refer solely to shares assigned against the medium/long-term incentive plan based on the assignment of Stock Appreciation Rights (SARs) on treasury shares reserved for the Chief Executive Officer of Mittel S.p.A. and other Group employees.
The amounts expected to derive from these instruments as a result of treasury share-based payments are considered as if they had been received from an issue of ordinary shares at the average market price of ordinary shares during the period. Consequently, the difference between the number of ordinary shares actually issued and the number of ordinary shares potentially issuable at the average market price of ordinary shares during the period is to be considered an issue of ordinary shares free of charge.
The instruments for the SAR arrangements offered at fixed or calculable terms and the ordinary shares not assigned are treated as options in calculating the diluted earnings per share, even if they could be subordinated to assignment and considered to be outstanding as at the assignment date. In particular, the

options offered on the basis of work or service performance are treated as potentially issuable shares as their issue is subject to certain terms being satisfied as well as over time.

For the year ended as at 30 September 2016 the medium/long-term incentive plan based on the assignment of Stock Appreciation Rights (SARs) on treasury shares was not taken into consideration for the diluted EPS calculation as they would have anti-dilutive effects.
In addition, the profit/loss pertaining to the Group as at 30 September 2016 was not adjusted to take into account the dilutive effects from theoretical exercise of the incentive plan based on the assignment of SARs on owned equities as, for the year, it would be anti-dilutive.

As there are no non-current assets held for sale or discontinued operations, the related earnings or loss per share of assets held for sale or already disposed of is not indicated.
Furthermore, note that the earnings or loss per share values recognised do not require adjustment due to any transactions involving ordinary shares or potential ordinary shares after the end of the year as at 30 September 2016 which would have significantly changed the number of ordinary or potential ordinary shares outstanding at period end.

Note that the diluted earnings or loss per share from the consolidated income statement and from the consolidated statement of comprehensive income as at 30 September 2016 coincides with the basic earnings or loss reported above.

50. 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 2016 was a negative EUR 54,5 million (negative EUR 81,5 million as at 30 September 2015), as shown in the table below:

(Thousands of Euro)	**30.09.2016**	**30.09.2015**	**Variation**
Cash	15	15	(0)
Other cash equivalents	84.974	100.583	(15.609)
Securities held for trading (*)	6.909	20.074	(13.165)
Current liquidity	**91.899**	**120.673**	**(28.774)**
Current financial receivables	**32.951**	**911**	**32.040**
Current bank payables	(71.815)	(66.983)	(4.832)
Current portion of medium/long-term bank loans	(6.057)	(29.887)	23.830
Bonds	(1.310)	(1.313)	4
Other current financial payables	-	(4.746)	4.746
Current financial debt	**(79.182)**	**(102.929)**	**23.747**
Net current financial debt	**45.668**	**18.654**	**27.014**
Non-current bank payables	-	-	-
- Bank payables expiring in the medium-term	-	-	-
- Bank payables expiring in the long-term	-	-	-
Bonds issued	(97.873)	(97.239)	(634)
Other financial payables	(2.280)	(2.919)	639
Non-current financial debt	**(100.153)**	**(100.158)**	**5**
Net financial position	**(54.485)**	**(81.504)**	**27.019**

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

As regards the determination of the net financial position, please refer to the Report on Operations for 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 52 of these consolidated financial statements.

51. Commitments and guarantees

As at 30 September 2016, the guarantees given are summarised in the following table:

	30.09.2016	30.09.2015
Guarantees:		
financial	-	-
commercial	10.715.001	8.333.600
assets pledged as collateral	-	2.128.072
Commitments:		
disbursement of funds	5.867.339	6.180.289
other irrevocable commitments	3.068.320	4.135.601
	19.650.660	**20.777.562**

Commercial guarantees refer (i) for EUR 4,8 million to the contribution of the Real estate sector, composed of sureties for primary urbanisation works requested by the Municipality of Milan, for EUR 1,8 million, and by the Municipality of Como, for EUR 3,0 million; (ii) for EUR 5,3 million to Mittel S.p.A., referring mainly to sureties in favour of the Italian Revenue Agency for VAT for which a refund/offset was requested, of which EUR 1,6 million on its own account and EUR 3,5 million on behalf of Group companies, and for EUR 0,4 million for a surety issued for the rental of its offices; (iii) for EUR 0,6 million to Fashion District Group S.r.l. in liquidation for sureties issued in favour of the Italian Revenue Agency for VAT receivables for which a refund was requested.
Commitments to disburse funds refer to the commitments for payments to be made into private equity funds and foreign investment vehicles, and are attributable to Earchimede S.p.A. for EUR 3,2 million and Mittel S.p.A. for EUR 2,7 million.

The item other irrevocable commitments refers exclusively to the guarantee given in the years 2003, 2004 and 2005 in favour of the acquirers of lease contracts transferred by the subsidiary Locaeffe S.r.l. (in liquidation).

It should also be pointed out that, as part of the agreements described previoulsy, which led to the sale of the assets held by Fashion District Group S.p.A. (now S.r.l. in liquidation) to 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. (now S.r.l. in liquidation). 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.r.l.'s non-fulfilment of its payment obligations.

52. Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, during the year 2015-2016, transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out.

All transactions were performed at arm's length and refer to:

	Directors, Statutory auditors and internal committees	Associates	Other related parties	Total
Non-current assets				
Financial receivables	0	56.101.676	10.000.000	**66.101.676**
Current assets				
Financial receivables	0	0	57.377	**57.377**
Sundry receivables and other assets	0	11.250	0	**11.250**
Current liabilities				
Sundry payables and other liabilities	569.413	8.513	0	**577.926**
Income Statement				
Revenue	0	290.941	0	**290.941**
Other income	0	30.484	0	**30.484**
Costs for services	(2.054.315)	(102.392)	0	**(2.156.707)**
Personnel costs	(1.214.602)	0	0	**(1.214.602)**
Dividends	0	0	666.203	**666.203**
Financial income	0	3.708.787	677.812	**4.386.599**
Financial expenses	0	(26.407)	0	**(26.407)**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Liberata S.p.A. (EUR 36,6 million) and by Ghea S.r.l. to Bios S.p.A. (EUR 19,4 million). Receivables due from other related parties (EUR 10 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 the investee Castello SGR S.p.A.

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

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

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

- The items Revenue and Other income refer to the chargeback of administrative services and direct debit services provided to third parties.

- The item costs for services due to directors, statutory auditors and internal committees refers to EUR 1,8 million in directors' fees and EUR 0,3 million in fees to the Board of Statutory Auditors. For further details, please refer to the "Report on Remuneration" which will be available on the web site www.mittel.it, "investor relations" section, according to the legal terms. Costs for services due to associates refer, for EUR 0,1 million, to the chargeback of services by Mittel S.p.A. to Mittel Generale Investimenti S.p.A.

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

- The item dividends refers entirely to the amount received by Mittel S.p.A. from Castello SGR (EUR 0,3 million) and from income deriving from Fondo Augusto (EUR 0,4 million).

- The item financial income refers to interest income of EUR 1,4 million accrued by Mittel S.p.A. from Liberata S.p.A., interest of EUR 2,3 million accrued on loans granted by Ghea S.r.l. to Bios S.p.A. and interest of EUR 0,7 million accrued by Fondo Augusto.

- The item financial expenses relates to expenses accrued by Mittel Generale Investimenti S.p.A.

53. Additional disclosures on financial instruments and risk management policies

With reference to supplementary disclosures regarding financial instruments and the inherent risks required by 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 shown below.

53.1 Fair value measurement

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 cash inflows and outflows, and, lastly, the "cost approach", which requires that the entity determine a value that reflects the amount that would be required currently to replace the service capacity of an asset.
IFRS 13 establishes a fair value hierarchy that classifies the input of the valuation techniques used to measure fair value into three levels.
The fair value hierarchy assigns the maximum priority to listed prices (not adjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the minimum priority to inputs that are not observable (Level 3 inputs).

The levels used in the hierarchy are as follows:

Level 1 inputs: listed prices (not adjusted) in active markets for identical assets or liabilities which the entity may access at the valuation date. A market is defined as active when prices reflect transactions that occur with a frequency and at sufficient volumes to provide useful information for determining the price on an ongoing basis.

Level 2 inputs: 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: 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 2016, and for comparative purposes, as at 30 September 2015, the table below illustrates the fair value hierarchy of financial assets and liabilities measured 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):

(thousands of Euro)	30 September 2016 Level 1	Level 2	Level 3	30 September 2015 Level 1	Level 2	Level 3
Available-for sale assets at fair value:						
Investments at fair value with contra-entry in Other comprehensive profit/(loss)	4.968	19.249	18.158	15.030	20.491	21.286
Investments at fair value with contra-entry in the Income Statement	-	-	-	-	-	-
Other non-current securities	-	-	51	-	-	1.110
Financial assets at fair value held for trading:						
Trading derivatives	-	-	-	22	-	-
Current securities held for trading	6.909	-	-	6.558	-	-
Total assets	**7.232**	**19.590**	**18.209**	**21.610**	**20.491**	**22.396**
Other financial liabilities:						
Hedging derivatives	-	-	-	-	-	-
Trading derivatives	-	-	-	(246)	-	-
Total liabilities	**-**	**-**	**-**	**(246)**	**-**	**-**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 30 September 2016 are shown, for comparative purposes, as at 30 September 2015, indicating the valuation criteria applied and, for financial instruments 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 2016

(thousands of Euro)

Types of financial instruments	**Criteria applied in the meauremen of the financial instruments in the financial statements**											
	Financial instruments at fair value											
	with change in fair value with contra-item recognised in:		**Total Fair Value**	Fair Value Hierarchy			**Financial instruments at amortized cost**	**Unlisted investments measured at cost**	Financial statement total as at 30 September 2016	Fair value as at 30 September 2016		
	Income statement	*Equity in Other comprehensive profit (loss)*	**(A)**	Level 1	Level 2	Level 3	**(B)**	**(C)**	**(A+B+C)**	Level 1	Level 2	Level 3
ASSETS												
Available-for-sale investments (c)	-	1.503	**1.503**	-	-	-	**-**	**1.503**	**1.503**	-	-	nd
Available-for-sale investments (a) (d)	-	40.873	**40.873**	4.968	19.250	16.655	**-**	**-**	**40.873**	4.968	19.250	16.655
Available-for-sale debt securities (a) (d)	-	51	**51**	-	-	51	**-**	**-**	**51**	-	-	51
Non-current financial receivables (b)	-	-	**-**	-	-	-	**100.176**	**-**	**100.176**	-	-	99.948
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**145**	**-**	**145**	-	-	145
Other assets (*)	-	-	**-**	-	-	-	**26**	**-**	**26**	-	-	26
Current financial receivables (b)	-	-	**-**	-	-	-	**32.951**	**-**	**32.951**	-	-	32.951
Investments held for trading (d)	2.264	-	**2.264**	2.264	-	-	**-**	**-**	**2.264**	2.264	-	-
Held for trading debt securities (d)	-	-	**-**	-	-	-	**-**	**-**	**-**	-	-	-
Trading derivatives (d)	-	-	**-**	-	-	-	**-**	**-**	**-**	-	-	-
Trade receivables (*) (b)	-	-	**-**	-	-	-	**8.504**	**-**	**8.504**	-	-	8.504
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**2.554**	**-**	**2.554**	-	-	2.554
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**84.990**	**-**	**84.990**	-	-	84.990
	2.264	**42.427**	**44.691**	**7.233**	**19.250**	**16.706**	**229.345**	**1.503**	**274.036**	7.233	19.250	245.823
LIABILITIES												
Bonds (current and non-current) (b)	-	-	**-**			-	**(99.183)**	**-**	**(99.183)**	(104.676)	-	-
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**(80.152)**	**-**	**(80.152)**	-	-	(80.251)
Other non-current liabilities (b)	-	-	**-**	-	-	-	**-**	**-**	**-**	-	-	-
Other financial liabilities (d)	-	-	**-**	-	-	-	**-**	**-**	**-**	-	-	-
Trade payables (*) (b)	-	-	**-**	-	-	-	**(9.994)**	**-**	**(9.994)**	-	-	(9.994)
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(5.705)**	**-**	**(5.705)**	-	-	(5.705)
	-	**-**	**-**	**-**	**-**	**-**	**(195.034)**	**-**	**(195.034)**	(104.676)	**-**	(95.950)

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 at fair value with profits/losses posted to equity.
(b) Financial receivables and financial liabilities at amortized 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 at fair value on a recurring basis.
(e) Payables for loans from non-controlling shareholders with undetermined maturity, for which fair value cannot be measured.

Situation as at 30 September 2015

(thousands of Euro)

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements											
	Financial instruments at fair value											
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy			Financial instruments at amortized cost	Unlisted investments measured at cost	Financial statement total as at 30 September 2015	Fair value as at 30 September 2015		
	Income statement	*Equity in Other comprehensive profit (loss)*	(A)	Level 1	Level 2	Level 3	(B)		(A+B)	Level 1	Level 2	Level 3
ASSETS												
Available-for-sale investments (c)	-	8.906	**8.906**	-	-	-	**-**	**8.906**	**8.906**	-	-	nd
Available-for-sale investments (a) (d)	-	47.902	**47.902**	15.031	20.491	12.380	**-**	**-**	**47.902**	15.031	20.491	12.380
Available-for-sale debt securities (a) (d)	-	1.110	**1.110**	-	-	1.110	**-**	**-**	**1.110**	-	-	1.110
Non-current financial receivables (b)	-	-	**-**	-	-	-	**163.546**	**-**	**163.546**	-	-	162.221
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**188**	**-**	**188**	-	-	188
Other assets (*)	-	-	**-**	-	-	-	**20**	**-**	**20**	-	-	20
Current financial receivables (b)	-	-	**-**	-	-	-	**911**	**-**	**911**	-	-	911
Investments held for trading (d)	3.548	-	**3.548**	3.548	-	-	**-**	**-**	**3.548**	3.548	-	
Held for trading debt securities (d)	3.010	-	**3.010**	3.010	-	-	**-**	**-**	**3.010**	3.010	-	-
Trading derivatives (d)	22	-	**22**	22	-	-	**-**	**-**	**22**	22	-	-
Trade receivables (*) (b)	-	-	**-**	-	-	-	**4.470**	**-**	**4.470**	-	-	4.470
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**6.038**	**-**	**6.038**	-	-	6.038
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**100.598**	**-**	**100.598**	-	-	100.598
	6.580	**57.918**	**64.498**	**21.611**	**20.491**	**13.490**	**275.770**	**8.906**	**340.268**	21.611	20.491	287.936
LIABILITIES												
Bonds (current and non-current) (b)	-	-	**-**			-	**(98.553)**	**-**	**(98.553)**	(105.635)	-	-
Financial payables (current and non-current) (*) (b) (e)	-	-	**-**	-	-	-	**(104.289)**	**-**	**(104.289)**	-	-	(104.180)
Other non-urrent liabilities (b)	-	-	**-**	-	-	-	**(719)**	**-**	**(719)**	-	-	nd
Other financial liabilities (d)	-	(246)	**(246)**	(246)	-	-	**-**	**-**	**(246)**	(246)	-	-
Trade payables (*) (b)	-	-	**-**	-	-	-	**(5.213)**	**-**	**(5.213)**	-	-	(5.213)
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(4.111)**	**-**	**(4.111)**	-	-	(4.111)
	-	**(246)**	**(246)**	**(246)**	**-**	**-**	**(212.884)**	**-**	**(213.130)**	(105.881)	-	(113.504)

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 at fair value with profits/losses posted to equity.
(b) Financial receivables and financial liabilities at amortized 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 at fair value on a recurring basis.
(e) 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 financial assets and financial liabilities recognised in the financial statements at amortized 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 individual impairment loss is a suitable representation of fair value.

Specifically, for financial receivables deriving from loan operations posted at amortized 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 issues are recognised at amortized 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 year. 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 period 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 their 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 refers to the current fair value with recognition of the changes in the Income Statement.
As at 30 September 2016, 100% of non-controlling interests recorded in the statement of financial position under assets held for trading are listed in active markets, for which a listing or a price is available, classified in level 1 of the fair value hierarchy. Instruments listed on active markets, both Official and Over The Counter, fall into this category.

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

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

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

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

Variations to financial assets at fair value level 3

As at 30 September 2016, no transfers of financial assets and liabilities at fair value on a recurring basis from level 3 to other levels and vice-versa were made, 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 period ended as at 30 September 2015, including profits/(losses) booked to the income statement, are shown below:

(thousands of EUR)	Financial assets	Financial liabilities
As at 30 September 2015	**22.396**	**0**
(Profit) losses recognised in profit or loss	5.628	0
(Profit) losses recognised in other comprehensive income	934	0
Issues/extinctions	(10.749)	0
As at 30 September 2016	**18.209**	**0**

Available-for-sale financial assets measured at fair value level 3 mainly refer: for EUR 11,2 million to Equinox Two (EUR 10,8 million as at 30 September 2015); EUR 3,3 million to Istituto Atesino di Sviluppo (EUR 3,3 million); EUR 1,4 million to SIA (EUR 1,4 million), EUR 1,1 million to Medinvest International (EUR 1,3 million); and EUR 1,0 million to Credit Access (EUR 4,1 million).

53.2 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 Group 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 2016	Financial instruments at fair value	Assets held to maturity	Loans and recevaibles	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	37.731.003	**37.731.003**
Bonds	-	-	-	50.772	**50.772**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	100.176.385	-	**100.176.385**
Sundry receivables	-	-	314.973	-	**314.973**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	4.062.594	-	**4.062.594**
Current financial assets:					
Financial receivables	-	-	27.850.798	-	**27.850.798**
Sundry receivables	-	-	5.100.000	-	**5.100.000**
Other financial assets	2.284.261	-	-	4.625.203	**6.909.464**
Hedging derivatives	-	-	-	-	**-**
Non-hedging derivatives	-	-	-	-	**-**
Cash and cash equivalents					
Bank and postal deposits	-	-	84.974.315	-	**84.974.315**
TOTAL FINANCIAL ASSETS	**2.284.261**	**-**	**222.479.065**	**42.406.978**	**267.170.304**

Financial assets at 30 September 2015	IAS 39 CATEGORIES Financial instruments at fair value	Assets held to maturity	Loans and recevaibles	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	43.313.411	**43.313.411**
Bonds	-	-	-	1.110.252	**1.110.252**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	163.545.698	-	**163.545.698**
Sundry receivables	-	-	207.571	-	**207.571**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	10.507.950	-	**10.507.950**
Current financial assets:					
Financial receivables	-	-	233.421	-	**233.421**
Sundry receivables	-	-	677.194	-	**677.194**
Other financial assets	6.558.239	-	-	13.494.260	**20.052.499**
Hedging derivatives	-	-	-	-	**-**
Non-hedge derivatives	21.773	-	-	-	**21.773**
Cash and cash equivalents					
Bank and postal deposits	-	-	100.582.955	-	**100.582.955**
TOTAL FINANCIAL ASSETS	**6.580.012**	**-**	**275.754.789**	**57.917.923**	**340.252.724**

Financial liabilities as at 30 September 2016	IAS 39 CATEGORIES Financial instruments at fair value	Liabilities at amortized cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings			-
Other financial liabilities		2.279.610	2.279.610
Sundry payables and other liabilities		477.792	477.792
Bonds		97.873.411	97.873.411
Current liabilities:			
Loans and borrowings from banks and other lenders		77.872.265	77.872.265
Trade payables		3.106.326	3.106.326
Sundry payables		4.958.221	4.958.221
Bonds		1.309.554	1.309.554
Other financial liabilities:			
Hedging derivatives			-
Non-hedging derivatives			-
TOTAL FINANCIAL LIABILITIES	**-**	**187.877.179**	**187.877.179**

Note that the table also includes the items sundry receivables and other assets and sundry payables and other liabilities.

Financial liabilities as at 30 September 2015	IAS 39 CATEGORIES Financial instruments at fair value	Liabilities at amortized cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	-	**-**
Other financial liabilities	-	2.918.777	**2.918.777**
Sundry payables and other liabilities	-	718.618	**718.618**
Bonds	-	97.239.392	**97.239.392**
Current liabilities:			
Loans and borriwings from banks and other lenders	-	101.370.087	**101.370.087**
Trade payables	-	5.213.307	**5.213.307**
Sundry payables	-	4.111.033	**4.111.033**
Bonds	-	1.313.142	**1.313.142**
Other financial liabilities:			
Hedging derivatives	246.641	-	**246.641**
Non-hedging derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**246.641**	**212.884.356**	**213.129.997**

53.3 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 allowance for impairment 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 divided into the following areas:
- money market management, entrusted with the investment of temporary cash surpluses during the year, the reabsorption of which is expected within the next twelve months;
- bond portfolio management, entrusted with the investment of a permanent level of liquidity, the investment of that part of liquidity whose reabsorption 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 and real estate 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.

Management and the Internal Control and Risks Committee constantly monitor risk positions at collective and individual 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 credit exposures is shown in detail below.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Impaired exposures	25.184.563	(21.508.944)	-	3.675.619
- Restructured exposures	-	-	-	-
	25.184.563	**(21.508.944)**	**-**	**3.675.619**
Performing exposures				
- Past due exposures	13.894.475	-	-	13.894.475
- Other exposures	203.864.211	(3.282.034)	-	200.582.177
	217.758.686	**(3.282.034)**	**-**	**214.476.652**
Total as at 30 September 2016	**242.943.249**	**(24.790.978)**	**-**	**218.152.271**
Total as at 30 September 2015	**290.165.196**	**(24.015.676)**	**-**	**266.149.520**

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

The figures relating to the financial statements as at 30 September 2015 are provided below.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Impaired exposures	24.647.270	(20.733.642)	-	3.913.628
- Restructured exposures	-	-	-	-
	24.647.270	**(20.733.642)**	**-**	**3.913.628**
Performing exposures				
- Past due exposures	13.671.240	-	-	13.671.240
- Other exposures	251.846.686	(3.282.034)	-	248.564.652
	265.517.926	**(3.282.034)**	**-**	**262.235.892**
Total as at 30 September 2015	**290.165.196**	**(24.015.676)**	**-**	**266.149.520**
Total as at 30 September 2014	**190.652.515**	**(20.463.882)**	**-**	**170.188.633**

Details of trade receivables as at 30 September 2016 are shown below, by trade receivables not past due ("Falling due" line) and past due receivables, with an indication of the expired period (lines "0-180 days", and "180-360 days" and "After 360 days"):

	30.09.2016		
	Nominal value	Impairment losses	Net value
Falling due	590.432	(2.952)	587.480
0-180 days	197.475	(933)	196.542
180-360 days	1.296	-	1.296
After 360 days	4.529.441	(4.082.360)	447.081
	5.318.644	**(4.086.245)**	**1.232.399**

The figures relating to the financial statements as at 30 September 2015 are provided below.

	30.09.2015		
	Nominal value	Impairment losses	Net value
Falling due	3.707.001	(539.825)	3.167.176
0-180 days	1.157.478	(1.658)	1.155.820
180-360 days	60.684	(27.738)	32.946
After 360 days	563.446	(369.458)	193.988
	5.488.609	**(938.679)**	**4.549.930**

Positions for which there is an objective condition of partial or total uncollectability are impaired individually. The amount of the impairment loss 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 impaired 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 arrange write-down 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 amortized cost requires the impairment loss on loans and receivables or held to maturity investments and recognised at amortized 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 a 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 84.990 thousand (EUR 100.598 thousand as at 30 September 2015) 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 2016, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given

The carrying amounts as at 30 September 2015 and 2016 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:

	30.09.2016	**30.09.2015**
Financial guarantees issued	-	2.128.072
Commercial guarantees issued	10.715.001	8.333.600
Irrevocable commitments to disburse funds	5.867.339	6.180.289
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	3.068.320	4.135.601
	19.650.660	**20.777.562**

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 developments in the average lending rate and to determine the impacts of changes in the structure of interest rates on the entire financial statements.

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	-	-	40.194	26.605	-	33.378	100.177
Current financial receivables	27.951	5.000	-	-	-	-	32.951
Available-for-sale financial assets	-	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-
	27.951	**5.000**	**40.194**	**26.605**	**-**	**33.378**	**133.128**
Liabilities							
Non-current bank loans	-	-	-	-	-	-	-
Current bank loans	(77.872)	-	-	-	-	-	(77.872)
Other financial payables due to related parties	-	-	-	-	-	(2.280)	(2.280)
Bonds	(1.310)	-	-	(97.873)	-	-	(99.183)
	(79.182)	**-**	**-**	**(97.873)**	**-**	**(2.280)**	**(179.335)**
Financial derivatives							
Hedging derivatives	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	(51.231)	**5.000**	**40.194**	**(71.268)**	**-**	**31.098**	**(46.207)**

The data relating to the previous year are shown below:

Items/residual duration	Up to 6 month	From after 6 month to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined	Total
Assets							
Debt securities			50.772	1.059.479	3.009.814		4.120.065
Medium/long-term financial receivables			125.648.042	22.249.520	-	15.648.136	163.545.698
Current financial receivables	910.615	-					910.615
	910.615	**-**	**125.698.814**	**23.308.999**	**3.009.814**	**15.648.136**	**168.576.378**
Liabilities							
Non-current bank loans			-				-
Current bank loans	(96.870.087)	-					(96.870.087)
Other financial payables due to related parties	(4.500.000)					(2.918.777)	(7.418.777)
Bonds	(1.313.142)			(97.239.392)			(98.552.534)
	(102.683.229)	**-**	**-**	**(97.239.392)**	**-**	**(2.918.777)**	**(202.841.398)**
	(101.772.614)	**-**	**125.698.814**	**(73.930.393)**	**3.009.814**	**12.729.359**	**(34.265.020)**

The above tables are based on residual due dates and form a useful means of support also for quantifying liquidity risk. With more specific reference to interest rate risk, however, reference should also be made to the following tables (particularly those provided in the section on sensitivity analysis), which show details of fixed rate and variable rate financial assets and liabilities.

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

Interest rate risk is a variable to which the Group dedicates considerable attention and has provided the basis for the operational decisions taken, regarding both financing instruments and lending.
The 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; from currency risk and commodity risk, with reference to the entire financial statements.

In previous years, when trading was more significant, the Investment Process began with an analytical analysis, consisting essentially of an analysis of the market scenario (i.e. the existing macroeconomic context in terms of real variables, monetary conditions, current dominant themes, etc.) plus verification of the temporary phase of the various financial markets (in terms of volatility, liquidity, etc.), supplementing the data with detailed technical information available (research on specific aspects). Based on the results of the preceding activities, a decision was made to undertake "strategic investments". The extent of the strategic investments was 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 were made, that is, characterised by particularly reduced time periods and considered prevalently of a "technical nature".

As regards the Group's current operations, actual and prospective market risk is low.
In line with the approved strategic lines, 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 assessment of the risks connected to the current phase of market volatility.

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 budget implemented in the current year are extremely prudent and have made provision for limited trading in financial assets, on the basis of a careful assessment 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 Group in terms of economic results of operations and cash flows.
Monitoring of the incidence of the trend in exchange rates as regards transactions realised on 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 currency rate risks.

Quantitative information

The Group has no exposures in foreign currency.

Sensitivity analysis

The exposure to the different market risks is measured through a 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 carrying amount as at 30 September 2016, 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 amortized cost are not subject to interest rate risk, as defined in IFRS 7;
- 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 hedging relationship, generate an impact on financial income and expenses in the period; therefore, they are taken into consideration in this analysis.

Interest rate risk – Sensitivity analysis

The variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income. In particular, in relation to the variation in interest rates: if, as at 30 September 2016, 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 approximately EUR 0,1 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 2016**		
	Fixed rate	Variable rate	Total
Bank loans	-	77.872	**77.872**
Bonds	99.183	-	**99.183**
Other financial liabilities	2.280	-	**2.280**
Total	**101.463**	**77.872**	**179.335**

The data relating to the previous year are shown below:

Amounts in thousands of Euro	30 September 2015		
	Fixed rate	Variable rate	Total
Bank loans	26.706	70.164	**96.870**
Bonds	98.553	-	**98.553**
Other financial liabilities	7.419	-	**7.419**
Total	**132.678**	**70.164**	**202.842**

Amounts in thousands of Euro	30 September 2016		
	Fixed rate	Variable rate	Total
Financial receivables	54.325	78.802	**133.127**
Other financial assets	-	-	**-**
Total	**54.325**	**78.802**	**133.127**

The data relating to the previous year are shown below:

Amounts in thousands of Euro	30 September 2015		
	Fixed rate	Variable rate	Total
Financial receivables	65.971	98.486	**164.456**
Other financial assets	4.120		**4.120**
Total	**70.091**	**98.486**	**168.576**

The tables indicated above, relating to financial receivables and payables for the current year, include the value of non-interest bearing receivables and payables using a fixed rate.

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 amortized cost, net of any accruals and fair value adjustments due to hedge accounting.

Amounts in thousands of Euro	30 September 2016		30 September 2015	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	84.990	0,18%	100.598	0,30%
Other financial assets	133.127	4,17%	164.456	5,15%
Total	**218.117**	**2,64%**	**265.055**	**3,77%**

Amounts in thousands of Euro	30 September 2016		30 September 2015	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	77.872	(2,28)%	96.870	(3,43)%
Bonds	99.183	(6,90)%	98.553	(6,90)%
Other financial liabilities	2.280	0,00%	7.419	(0,40)%
Total	**179.335**	**(4,61)%**	**202.842**	**(5,06)%**

Currency risk – Sensitivity analysis

As at 30 September 2016 (and as at 30 September 2015), 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 with the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and due 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 Group's goal is to maintain a balance between the bank credit line capacity and the flexibility of financial resources through the use of overdrafts.

Reference should be made to the table provided above (in the section on interest rate risk) for details of the residual maturities of assets and liabilities.

With reference to the expiry dates of cash flows related to the Group's financial exposure, for liquidity risk purposes, the repayment plan set forth for medium/long-term debt assumes particular significance.
Amongst other things, the risk analysis performed is aimed at quantifying, based on contractual expiry dates, the cash flows deriving from the repayment of non-current financial liabilities held by the company as at 30 September 2016, given that they are deemed relevant for liquidity risk purposes.
For the purposes of a presentation of the liquidity risk on the financial exposure of the Group 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:**				
	2017	**2018**	**2019**	**After 2019**	**Total**
Bank loans	77.872	-	-	-	77.872
Other loans	-	-	-	2.280	2.280
Bonds	5.991	5.991	104.532		116.514
Derivative financial instruments	-	-	-	-	-
Total	**83.863**	**5.991**	**104.532**	**2.280**	**196.666**

For further information on Mittel Group covenants, reference should be made to the paragraph "Risk of default and debt covenants" in the Directors' Report on Operations.

4. Information on equity

Shareholders have always taken care to provide the Group with sufficient equity to allow it to 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.

54. Ongoing disputes

A number of Group companies have disputes in progress. The main ongoing legal proceedings (i.e. SNIA S.p.A. in Amministrazione Straordinaria (under extraordinary administration)) are described in the paragraph "Main ongoing legal proceedings and disputes".

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

Pursuant to art. 149-*duodecies* of Consob Issuers' Regulation, the table below provides information on the fees paid to the independent auditors KPMG S.p.A. and to companies in the KPMG network for the following services:

1) Audit services including:
   • audit of the annual accounts with a view to expressing a professional opinion;
   • limited review of interim accounts.
2) Attestation services, which include assignments for which the auditor assesses a specific element, the determination of which is performed by another entity responsible, by adopting suitable criteria, for expressing conclusions that provides the addressee with a degree of reliability in relation to that specific element.
3) Tax advisory services.
4) Other services.

The fees indicated in the table for the year 2015-2016 are those contractually agreed, including any indexing (except for out-of-pocket expenses, any regulatory contributions and VAT).
In accordance with the legal provision mentioned, fees recognised to any secondary auditors or members of the respective networks are not included.

Type of services	Service provider		Recipient	Fees
	Independent auditors	Other network entities		
Auditing	KPMG S.p.A.		Mittel S.p.A.	159.500
Attestation services*	KPMG S.p.A.		Mittel S.p.A.	7.500
Attestation services**	Deloitte & Touche S.p.A.		Mittel S.p.A.	7.000
Tax consultancy services				
Other services - Signing of tax declarations	Deloitte & Touche S.p.A.		Mittel S.p.A.	4.000
Total				**178.000**

(*) Attestation of Financial Covenants
(**) Attestation of Tax Declarations

Type of services	Service provider		Recipient	Fees
	Independent auditors	Other network entities		
Auditing	KPMG S.p.A.		Altre Società del Gruppo Mittel	80.750
Certification services*	Deloitte & Touche S.p.A.		Altre Società del Gruppo Mittel	13.500
Tax consultancy services				
Other services - Signing of tax declarations	Deloitte & Touche S.p.A.		Altre Società del Gruppo Mittel	10.190
Total				**104.440**

(*) Attestation of Tax Declarations

Milan, 14 December 2016

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

(Signed on the original)

Annexes and supplementary statements

List of equity investments

Mittel Group

List of equity investments

	Registered office		Share capital	Nominal value	% Interest	% Availability votes in shareholders' meeting	Business performed	€/000 Book value	End of the year	€/000 Assets Statements of financial position	€/000 Liabilities Statements of financial positions	€/000 Equity	€/000 Last result	€/000 Revenue
Investments														
Direct														
Chase Mittel Capital Holding II NV in liquidation	Netherlands Antilles	€	18.720	-	27,55	27,55	Financial	-	31 December	-	-	9	-	-
Tower 6 bis S.a.r.l.	Luxembourg	€	4.500.000	10	49,00	49,00	Investment Holding	28.101	31 December	25.171	21.853	3.318	(757)	-
Liberata S.p.A.	Milan - Italy	€	6.750.000	1	27,00	27,00	Investment Holding	5.400	30 September	74.349	54.993	19.356	(3.083)	44
Bios S.p.A.	Milan - Italy	€	3.000.000	1	34,37	50,00	Investment Holding	50.749	31 December	227.959	106.185	121.774	27.003	-
Castello SGR S.p.A.	Milan - Italy	€	3.626.163	1	21,81	23,17	Fund management	3.332	31 December	17.776	4.340	13.436	2.463	9.141
Mit.Fin S.p.A.	Milan - Italy	€	200.000	1	30,00	30,00	Financial	94	31 December	678	181	497	48	1.170
Indirect														
Superpartes S.p.A.	Brescia - Italy	€	331.383		11,89	11,89	Technology	457	31 December	1.392	263	1.129	(189)	461
Total								**88.133**						

Statement on 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 Rosario Bifulco, Chief Executive Officer, and Pietro Santicoli, the Manager in charge of financial reporting 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, state that the administrative and accounting procedures are adequate given the group's characteristics and were effectively applied to prepare the consolidated financial statements as at 30 September 2016.

It is also certified that the consolidated financial statements for the year ended as at 30 September 2016:

a) were drafted in compliance with the IFRS endorsed by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and books;

c) provide a true and fair view of the financial position and performance of the issuer and of the group of consolidated companies.

The Directors' Report on Operations includes a reliable analysis of the business performance and profit (loss), as well as the position of the issuer and the set of consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 14 December 2016

Chief Executive Officer	Manager in charge of financial reporting
Rosario Bifulco	Pietro Santicoli
(Signed on the original)	(Signed on the original)

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Mittel S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Mittel Group (the "group"), which comprise the statement of financial position as at 30 September 2016, the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 30 September 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of Mittel S.p.A. as at and for the year ended 30 September 2016.

Milan, 5 January 2017

KPMG S.p.A.

(signed on the original)

Bruno Verona
Director of Audit

Separate Financial Statements as at 30 September 2016

Statement of Financial Position (*)

Amounts in Euro

	Notes	30.09.2016	30.09.2015
Non-current assets			
Intangible assets	4	40.033	113.420
Property, plant and equipment	5	3.653.276	528.256
Investments	6	72.862.182	148.745.799
Financial receivables	7	79.248.633	120.508.561
Other financial assets	8	27.775.764	29.525.580
Sundry receivables and other assets	9	160.267	160.105
Deffered tax assets	10	20.922	2.098
Total non-current assets		**183.761.077**	**299.583.819**
Current assets			
Financial receivables	11	94.573.712	78.162.709
Other financial assets	12	6.909.464	2.110.331
Current tax assets	13	9.096.939	12.359.770
Sundry receivables and other assets	14	4.758.279	4.662.192
Cash and cash equivalents	15	56.242.667	36.472.260
Total current assets		**171.581.061**	**133.767.262**
Total assets		**355.342.138**	**433.351.081**
Equity			
Share capital		87.907.017	87.907.017
Share premium		53.716.218	53.716.218
Treasury shares		(20.576.471)	(25.778.526)
Reserves		83.728.270	110.323.860
Profit (loss) for the year		(30.770.032)	(20.409.769)
Total equity	16	**174.005.002**	**205.758.800**
Non-current liabilities			
Bond issue	17	97.873.411	97.239.392
Provisions for personnel	18	831.755	801.551
Deferred tax liabilities	19	206.418	283.832
Provisions for risks and charges	20	902.875	766.898
Total non-current liabilities		**99.814.459**	**99.091.673**
Current liabilities			
Bond issue	21	1.309.554	1.313.142
Financial payables	22	75.539.799	121.804.220
Other financial liabilities	23	-	58.331
Sundry payables and other liabilities	24	4.673.324	5.324.915
Total current liabilities		**81.522.677**	**128.500.608**
Total equity and liabilities		**355.342.138**	**433.351.081**

(*) 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 following pages and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements, to which reference should be made.

Income Statement (*)

Amounts in EUR

		30.09.2016	30.09.2015
Revenue	25	869.689	1.116.101
Other income	26	365.860	851.491
Costs for services	27	(5.279.060)	(7.194.544)
Personnel costs	28	(3.868.498)	(4.345.406)
Other costs	29	(1.719.841)	(3.184.692)
Dividends	30	43.731.964	2.430.443
Profit (loss) from management of financial assets	31	7.782.153	(11.154.129)
Gross operating margin (EBITDA)		**41.882.267**	**(21.480.736)**
Amortization and value adjustments to intangible assets	32	(258.838)	(252.687)
Allocations to the provision for risks	33	(135.977)	209.850
Value adjustments to financial assets and receivables	34	(3.261.028)	(1.043.805)
Value adjustments to investments	35	(68.856.250)	(1.380.664)
Operating result (EBIT)		**(30.629.826)**	**(23.948.042)**
Financial income	36	8.139.702	8.737.278
Financial expenses	37	(8.944.101)	(10.549.024)
Profit (loss) from trading of financial assets	38	60.740	4.896.821
Income (loss) before taxes		**(31.373.485)**	**(20.862.967)**
Income taxes	39	603.453	453.198
Income (loss) from continuing operations		**(30.770.032)**	**(20.409.769)**
Profit (loss) for the year		**(30.770.032)**	**(20.409.769)**

Earnings (loss) per share (in EUR)	40		
- Basic		(0,400)	(0,281)
- Diluted		(0,400)	(0,281)

(*) 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. are outlined in the appropriate Income statement table shown in the following pages and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements, to which reference should be made.

Statement of comprehensive income

Amounts in EUR

	Notes	01.10.2015 30.09.2016	01.10.2014 30.09.2015
Profit (loss) for the year (A)		**(30.770.032)**	**(20.409.769)**
Other comprehensive profit/(loss) that will not be subsequently reclassified to profit (loss) for the year:			
Profits/(losses) from remeasurement of defined benefit plans		(66.114)	17.250
Tax effect relating to Other profits/(losses)		18.181	(4.744)
Total other comprehensive profit/(loss) that will not be subsequently reclassified to profit (loss) for the year, net of taxes (B.1)		(47.933)	12.506
Other comprehensive profit/(loss) that will be subsequently reclassified to profit (loss) for the year:			
Profits/(losses) from the redetermination of available-for-sale financial assets	16	(5.705.815)	33.109
Profits/(losses) from the transfer of available-for-sale financial assets	16	(1.037.402)	-
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	16	-	(6.350)
Tax effect relating to other profits/(losses)	16	77.414	(1.322)
Total other profit/(loss) that will be subsequently reclassified to profit (loss) for the year, net of taxes (B.2)		**(6.665.803)**	**25.437**
Total other profit/(loss) net of taxes (B) = (B.1) + (B.2)		**(6.713.736)**	**37.943**
Total comprehensive profit/(loss) (A) + (B)		**(37.483.768)**	**(20.371.826)**

Statement of changes in equity for the year ended as at 30 September 2016

Amounts in EUR

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Reserve from available-for-sale financial assets	Total
Balance as at 1 october 2014	**87.907.017**	**(25.778.526)**	**53.716.218**	**109.471.102**	**(119.754)**	**934.568**	**226.130.626**
Increase in share capital							**-**
Assignment of treasury shares							**-**
Transfer of treasury shares							**-**
Purchase of treasury shares							**-**
Dividends distributed							**-**
Total comprehensive profit/(loss)				(20.409.769)	12.506	25.437	**(20.371.826)**
Balance as at 30 september 2015	**87.907.017**	**(25.778.526)**	**53.716.218**	**89.061.333**	**(107.248)**	**960.005**	**205.758.800**
Increase in share capital	-	-	-	-	-	-	**-**
Merger operations	-	-	-	(8.647.361)	(1.130)	8.831.051	**182.560**
Transfer of treasury shares	-	8.924.663	-	244.261	-	-	**9.168.924**
Purchase of treasury shares	-	(3.722.608)	-	-	-	-	**(3.722.608)**
Other movements (SARs)				101.094			**101.094**
Dividends distributed	-	-	-	-	-	-	**-**
Total comprehensive profit/(loss)	-	-	-	(30.770.032)	(47.933)	(6.665.803)	**(37.483.768)**
Balance as at 30 september 2016	**87.907.017**	**(20.576.471)**	**53.716.218**	**49.989.295**	**(156.311)**	**3.125.253**	**174.005.002**

Cash flow statement

Amounts in EUR

	30.09.2016	30.09.2015
OPERATING ACTIVITIES		
Net income (loss) for the year	**(30.770.032)**	**(20.409.769)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:		
Current taxes	(614.331)	(665.225)
Deferred taxes	10.878	173.659
Depreciation of property, plant and equipment	155.999	125.130
Amortisation of intangible assets	102.839	127.557
Dividends received	(43.731.964)	(2.430.442)
Financial income	(8.139.702)	(8.737.278)
Financial expenses	8.944.102	10.549.024
Capital gains (losses) from transfer of equity securities	(6.820.453)	9.594.539
Allocations to provisions for risks	135.977	(209.850)
Provisions for employee severance indemnity and other indemnities	82.618	145.086
Expenses for incentive plan with settlement option throughequity instruments	101.094	
Write-downs of receivables	1.451.246	552.784
Capital gain (loss) from trading activities	(60.740)	(4.896.823)
Write-downs (write-backs) of available-for-sale financial assets	1.786.318	491.021
Write-downs (write-backs) of investments	68.856.250	1.380.664
Cash flows from operating activities before changes in working capital	**(8.509.901)**	**(14.209.923)**
(Increase)/decrease in other current assets	3.882.418	11.054.373
Increase/(decrease) in trade payables and other current liabilities	(690.759)	(9.078.796)
Cash and cash equivalents generated (absorbed) by operating activities	**(5.318.241)**	**(12.234.346)**
Uses of provisions for risks and charges	-	(6.449.108)
Payments of employee severance indemnity	(148.681)	(173.165)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES	**(5.466.922)**	**(18.856.618)**
INVESTING ACTIVITIES		
Dividends received from subsidiaries and associates	42.832.434	1.002.197
Dividends received on financial assets	899.530	1.428.246
Investments in interests for:		
Recapitalisations of associates	(657.133)	-
Increase in available-for-sale financial assets	(288.361)	(7.015.085)
Increases in financial assets held for trading	(6.061.441)	(11.578.002)
Other investments (property, plant and equipment and intangible assets)	(3.355.957)	-
Increases in other non-current assets	11.093	(330.872)
Realisation from disposal of:		
Investments	24.500	461.290
Equity instruments available for sale	12.467.620	25.589.205
Financial instruments held for trading	10.096.567	23.749.818
Other non-current assets (property, plant and equipment, intangible assets and other)	45.485	5.030
Distributions from mutual investment funds	-	437.400
Resulting liquidity by merging companies	5.973.313	
(Increase) decrease in financial receivables due from customers and financial institutions	11.002.541	(14.675.602)
Interest collected	7.027.421	8.008.751
Change in other current financial assets	61.536	-
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**80.079.146**	**27.082.376**
FINANCING ACTIVITIES		
Increase (decrease) in payables due to banks and other lenders	(51.989.932)	32.585.209
Interest paid	(8.298.201)	(9.957.913)
Purchase of treasury shares	(3.722.608)	
Transfer of treasury shares	9.168.924	
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**(54.841.817)**	**22.627.296**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)	**19.770.407**	**30.853.053**
OPENING CASH AND CASH EQUIVALENTS (E)	36.472.260	5.619.207
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)	**56.242.667**	**36.472.260**

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

Amounts in EUR

	Notes	30.09.2016	*of which related parties*	*%*	30.09.2015	*of which related parties*	*%*
Non-current assets							
Intangible assets	4	40.033	-		113.420	-	
Property, plant and equipment	5	3.653.276	-		528.256	-	
Investments	6	72.862.182	-		148.745.799	-	
Financial receivables	7	79.248.633	46.701.221	58,9%	120.508.561	88.086.330	73,1%
Other financial assets	8	27.775.764	-		29.525.580	-	
Sundry receivables and other assets	9	160.267	-		160.105	-	
Deffered tax assets	10	20.922	-		2.098	-	
Total non-current assets		**183.761.077**	**46.701.221**	**25,4%**	**299.583.819**	**88.086.330**	**29,4%**
Current assets							
Financial receivables	11	94.573.712	90.683.190	95,9%	78.162.709	77.971.173	99,8%
Other financial assets	12	6.909.464	-		2.110.331	-	
Current tax assets	13	9.096.939	-		12.359.770	-	
Sundry receivables and other assets	14	4.758.279	2.151.535	45,2%	4.662.192	1.852.424	39,7%
Cash and cash equivalents	15	56.242.667	-		36.472.260	-	
Total current assets		**171.581.061**	**92.834.725**	**54,1%**	**133.767.262**	**79.823.597**	**59,7%**
Assets held for sale		-	-		-	-	
Total assets		**355.342.138**	**139.535.946**	**39,3%**	**433.351.081**	**167.909.927**	**38,7%**
Equity							
Share capital		87.907.017	-		87.907.017	-	
Share premium		53.716.218	-		53.716.218	-	
Treasury shares		(20.576.471)	-		(25.778.526)	-	
Reserves		83.728.270	-		110.323.860	-	
Profit (loss) for the year		(30.770.032)	-		(20.409.769)	-	
Total Equity	16	**174.005.002**	**-**		**205.758.800**	**-**	
Non-current liabilities							
Bond issue	17	97.873.411	-		97.239.392	-	
Provisions for personnel	18	831.755	-		801.551	-	
Deferred tax liabilities	19	206.418	-		283.832	-	
Provisions for risks and charges	20	902.875	-		766.898	-	
Total non-current liabilities		**99.814.459**	**-**		**99.091.673**	**-**	
Current liabilities							
Bond issue	21	1.309.554	-		1.313.142	-	
Financial payables	22	75.539.799	2.680.634	3,5%	121.804.220	42.150.000	34,6%
Other financial liabilities	23	-	-		58.331	-	
Sundry payables and other liabilities	24	4.673.324	1.104.082	23,6%	5.324.915	1.269.738	23,8%
Total current liabilities		**81.522.677**	**3.784.716**	**4,6%**	**128.500.608**	**43.419.738**	**33,8%**
Total equity and liabilities		**355.342.138**	**3.784.716**	**1,1%**	**433.351.081**	**43.419.738**	**10,0%**

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

Amounts in EUR

	Notes	01.10.2015 30.09.2016	*of which related parties*	*%*	01.10.2014 30.09.2015	*of which related parties*	*%*
Revenue	25	869.689	791.764	91,0%	1.116.101	891.960	79,9%
Other income	26	365.860	160.979	44,0%	851.491	152.539	17,9%
Costs for services	27	(5.279.060)	(1.775.027)	33,6%	(7.194.544)	(1.790.088)	24,9%
Personnel costs	28	(3.868.498)	(1.214.602)	31,4%	(4.345.406)	(1.506.447)	34,7%
Other costs	29	(1.719.841)	(28.481)	1,7%	(3.184.692)	(1.050.000)	33,0%
Dividends	30	43.731.964	43.173.234	98,7%	2.430.443	1.589.297	65,4%
Profit (loss) from management of financial assets	31	7.782.153			(11.154.129)	(6.000.000)	53,8%
Gross operating margin (EBITDA)		**41.882.267**			**(21.480.736)**		
Amortization and value adjustments to intangible assets	32	(258.838)			(252.687)		
Allocations to the provision for risks	33	(135.977)			209.850		
Value adjustments to financial assets and receivables	34	(3.261.028)			(1.043.805)		
Value adjustments to investments	35	(68.856.250)			(1.380.664)		
Operating result (EBIT)		**(30.629.826)**			**(23.948.042)**		
Financial income	36	8.139.702	6.458.714	79,3%	8.737.278	7.402.528	84,7%
Financial expenses	37	(8.944.101)	(151.571)	1,7%	(10.549.024)	(321.617)	3,0%
Profit (loss) from trading of financial assets	38	60.740			4.896.821		
Income (loss) before taxes		**(31.373.485)**			**(20.862.967)**		
Income taxes	39	603.453			453.198		
Income (loss) from continuing operations		**(30.770.032)**			**(20.409.769)**		
Income (loss) from discontinued operations		-			-		
Profit (loss) for the year		**(30.770.032)**			**(20.409.769)**		

Explanatory Notes

1. General information

Mittel S.p.A. (hereinafter also the "Company") is an Italian limited company registered in the Milan Register of Companies.
It is the Parent Company with a direct interest, or indirect through other sub-holdings, in the share capital of the companies that operate in the same business sectors as the Company does.
The registered office is at Piazza Diaz 7, Milan.
The core business of the company and its subsidiaries is indicated in the descriptive section of the Directors' Report on Operations.
These separate financial statements are expressed in Euro.
As Parent Company, Mittel S.p.A. has also prepared the consolidated financial statements of Mittel S.p.A. as at 30 September 2016.

Merger of the wholly-owned subsidiaries Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l.

Introduction

The year saw the merger into Mittel S.p.A. of the two wholly-owned subsidiaries, Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l., the plans for which were approved by the competent bodies on 2 May 2016. The merger was finalised on 8 July 2016.
The legal effects of the merger entered into force on 30 July 2016, whilst for accounting and tax purposes the effective date was 1 October 2015.

The merger of a wolly-awned subsidiary is a case excluded from the scope of application of IFRS 3 *Business Combinations*, as there is no substantial economic effect from the transfer of control of the merged business. In fact, this extraordinary transaction, though carried out with the purpose of reorganising activities within the Group, does not involve any economic exchange with third-parties in terms of the businesses combined and does not involve the setup of a new reporting entity, as the financial statements of the merging entity after the merger does not meet the requirements for additional disclosures above and beyond those required of the merging entity in its consolidated financial statements.
Given the lack of accounting standards and interpretations governing such cases among the IFRS, in order to consider the optional recognition methods for the merger in the financial statements of the merging entity, the following should be noted:

- the merger in question has features in common with the category of transactions between entities under common control, i.e. transactions resulting in the transfer of assets or shares (but not necessarily control of a business - and which are realised solely within a group);
- the regulations for transactions involving an entity under common control, contained in the US accounting practices (Statement 141 - SFAS 141 "Business Combinations"), envisage that such transactions must be reflected in the financial statements with value continuity (a principle specified in interpretation EITF 90-5) and that such continuity must be assessed in reference to the consolidated financial statements of the common controlling entity;
- the standard SFAS 141 also specifies that:
  - the transaction must be recognised as if it had been carried out at the start of the year in which it took place;
  - the book values, included in accordance with the principle of value continuity, must be adjusted only to ensure standardisation of the valuation principles for asset items involved in the transaction and to eliminate the effect of intercompany transactions between the companies involved as transaction counterparties;
  - the income statement figures for the comparative periods must be restated to reflect the business combination in those periods.

Application of the principle of value continuity, also recommended in Assirevi document OPI 2, appears consistent with the IASB framework and, in particular, with the hypothesis of historical cost, and can therefore form a valid reference in the accounting recognition of a merger of a wholly-owned subsidiary in that:

- The FASB adopted a framework that satisfies the requirements in line with the IASB Framework as required by IAS 8;
- The principle of value continuity in the consolidated financial statements appears to suitably reflect the true economic effects of a transaction carried out entirely within a Group and does not result in exchanges with third-parties;
- the backdating of the accounting recognition of the transaction to the start of the year in which it was carried out is also envisaged in Italian regulations on mergers.

In this respect, it should also be specified that the regulations on mergers do *not* appear suitable in providing for the absence of specific IFRS rules on mergers of wholly-owned subsidiaries in that:

- Italian regulations allow the recognition of a deficit from the cancellation of intangible assets existing as at the date of the merger, even if generated internally in the period between purchase of the equity investment and the date of the merger. This appears to conflict with the rule whereby intangible assets generated internally cannot be capitalised;
- Italian regulations allow the recognition of a deficit from cancellation of asset and liability items of the companies involved in the merger, apparently in conflict with the IFRS and American practices which allow the revaluation of Statement of Financial Position items not subject to any economic exchange only after the adoption, by the entity preparing the financial statements, of a valuation criterion other than cost.

Therefore, the allocation of the merger difference from cancellation, envisaged in Italian regulations, appears to be in conflict with the historical cost principles and precludes the option of bringing to light, post-merger, the actual investment of the merging entity in the merged entity at the time the equity investment was acquired.

The application of the principle of value continuity means recognising the significance of the pre-existing control relationship between the companies involved in the merger, as well as the cost incurred by the merging entity for the original acquisition of the merged entity. This cost, and its allocation among current assets and liabilities of the merged entity and goodwill, are recorded in the consolidated financial statements of the Group composed of the merging and merged entities. In other words, a merger for restructuring purposes results in convergence into the consolidated financial statements of the merging entity as at the date of merger of the separate financial statements of the post-merger merging entity, implementing the "legal consolidation".
The inclusion in the merging entity's separate financial statements of assets of the merged entity should not result in higher current values of such assets compared to those expressed in the consolidated financial statements, nor a higher figure for goodwill, given that the merger does not involve any economic exchange with third-party economies or an acquisition in the economic sense.

Merger of the wholly-owned subsidiaries Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l.

For the separate financial statements for the year ended 30 September 2016, as previously described, the mergers of Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l. led to retention of the same effects deriving from the elimination of these investments in continuity with the consolidated financial statements of the Group.
Consequently, the cancellation of the Mittel Partecipazioni Stabili S.r.l. investment overlaps the book value of the investment for EUR 27.000 thousand with the corresponding net asset value in the consolidated financial statements as at 1 October 2007, totalling EUR 27.177 thousand. This comparison shows an initial merger surplus of EUR 177 thousand, forming part of a positive valuation reserve for EUR 8.831 attributable to the reserve recorded in the consolidated financial statements as at 30 September 2015 on available-for-sale financial assets held by Mittel Partecipazioni Stabili S.r.l. and a residual deficit of EUR 8.654 in effect eligible for classification as a retained losses reserve in the accounting method adopted and envisaging value continuity, as described previously. Likewise, a comparison of the book value of the investment in Mittel Portfolio Management S.r.l. and the book value of the net assets indicates a surplus of EUR 5 thousand,

attributed to a valuation reserve (IAS 19) for a negative EUR 404 and a further difference (in effect retained earnings according to the format adopted) for EUR 6 thousand.

A summary is provided below of the impact of the mergers on the separate financial statements of Mittel S.p.A., with accounting effects from 1 October 2015:

	Merger of Mittel Partecipazioni Stabili S.r.l. **Balance Sheet of Mittel Partecipazioni Stabili S.r.l.**		Merger of Mittel Portfolio Management S.r.l. **Balance Sheet of Mittel Portfolio Management S.r.l.**	
Amount in Eur				
Intangible assets	-		6.793	
Property, plant and equipment	-		4.300	
Other financial assets	3.312.953		-	
Deffered tax assets	2.674		643	
Total non-current assets	**3.315.627**		**11.736**	
Financial receivables	5.920.808		-	
Other financial assets	17.963.941		-	
Current tax assets	114.104		71.837	
Sundry receivables and other assets	1.943		99.560	
Cash and cash equivalents	5.894.807		78.506	
Total current assets	**29.895.603**		**249.903**	
Provisions for personnel	-		(13.126)	
Deferred tax liabilities	-		-	
Provisions for risks and charges	-		-	
Total non-current liabilities	**-**		**(13.126)**	
Financial payables	(5.538.201)		-	
Other financial liabilities	(187.310)		-	
Current tax liabilities	(148.648)		-	
Sundry payables and other liabilities	(159.968)		(133.054)	
Total current liabilities	**(6.034.127)**		**(133.054)**	
Valuation reserve	**(8.831.052)**		**404**	
Equity		**18.346.051**		**115.863**
Post-merger cancellation of the investment in Mittel Partecipazioni Stabili S.r.l.				
Value of initial investment	(27.000.000)			
Total investment in Mittel Partecipazioni Stabili S.r.l.		**(27.000.000)**		
Merger deficit		**(8.653.949)**		
Post-merger cancellation of the investment in Mittel Portfolio Management S.r.l.				
Value of initial investment in Mittel Portfolio Management S.r.l.				(110.000)
Total investment in Mittel Portfolio Management S.r.l.				**(110.000)**
Merger surplus				**5.863**

To complete the information, the following tables show the impact of the mergers on Mittel S.p.A. comparative figures.

	Mittel	MPS	MPM	adjustments	Notes	Final balance
Non-current assets						
Intangible assets	113.420		6.793			120.213
Property, plant and equipment	528.256		4.300			532.556
Investments	148.745.799			(27.110.000)	**(4)**	121.635.799
Financial receivables	120.508.561					120.508.561
Other financial assets	29.525.580	2.895.294		417.659	**(5)**	32.838.533
Sundry receivables and other assets	160.105					160.105
Deffered tax assets	2.098	2.674	643			5.415
Total non-current assets	**299.583.819**	**2.897.968**	**11.736**	**(26.692.341)**		**275.801.182**
Current assets						
Financial receivables	78.162.709	5.920.808		(5.400.000)	**(1)**	78.683.517
Other financial assets	2.110.331	15.372.056		2.591.885	**(6)**	20.074.272
Current tax assets	12.359.770	114.104	71.837			12.545.711
Sundry receivables and other assets	4.662.192	1.943	99.560	(188.613)	**(2) (7)**	4.575.082
Cash and cash equivalents	36.472.260	5.894.807	78.506			42.445.573
Total current assets	**133.767.262**	**27.303.718**	**249.903**	**(2.996.728)**		**158.324.155**
Assets held for sale	-					-
Total assets	**433.351.081**	**30.201.686**	**261.639**	**(29.689.069)**		**434.125.337**
Equity						
Share capital	87.907.017	99.000	110.000	(209.000)	**(3)**	87.907.017
Share premium	53.716.218					53.716.218
Treasury shares	(25.778.526)					(25.778.526)
Reserves	110.323.860	17.935.848	445.041	(15.569.603)	**(3) (4) (5) (6)**	113.135.146
Profit (loss) for the year	(20.409.769)	6.079.877	(439.582)	(8.274.788)		(23.044.262)
Total Equity	**205.758.800**	**24.114.725**	**115.459**	**(24.053.391)**		**205.935.593**
Non-current liabilities						
Bond issue	97.239.392					97.239.392
Financial payables	-					-
Other financial liabilities	-					-
Provisions for personnel	801.551		13.126			814.677
Deferred tax liabilities	283.832			5.765		289.597
Provisions for risks and charges	766.898					766.898
Sundry payables and other liabilities	-					-
Total non-current liabilities	**99.091.673**	**0**	**13.126**	**5.765**		**99.110.564**
Current liabilities						
Bond issue	1.313.142					1.313.142
Financial payables	121.804.220	5.538.201		(5.400.000)	**(1)**	121.942.421
Other financial liabilities	58.331	240.140		(52.830)		245.641
Current tax liabilities	-	148.648				148.648
Sundry payables and other liabilities	5.324.915	159.972	133.054	(188.613)	**(2)**	5.429.328
Total current liabilities	**128.500.608**	**6.086.961**	**133.054**	**(5.641.443)**		**129.079.180**
Liabilities held for sale	-					-
Total equity and liabilities	**433.351.081**	**30.201.686**	**261.639**	**(29.689.069)**		**434.125.337**

Notes

(1) Netting of the Mittel/MPS IC loan
(2) Netting of MPS receivables (EUR 1.943) vs Mittel and Mittel receivables vs MPS (EUR 146.747); netting of mirrored payables
(3) Share capital netting
(4) Investment netting
(5) FV of non-current AFS (ISA)
(6) FV of current AFS (UBI + Intesa) and HFT (JP and Space + positive derivatives)
(7) MPM IC

	Mittel	MPS	MPM	adjustments	Final balance
Revenue					
Other income	1.116.101				1.116.101
Variations in property inventories	851.491	8	57.809	(57.433)	851.875
Costs for purchases	-				-
Costs for services	(7.194.544)	(19.415)	(90.508)	21.754	(7.282.713)
Personnel costs	(4.345.406)		(377.736)		(4.723.142)
Other costs	(3.184.692)	(57.208)	(18.305)		(3.260.205)
Dividends	2.430.443	529.733			2.960.176
Profit (loss) from management of financial assets	(11.154.129)	6.145.586		5.525.003	516.460
Gross operating margin (EBITDA)	**(21.480.736)**	**6.598.704**	**(428.740)**	**5.489.324**	**(9.821.448)**
Amortization and value adjustments to intangible assets	(252.687)		(43.570)		(296.257)
Allocations to the provision for risks	209.850				209.850
Value adjustments to financial assets and receivables	(1.043.805)			(15.602)	(1.059.407)
Value adjustments to investments	(1.380.664)			(14.306.141)	(15.686.805)
Operating result (EBIT)	**(23.948.042)**	**6.598.704**	**(472.310)**	**(8.832.419)**	**(26.654.067)**
Financial income	8.737.278	50.691	128	(10.844)	8.777.253
Financial expenses	(10.549.024)	(79.592)	(100)		(10.628.716)
Profit (loss) from trading of financial assets	4.896.821	(108.322)		568.475	5.356.974
Income (loss) before taxes	**(20.862.967)**	**6.461.481**	**(472.282)**	**(8.274.788)**	**(23.148.556)**
Income taxes	453.198	(381.604)	32.700		104.294
Income (loss) from continuing operations	**(20.409.769)**	**6.079.877**	**(439.582)**	**(8.274.788)**	**(23.044.262)**
Income (loss) from discontinued operaions	-				-
Profit (loss) for the year	**(20.409.769)**	**6.079.877**	**(439.582)**	**(8.274.788)**	**(23.044.262)**

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.
The separate financial statements for the year ended as at 30 September 2016 were drafted in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union as at 30 September 2016, and the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. IFRS also means 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 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 25 of IAS 1, regarding the going concern assumption.

3. Main accounting standards adopted by the Parent Company

Intangible assets (IAS 38)

Intangible assets are identifiable non-monetary assets without physical substance, 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 assets with a finite useful life is amortized using the straight-line method on the basis of the relative useful life.
If the useful life is indefinite, no amortization 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 amortized on a straight-line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At each reporting date, in the presence of impairment, the recoverable value of the asset is estimated.
The amount of the loss, booked in the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is derecognised 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 development to be amortized 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 amortized at the shorter of the residual term of the rental agreement and the residual useful life of the asset to which the improvement relates. At each reporting date, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.
In the event of indication 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 revised, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.
Property, plant and equipment are derecognised 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.

Leasehold improvements are classified under property, plant and equipment, consistent with the nature of the cost incurred. The depreciation period corresponds to the shorter of the residual useful life of the tangible asset and the residual duration of the lease.

Investments in subsidiaries and associates (IFRS 10, IAS 27 and IAS 28)

Investments in subsidiaries and associates are recognised at cost, adjusted for any impairment. The positive difference emerging at the time of purchase between the acquisition cost and the share of equity at current values of the investment and pertaining to the company is therefore included in the book value of the investment.
Investments in subsidiaries and associates are subject to impairment testing each year, or more frequently if necessary. If there are indications that any of the investments has suffered impairment, this is recognised in the income statement as a write-down.
If the share of the investee's losses pertaining to the company exceeds the book value of the investment, and the company has an obligation or intends to cover them, the value of the investment is impaired in full and the share of the residual losses is recognised as a provision under liabilities.
If in the future the impairment loss no longer applies or reduces, it is reversed in the income statement up to the cost limit.

Other financial assets (IAS 32 and 39)

The item includes available-for-sale financial assets (current and non-current assets) and financial assets 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 at fair value through profit or loss. In particular, this item includes investments not held for trading which do not qualify as investments in subsidiaries, associates or joint ventures, and bonds which are not traded. Following initial recognition, available-for-sale financial assets continue to be measured at fair value, with profits/losses deriving from the change in fair value recorded in a special equity reserve, 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, Sector 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 that 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 define 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 with it and simultaneously use values not taken from the market and involve estimates and assumptions.

Testing is carried out to check for any objective evidence of impairment at each reporting date.
The amount of any impairment loss 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 loss it is reversed. These reversals are booked in equity, in the case of equities, and in 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 fair value reserve 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 reporting date), available-for-sale financial assets are classified under "Other financial assets" in current or non-current assets.

Financial assets measured at fair value

This category contains securities acquired for the purpose of being held in the medium/long-term, and which are specifically designated as "non-current assets" at fair value through profit or loss. These assets are measured 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, Sector 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 that 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 determine 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 with it and simultaneously use values not taken from the market and involve estimates and assumptions.

Financial assets are derecognised when the contractual rights to 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.

Loans and receivables (IAS 32 and 39)

All non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified under loans and 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, upon initial recognition, are designated at fair value through profit and loss;
- those that, upon initial recognition, are designated as available for sale;
- those for which the company may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Loans and 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 that recognition under the item Loans and receivables takes place after the reclassification from financial assets 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 initial recognition, receivables are valued at amortized cost, equal to the initial recognition value, net of principal repayments, increased or decreased by impairment losses or reversal of impairment losses and amortization 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 reporting date, loans and receivables are tested for impairment, in order to identify any objective evidence that said loans and receivables have undergone impairment.
If there is objective evidence that the loans and receivables have undergone 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 impairment loss is booked to the income statement.
The original value of the loans and receivables is written back in subsequent years, with recognition in the income statement, to the extent to which the reasons that determined the adjustment no longer exist.
Loans and 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 loans and receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the loans and receivables in the financial statements to the extent of the company's 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, loans and 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 loans and receivable is contractually established as after one year, these are classified under "non-current" assets. Loans and 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 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 measured 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 net book value and the market value less costs to sell. Non-current assets are classified as held for sale when it is expected that their book value will be recovered through a disposal transaction rather than their use in the company's business operations. This condition is satisfied only when the sale is considered highly probable, and the asset is available for immediate sale in its current condition. For this purpose, management must be committed to sell, with the sale to be concluded within 12 months from the date of classification under this item.
Presentation in the financial statements of such assets envisages inclusion on a single profit or loss line of the income statement, net of taxes resulting from the disposal. Likewise, assets and liabilities are classed on separate lines in 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 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 Bonds (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 their 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 creditor. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Depending on their nature, payables are classified into the following items:
- bonds;
- financial payables;
- sundry payables and other liabilities.

Where, upon initial 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 in the income statement.
Debt securities and the negative value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial liabilities held for trading are measured 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 quoted 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 accrued 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 reporting date. The accrual 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 Group 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).

Share-based payment arrangements (IFRS 2)

As part of the medium/long-term incentive plans, payment arrangements are envisaged for the Chief Executive Officer of Mittel S.p.A. and management with share-based payments on shares representing capital, consisting in the assignment of rights which, subject to the predefined conditions being met and at the end of the last year of the vesting period, offer beneficiaries the right to obtain the cash equivalent or, at the discretion of the Board of Directors, the equivalent in the form of parent company shares.
In particular, the long-term variable incentive plan is based on the assignment of Stock Appreciation Rights (SARs), the value of which depends on the Mittel S.p.A. share performance. This plan envisages that, subject to predefined conditions being met, the beneficiaries can receive the equivalent in cash or in shares of the increase in value of the Company's ordinary share.
The fair value of transactions involving share-based payments settled in the form of equity instruments is recognised as a cost in the income statement under personnel costs or service costs as a balancing entry to the related item in equity, proportionally according to the period in which the service is provided and in consideration of the conditions established in the Incentive Plan regulations that offer the Company the option of choosing between cash settlement or the issue of equity instruments.

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 among equity reserves.

Income taxes (IAS 12)

The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accruals principle are recognised, consistently with the methods of recognition in the financial statements of the costs and revenue 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 and deferred tax assets and liabilities.
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.
Deferred tax assets and liabilities are determined on the basis of temporary differences - with no time limits - between the carrying amount of an asset or a liability and their tax base.
Deferred 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 relevant company or group of companies, due to exercise of the "tax consolidation" option, to generate taxable profit on an ongoing basis.
Deferred tax assets and liabilities 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 deferred tax assets 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 tax liabilities are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.

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 taxes, 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)

Accruals to the provision for risks and charges are made exclusively when:
- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits in order to fulfil the obligation;
- the amount of the obligation can be reliably estimated.

Where the time factor is significant, the provisions 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 claw-back claims; estimated disbursements for customer complaints relating to activities; other estimated disbursements in respect of existing legal or constructive obligations at the reporting date.

Revenue recognition (IAS 18)

Revenue is measured at the fair value of the consideration received for the sale of the products or services.

Sales of products

Revenue from product sales is recorded when all the following conditions are met:
- the significant risks and rewards related to ownership of the assets have been transferred to the buyer;
- effective control of the assets involved in the transaction and continuing managerial involvement to the degree usually associated with ownership are discontinued;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits deriving from the sale will flow to the Group;
- the costs incurred or to be incurred can be measured 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

Revenue from services is 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 revenue can be reliably measured;
- it is probable that the economic benefits of the transaction will flow to the Group;
- 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 measured.

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 amortized 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 accruals basis, according to the provisions of the contents of the related agreement.

Dividends

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

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 Mittel S.p.A. 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 amortization recognised (IAS 18). Guarantees received that are excluded from the scope 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 in the income statement.

Earnings per share (IAS 33)

Basic earnings per share are determined on the basis of the ratio of 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 have a dilutive effect.

Use of estimates

Preparation of the financial statement and the notes, under IFRS requires management to use estimates and assumptions that affect the carrying amount of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities.
The estimates and assumptions used are based on experience and other factors considered relevant. The actual 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 that period, or also in subsequent periods if the revision has an effect on both the current and future years.
The main items in the financial statements affected by this estimate process are 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 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 impairment losses 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 with 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 similar investments - of expected cash flows) of impaired assets and their book value.
The criteria applied by 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 undergo impairment which cause them to fall into rating categories below the "investment grade" threshold are, reasonably, subject to 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 sources of information 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 amortized 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, an impairment loss 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 impaired before bonds issued by the same issuer company; therefore, indicators of the impairment of debt securities issued by a company, i.e. the impairment of said debt securities, are in themselves strong indicators of impairment of the equities of said company.
More generally speaking, to establish whether there is evidence of impairment of an equity instrument, 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 initially recognised book value;
- persistence of the situation of fair value lower than the initially recognised book value 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 in 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 held and used, represented by property, plant, equipment, intangible assets and investments, and the assets which must be disposed of, when facts and circumstances require such review. 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 undergone impairment, the Company records an impairment loss 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 the separate financial statements as at 30 September 2016, and in particular, in performing the impairment tests on investments, 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 timing, originally scheduled, of the process of disposal of investments at fair values.

Realisability of deferred tax assets

As at 30 September 2016, the Company has deferred tax assets deriving from deductible temporary differences/tax losses.
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.

Loans and receivables

For loans and receivables and other assets evaluations are regularly performed in order to verify the existence of objective evidence that these have been impaired. In particular, in measuring receivables, account is taken of creditor solvency and of the characteristics of credit risk which is indicative of the

individual debtor's payment capacity. Any impairment is recorded as cost in the income statement for the year.
Non-current loans and receivables, trade receivables and other receivables originated by the company fall into this category. The estimate of the allowance for impairment 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 involved in legal disputes in relation to which, 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 in accounting estimates

Pursuant to IAS 8, changes in accounting estimates are booked prospectively in the income statement starting from the year in which they are adopted. It should be noted that 2015-2016 was not characterised by changes to the estimate criteria already applied to draft the financial statements as at 30 September 2015.

Information on the Statement of Financial Position

Non-current assets

4. Intangible assets

This item totalled EUR 40 thousand (EUR 113 thousand as at 30 September 2015). The overall decrease compared to the previous year was EUR 73 thousand.

The breakdown of this item is as follows:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2015				**46.448**	**66.972**	**113.420**
Changes in the year:						
- acquisitions				6.160	16.499	**22.659**
- increase for business combinations				-	-	**-**
- disposals						**-**
- reclassifications						**-**
- amortisation				(39.951)	(62.888)	**(102.839)**
- other changes				793	6.000	**6.793**
Total changes	**-**	**-**	**-**	**(32.998)**	**(40.389)**	**(73.387)**
Values as at 30.09.2016				**13.450**	**26.583**	**40.033**

5. Property, plant and equipment

This item totalled EUR 3.653 thousand (EUR 528 thousand as at 30 September 2015). Compared to the previous year, the increase was EUR 3.125 thousand, mainly due to the purchase during the year by the associate Mittel Generale Investimenti S.p.A. of a portion of the registered office at Piazza Diaz 7, Milan, previously leased by Mittel S.p.A. Implementation of the transaction also took into account a value appraisal of the property unit by an independent expert and the favourable opinion from the Related Party Transactions Committee of Mittel S.p.A., given its classification as a transaction of lesser importance with related parties.

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 01.10.2015	**153.046**			**246.397**	**128.813**	**528.256**
Changes in the year:						
- acquisitions	3.267.076			10.139	44.989	**3.322.204**
- increase for business combinations				4.300		**4.300**
- disposals				(45.485)		**(45.485)**
- reclassifications						**-**
- amortisation	(49.006)			(52.613)	(54.380)	**(155.999)**
- other changes	-			-	-	**-**
Total changes	**3.218.070**	**-**	**-**	**(83.659)**	**(9.391)**	**3.125.020**
Values as at 30.09.2016	**3.371.116**			**162.738**	**119.422**	**3.653.276**

6. Investments

This item totalled EUR 72.862 thousand (EUR 148.746 thousand as at 30 September 2015). The overall decrease was EUR 75.884 thousand.
The breakdown of this item is as follows:

	30.09.2016	**30.09.2015**
Earchimede S.p.A.	30.000.000	80.400.000
Mittel Partecipazioni Stabili S.r.l.	-	27.000.000
Mittel Investimenti Immobiliari S.r.l.	19.500.000	15.000.000
Liberata S.p.A.	5.422.245	5.422.245
Castello SGR S.p.A.	5.331.399	4.674.267
Tower 6 Bis S.à r.l.	4.153.538	4.178.038
Mittel Advisory S.r.l.	2.000.000	3.400.000
Ghea S.r.l.	2.805.000	2.805.000
Locaeffe S.r.l. in liquidation	2.450.000	2.450.000
Mittel Advisory Debt And Grant S.p.A.	300.000	2.400.000
Bios S.p.A.	750.000	750.000
Mit.Fin S.p.A.	150.000	150.000
Mittel Portfolio Management S.r.l.	-	110.000
Chase Mittel Capital Holding II NV	-	6.249
Chase Mittel Capital Fund II BV	-	1
	72.862.182	**148.745.799**

The changes in investments during the year are illustrated in the following table:

Name	% interest	Balances 01/10/2015	Purchases and subscriptions	Sales, reimbursments and transferts	Impairment	Other changes	Closing balances 30/09/2016
Investments							
Tower 6 bis S.a r.l.	49%	4.178.038		(24.500)			4.153.538
Ghea S.r.l.	51%	2.805.000					2.805.000
Mittel Investimenti Immobiliari S.r.l.	100%	15.000.000	17.000.000		(12.500.000)		19.500.000
Chase Mittel Capital Holding II NV	28%	6.250			(6.250)		0
Mittel Partecipazioni Stabili S.r.l.	100%	27.000.000				(27.000.000)	0
Mittel Advisory Debt & Grant S.p.A.	100%	2.400.000	2.450.000		(4.550.000)		300.000
Liberata S.p.A.	27%	5.422.245					5.422.245
Cad Immobiliare S.r.l.	5%	0					0
Castello Sgr S.p.A.	21%	4.674.267	657.133				5.331.400
Mit.fin S.p.A.	30%	150.000					150.000
Mittel Portfolio Management S.r.l.	100%	110.000				(110.000)	0
Mittel Advisory S.r.l.	100%	3.400.000			(1.400.000)		2.000.000
Locaeffe S.r.l. in liquidation	100%	2.450.000					2.450.000
Markfactor S.r.l. in liquidation	100%	0					0
Earchimede S.p.A.	85%	80.400.000			(50.400.000)		30.000.000
Bios S.p.A.	50%	750.000					750.000
Total investments		**148.745.799**	**20.107.133**	**(24.500)**	**(68.856.250)**	**(27.110.000)**	**72.862.182**

The change in value of the investments is determined by: (i) for EUR 19,4 million to the increase deriving from the waiver of shareholder loans to increase the capital stocks of the subsidiaries Mittel Investimenti Immobiliari S.r.l. (EUR 17,0 million) and Mittel Advisory Debt and Grant S.p.A. (EUR 2,4 million); (ii) for EUR 0,7 million to the purchase of shares in Castello SGR S.p.A.; (iii) for EUR 27,1 million to the mergers in 2015/2016 of Mittel Partecipazioni Stabili S.r.l. (EUR 27,0 million) and Mittel Portfolio Management S.r.l. (EUR 0,1 million); and (iv) for EUR 68,9 million to changes related to impairment testing on investments.

Impairment test of the recoverable value of investments

Investments in subsidiaries and associates recognised at cost are subjected to impairment tests in accordance with rules envisaged in IAS 36.
According to IAS 36, the recoverable value is represented by the higher between the fair value of the investment, net of costs to sell, and its value in use. Therefore, for the impairment testing of investments recognised in the separate financial statements it is necessary to verify that the recoverable value of the investment is higher than its book value.

Among the elements indicating impairment as envisaged in IAS 36, it is considered that, with reference to the controlling interests in Earchimede S.p.A., Mittel Investimenti Immobiliari S.r.l., Mittel Advisory S.r.l. and Mittel Advisory Debt and Grant S.p.A., the impairment factors are attributable to significant changes in 2015-2016, with negative effects, in the financial market targeted by the subsidiaries' activities, considered such that the economic performance of the investees could reasonably prove to be more unfavourable than expected. For these investments, therefore, the impairment tests were associated with events with presumed impairment as established by IAS 39 and IAS 36, essentially referring to events indicating the existence of a considerable decrease in expected cash flows on the equity investment compared to the time of their initial recognition.

In particular, events indicating impairment occurred during the year that resulted in the associated impairment losses on the investments. For the investment in Earchimede, for example, the amounts distributed by the investee, recognised in the income statement as dividends (as envisaged in the standards), for the purpose of IAS 36 constitute a factor of presumed impairment and resulting in a decrease in equity in the presence of an unchanged book value of the investment. Similar considerations also apply for deficits of subsidiaries that requested waiver of loans in order to recapitalise. The particular nature of the impairment indicators found objectively determines the criteria for estimating impairment losses, also simplifying the related procedures.

From the impairment tests on investments, impairment losses emerged deriving from the book value of the investments recognised in the financial statements exceeding their recoverable value for a total of EUR 68,9 million, recognising the impairment losses in the form of write-downs in the income statement for the year under the item "Value adjustments to investments", with breakdown per equity investment as follows:

	Book value subject to impairment	Impairment	Recoverable value
	Euro	*Euro*	*Euro*
Investments in subsidiaries:			
Mittel Inv. Immobiliari S.r.l.	32.000.000	(12.500.000)	19.500.000
Earchimede S.p.A.	80.400.000	(50.400.000)	30.000.000
Mittel Advisory S.r.l.	3.400.000	(1.400.000)	2.000.000
Mittel Advisory Debt and Grant S.p.A.	4.850.000	(4.550.000)	300.000
Chase Mittel Capital Holding II NV	6.250	(6.250)	-
	120.656.250	**(68.856.250)**	**51.800.000**

Impairment of the controlling interest in Earchimede S.p.A.

As regards the 85,01% investment in Earchimede S.p.A. capital, note that the investee's financial statements for the year ended as at 30 September 2016, prepared in accordance with Italian accounting standards, posted a loss for the year of EUR 6,4 million (loss of EUR 3,8 million as at 30 September 2015). The equity of Earchimede S.p.A. as at 30 December 2016 amounted to EUR 37,4 million (EUR 93,8 million as at 30 December 2015). 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.r.l. in liquidation, 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 2016 was due to write-downs of investments and to securities posted to current assets for a total of EUR 9,8 million. The write-downs refer to the investments in Fashion District Group S.r.l. in liquidation for EUR 9,1 million, in Medinvest International S.A. for EUR 0,2 million and in Opera 2 Partecipations S.c.a. for EUR 0,5 million.

With regard to Medinvest International S.A. and Opera 2 Partecipations S.c.a., the write-downs were in reference to their latest available net book values, considered to represent their respective economic values.

For the investment in Earchimede, as indicated in the introduction, the consistent distribution of share premium reserves during the year (for a total of EUR 50 million), recognised by Mittel S.p.A. (as its own share) in the Income Statement as dividends (as envisaged in the standards), for the purpose of IAS 36 constitutes a factor of presumed impairment and results in a decrease in equity in the presence of an unchanged book value of the investment.

Mittel S.p.A. therefore decided to perform impairment tests, assuming a reference recoverable value which, in the absence of a fair value directly expressing listed prices on an active market, and took into consideration an estimate of the investment's value in use. This value in use was estimated as the sum of parts of the current value of cash flows at the current market rate, generated from the investment in Earchimede S.p.A. and available to the investor, including cash flows that could derive from disposal of the investment.
In particular, using this methodology, the equity value of a company is equal to the sum of:

- the enterprise value represented by the recoverable value (fair value or value in use) of investments in subsidiaries, considering the results of specific internal assessments of the respective baseline value and the current fair value of financial assets represented by equity instruments;
- the market value of any surplus assets not related to core business or not considered, for specific method-related reasons, among cash flows from operations;
- the positive net financial position expressed on the basis of the financial assets at the market values as at 30 September 2016.

As the assessments involve multiple different assets, with different development characteristics in terms of operating and time profiles, the sum-of-parts assessment method was used. This method is not a true measurement criterion, but rather a technical approach that proves useful when what has to be assessed does not have a unique and standard "economic" nature as in the case of holdings (such as Earchimede S.p.A.), which have equity value only in terms of the aggregate of market values of the assets held.
In the "sum of parts" valuation, each party constitutes a business characterised by separate risk and return profiles, albeit within the same group, not opting for an assessment of the various legal entities from a stand alone perspective.
The individual asset measurements were performed by adopting valuation methods consistent on a case-by-case basis with the type of asset, i.e. with available information flows or the existence (or not) of a reliable determination of future inflows from that asset.
Based on these prerequisites, the value in use of the investment in Earchimede S.p.A. was determined primarily by considering the results of an impairment test as at 30 September 2016 performed on the more significant investment, on the invested capital, represented by the investment in Fashion District Group S.r.l.in liquidation, held directly or indirectly, through the global investment in FD33 S.r.l. In particular, as at 30 September 2016, for the purpose of the impairment testing performed, the book value of the equity investment in Fashion District Group was compared with a recoverable value of that investment, measured at equity.
The equity method was considered most exhaustive for the measurement in question (in which a forward-looking assessment is not essential or characterised by significant uncertainty), in that it determines the value of a company by recognising the current values of individual asset items that make up the company's capital and updating of its liability items, in essence limited to an adjustment of the current book values, whereas it would prove unsuitable to use measurements based on profit or financial methods that use expected future cash flows after implementation of the plan to dispose of the group of assets relating to the property complexes.

The equity method adopted determined the recoverable value of the investment in Fashion District Group S.r.l. in liquidation through recognition at current value of the individual asset items making up the company's capital and updating of its liability items, with a view to obtaining its "adjusted equity" figure that takes into account solely and exclusively the elements recognised.
Based on the above considerations, the equity value of Earchimede S.p.A. was estimated at a total of EUR 35,3 million.
Consequently, the recoverable value of the 85,01% investment in Earchimede S.p.A. share capital was assumed to be in proportion to its equity value, i.e. a total of around EUR 30,0 million.

A comparison of the higher book value of the investment in Earchimede S.p.A. recognised at cost and its related recoverable value, determined in reference to the aforementioned recoverable value as at 30 September 2016, which resulted in a write-down of EUR 50,4 million recognised in the income statement under "Value adjustments to investments".

Impairment test of the controlling interest in Mittel Investimenti Immobiliari S.r.l.

As regards the investment in Mittel Investimenti Immobiliari S.r.l., note that the company operates in the real estate field, making investments in the residential and tertiary sector, both directly and through investees also by external entrepreneurs who contribute specific skills that complement those of the Mittel Group.
In the year ended as at 30 September 2016, Mittel Investimenti Immobiliari S.r.l. recorded a loss of EUR 12,7 million compared to a loss of EUR 11,9 million in the year ended as at 30 September 2015.
The loss for the year was affected by the value adjustments attributable to the investees for a total of EUR 10,2 million (compared to a write-down of EUR 9,9 million in the previous year). These adjustments in the year are attributable to the following investments: MiVa S.r.l. (EUR 2,5 million), Cad Immobiliare S.r.l. (EUR 2,3 million), Breme S.r.l. (EUR 1,8 million), Fede S.r.l. (EUR 1,5 million), Iniziative Nord Milano S.r.l. (EUR 1,0 million) and Gamma Tre S.r.l. (EUR 0,8 million), due to the effect of the valuation of the recoverable value of investments, made on the basis of the companies' equity, which in turn incorporate the valuation of their property inventories. The properties held by the investees mentioned were valued with the help of an independent external appraiser. Mittel Investimenti Immobiliari S.r.l.'s income statement also includes a write-down of EUR 1,7 million of the property project managed directly and located in Arluno (MI). The value adjustments to property inventories were necessary to reflect the longer disposal process which is an area in which the Mittel Group is still focusing its efforts.
Equity as at 30 September 2016 amounted to EUR 17,9 million, compared to EUR 13,7 million as at 30 September 2015. This variation was determined by the effect of the loss recorded as at 30 September 2016, offset by the waiving, by the shareholder, of a loan disbursed by said entity of EUR 17,0 million, as an increase in the company's equity.

Considering the significant loss for the year and the events resulting in presumed impairment, the value at cost of the investment was impairment tested at the end of the year in accordance with IAS 36.

Mittel S.p.A. therefore decided to perform impairment tests, assuming a reference recoverable value which, in the absence of a fair value directly expressing listed prices on an active market, and took into consideration an estimate of the investment's equity value in reference to its value in use.
In particular, for the purpose of the impairment test, the recoverable value of the equity investment was estimated using a measurement of the equity value determined as the sum of parts of the current equity value of the individual entities in the business group led by Mittel Investimenti Immobiliari S.r.l.
Using this methodology, the equity value of a company is equal to the sum of:

- the enterprise value, represented by the current value in use and the comparative current market value of the portfolio of real estate initiatives of the companies classed as subsidiaries of Mittel Investimenti Immobiliari S.r.l., considering the results of specific independent appraisals of the respective estimated realisable value or current fair value;
- the market value of any surplus assets not related to core business or not considered, for specific method-related reasons, among cash flows from operations of the companies classed as subsidiaries of Mittel Investimenti Immobiliari S.r.l.;
- the total net financial position of the companies classed as subsidiaries of Mittel Investimenti Immobiliari S.r.l. expressed on the basis of the financial assets at the actual market values as at 30 September 2016 (in order to perform an equity side valuation).

The economic value attributed to the different real estate initiatives in the real estate portfolios of companies in the Mittel Investimenti Immobiliari S.r.l. group was determined on the basis of future cash flows that can be generated from the sale of the properties, with particular reference to the current estimated realisable value of the real estate initiatives held for sale.
In particular, for "property development" projects, the criteria adopted by the independent expert mainly 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 using the appropriate discount rates, the financial components and business risk of the transaction (taking into consideration factors such as: the time required for the sale, location, age, quality and condition of the

buildings and the payment methods) and in line with forecasts of performance of the real estate sector (as estimated by the leading sector sources).
The cash flows used were gross of taxes and the financial structure. Consequently, the discounting rate is a weighted average of the rates of return gross of taxes on the debt and equity required by the market for investment of the property being valued.
In particular, the cost of capital is the minimum return required by the market for investment in the property, considering operational risk, the cost of the debt and the financial structure.
In determining the cost of capital, the operational risk was considered as an expression of the volatility of operating cash flows and mainly derives from the possibility that the real estate asset is unable to achieve the expected return and breaks down into different specific risk factors, based on the type of real estate transaction (real estate sector risk, location risk, property type risk, property condition risk and commercial risk).
Specifically, the value in use for each real estate initiative, as determined by the appraisals carried out, was therefore estimated by using the following main assumptions to calculate the value in use: discounting rate in a range for real estate initiatives under construction of between 10,16% and 12,31%, whilst for completed real estate initiatives in a range between 6,03% and 7,08%, which considers a risk-free cost of money of 1,49% and a premium for the associated operational risk. This operational risk includes a risk premium for the real estate sector of 3,0% and the various specific risk factors determined according to the intrinsic risk in the reference real estate project.
It should also be emphasised that, given the specific nature of certain real estate initiatives (characterised by fairly standard properties of a type where a property market prevails over a vacant market, typical of the residential segment) of the subsidiaries of Mittel Investimenti Immobiliari S.r.l., recourse was made to an economic assessment carried out using a market approach applying a "comparison" criterion. The market comparison criterion uses figures for comparable property involved in recent transactions or for which the asking price is known in order to estimate the value of the property. Based on the comparable prices it is possible to estimate the value of a property through adjustments that take into account the specific features of each asset. The use of this criterion is divided into three steps: selection of the comparable properties, normalisation of the transaction price of comparable assets through a unit of comparison and determination of the comparison value adjustments (for example due to differences in age, condition, usage, level of customisation, function or accessibility).

A comparison of the higher book value of the investment in Mittel Investimenti Immobiliari S.r.l. recognised at cost, increased by the waiver of the interest-bearing loan for EUR 17,0 million, and its related recoverable value, determined in reference to the aforementioned value in use as at 30 September 2016, equal to EUR 19,5 million, which resulted in a write-down of EUR 12,5 million recognised in the income statement under "Value adjustments to investments".

Impairment of the controlling interest in Mittel Advisory S.r.l.

As regards the controlling interest in Mittel Advisory S.r.l., note that the significant negative results in the last two years were a clear indication of the need for impairment testing of the book value of the investment at year end. In particular, for 2015-2016, Mittel Advisory S.r.l. recorded a loss of EUR 1.063 thousand, due to the persistent marked decline in revenue which made it necessary to prudently consider the effective sustainability of figures in the business plan of the investee prepared in the previous year. Furthermore, in reference to elements of presumed impairment as envisaged in IAS 36, note that the change in senior management and downsizing of the organisation over the last two years take on a critical nature in assessing the future economic performance of the company, which could reasonably be more unfavourable than forecast, considering that in this business sector the equity value of a company is strictly dependent on the business capacity and the commercial development associated with management, the organisation and the professional staff.

Consequently, based on the impairment indicators, the value of the 100% investment in Mittel Advisory S.r.l. recognised as EUR 3.400 thousand was tested in terms of its recoverable value.
As no fair value of the investment is available, its recoverable value was identified as its value in use, determined on the basis of the current value of expected future cash flows available to the shareholder and generated by the investment, including the inflow expected from disposal of the investment.
In particular, determination of the value in use of the investment involves estimation of the portion of the current value of estimated future cash flows expected to be generated from the investment, including cash

flows deriving from the investee's operating activities and the price obtained for permanent disposal of the investment.

In the last quarter of the year, Mittel Advisory S.r.l. management prepared an economic and financial plan for 2016-2017 in the light of the performance for the year ended as at 30 September 2016, outlining the economic forecasts for the following year 2017-2018, determined by projecting the scenarios envisaged in the 2016-2017 plan.
Based on the available economic forecasts, a scenario analysis was developed for the next two years, focusing on the direct analysis of cash flows and the various explicit scenarios that can be used in the valuation.
For this purpose, alternative scenario configurations with different realisation probabilities were used to reflect the uncertainty regarding the timing and amounts of estimated future cash flows adopted in determining the value in use.
In particular, the 2016-2017 programme and the projected 2017-2018 plan were prepared on the basis of identifying three different scenarios: a conservative scenario, a probable scenario and a best scenario.
The probable scenario shows a position within the limits (lower and upper, respectively) defined by the conservative and best scenarios which, though both qualifying as "possible" scenarios, express the more conservative or favourable scenarios relative to the expected realisation of the plan strategies.
This "expected value" approach considers different aspects relating to possible changes in the value or the timing of future cash flows, rather than individual, more likely future cash flows, allowing reflection of the current value of expected future cash flows based on the weighted average of the results of the possible scenarios. Furthermore, given the current uncertainty intrinsic in the growth prospects of the business activities, this method for determining expected cash flows offers a better estimate of the value in use compared to the minimum, more likely value or the maximum value considered individually.
Therefore, to verify the recoverable value of the investment a fundamental approach was adopted, using the financial method (asset-side variant) to determine value in use of the investment as the sum of the current values of:

- Future cash flows generated over the predefined time horizon, without affecting the level of capitalisation necessary to maintain the forecast future growth;
- Terminal value, calculated as the value of an estimated return in perpetuity based on economically sustainable, normalised cash flow.
- The net financial position of the company expressed on the basis of net financial payables at actual market values as at 30 September 2016.

Within the explicit time horizon for determining the cash flows, the estimated inflows - established in the plan and the economic and financial forecasts - were reviewed on the basis of updates consistent with the identification, assuming average values expected from the alternative scenarios in the plans prepared by management.
The operating cash flows thus determined are discounted at a rate allowing reflection of the weighted average cost of all equity sources (WACC), based on a target financial structure.

In detail, the main figures used to determine the value in use were:

- The cost of equity, estimated in a manner consistent with IAS 36 on the basis of 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 assessment and a premium for the specific business risk corresponding to the product of the Beta coefficient assigned to the level of business risk (risk indicator of the company compared to the market average, expressing the correlation between company income flows and those expected by the market, and calculated on the basis of an average of unlevered Beta figures of comparable companies) and the equity risk premium.
  Specifically, the cost of equity (Discounting rate of equity - Ke) is estimated at 23,58%, considering:
  - Equity Risk Premium of 8,93%;
  - Unlevered Beta = 1,14x;
  - Risk free = 1,3% (10-year BTP, 6-month average);

- The specific risk factor determined on the basis of intrinsic risk levels of the business sector and market of operations, correlated with the limited liquidity of the investment ("Lack of Marketability discount") and with the close existing link between the company's economic prospects and the level of management involvement in operations ("Key Person discount") = 12,1%.

- The cost of debt gross of tax effects is estimated at 4,428%.
- Leverage ratio - D/(E+D): as regards the leverage ratio (i.e. the ratio between net debt (D) and the total funding sources (D plus E(equity)), an analysis was performed on a panel of comparable companies, based on which the average debt-equity ratio (D/E) was determined as 60,4%, corresponding to a leverage ratio (D/(D+E)) of 37,70%.

The WACC discounting rate used for the assessment was therefore estimated at 15,96%.

In reference to the Terminal Value, representing a synthetic estimate of future results over the explicit time horizon under review (return in perpetuity), a future value was considered that corresponds with the unlimited capitalisation of normalised operating income, net of taxes provisionally envisaged for the period following the reference time horizon.
Specifically, to calculate the Terminal Value the return in perpetuity method was used, based on which the residual value is determined by discounting normalised cash flows after the explicit time horizon considered, with the multiplier resulting from the ratio (1+g)/(Ke-g), where "g" (the perpetual growth rate) is estimated by taking into account the capacity for cash flow growth as well as the prospects for long-term growth of the business activities.
The estimate of Terminal Value rests on the consideration of a cash flow projection based on reasonable and sustainable assumptions, able to represent the best possible estimate by company management of the profitability conditions of the company as a going concern, which can be considered steady state in reference to the forecast profile for the business profit cycle of the company.
In addition, in line with the objective growth assessments for the reference business sector it was considered appropriate to adopt a long-term annual growth rate of operating cash flows, normalised and in perpetuity, equal to zero.

Based on the above considerations, the value in use of Mittel Advisory S.r.l. was estimated at a total of EUR 2,0 million, attributable to the equity value of the advisory operating activities for EUR 1,6 million and to the net financial position which, as at the reference date, was positive at EUR 0,4 million.

A comparison of the higher book value of the investment in Mittel Advisory S.r.l. recognised at original cost and its related recoverable value, determined in reference to the aforementioned value in use as at 30 September 2016, which resulted in a write-down of EUR 1,4 million recognised in the income statement under "Value adjustments to investments".
Consequently, the value of the investment in Mittel Advisory S.r.l. of EUR 3,4 million was partly adjusted for the impairment loss after which, as at 30 September 2016, the residual value recognised was EUR 2,0 million.

The estimated recoverable value of the investment recognised in the financial statements called for scenarios, assumptions and the use of estimates by the Directors. Determination of the equity value, in fact, was based on the use of future economic and financial projections for the period 2016-2018. However, it should be borne in mind that, due to the chance nature of any future event occurring, as regards the actual occurrence or the extent and timing of the occurrence, deviation between the final and provisional values could be significant, even if the events envisaged in the hypothetical assumptions used to prepare the economic and financial projections were to happen. Consequently, the Company cannot guarantee that there would be no impairment in future periods. In fact, different factors also associated with developments in the difficult market context could call for redetermination of the investment's value. The circumstances and events that could give rise to further impairment testing will be constantly monitored by the Company.

As mentioned above, the measurement of impairment is made particularly complex by the difficulty in formulating forecasts of long-term future profitability. A sensitivity analysis was therefore performed, assuming a change in certain parameters used in the procedure to measure the recoverable value of the investment.
In particular, the effect on the recoverable value following a 5% increase in the WACC discount rate and consideration of a 5% medium/long-term growth rate ("g") on the Terminal Value was analysed:

- if the WACC discount rate should be more than 5% higher than that determined for the procedure in the period analysed, the impairment test would lead to the need for a further write-down in the investment of around EUR 0,2 million;
- if a 5% medium/long-term growth rate in the Terminal Value is considered, it would be necessary to reduce the write-down of the investment, compared to that considered in the financial statements as at 30 September 2016, by around EUR 0,1 million.

Impairment of the controlling interest in Mittel Advisory Debt and Grant S.p.A.

Mittel Advisory Debt and Grant S.p.A. is a company specialised in offering consultancy in the obtainment of alternative sources of financing or which complement bank funding, which also include subsidised loans and outright grants to support the companies' growth and development plans, constituting a specific branch of the advisory business defined as "Debt and Grant Advisory".
The significant loss for the year ended as at 30 September 2016 of Mittel Advisory Debt and Grant S.p.A., for EUR 2,5 million, was considered an indicator of impairment requiring impairment tests on the value of the investment recognised at year end. In particular, for 2015-2016, Mittel Advisory Debt and Grant S.p.A. recorded a persistent marked decline in revenue which made it necessary to prudently consider the effective sustainability of figures in the business plan of the investee.
Furthermore, in reference to elements of presumed impairment as envisaged in IAS 36, note that the downsizing of the organisation over the last two years takes on a critical nature in assessing the future economic performance of the company, which could reasonably be more unfavourable than forecast, considering that in this business sector the equity value of a company is strictly dependent on the business capacity and the commercial development associated with management, the organisation and the professional staff.
Consequently, also based on the aforementioned impairment indicators, the value of the 100% investment in Mittel Advisory Debt and Grant S.p.A. recognised as EUR 4.850 thousand was tested in terms of fairness and to verify the recoverable value also of the additional exposure of Mittel S.p.A. to Mittel Advisory Debt and Grant S.p.A. for financial and trade receivables totalling EUR 1.164 thousand.
As no fair value of the investment is available, its recoverable value was identified as the value in use, determined on the basis of the current value of expected future cash flows available to the shareholder and generated by the investment, including the inflow expected from disposal of the investment.
In particular, determination of the value in use of the investment involves estimation of the portion of the current value of estimated future cash flows expected to be generated from the investment, including cash flows deriving from the investee's operating activities and the price obtained for permanent disposal of the investment.
In this respect, as part of the estimate, it had to be taken into consideration that, on 28 October 2016, Mittel Advisory Debt and Grant S.p.A. and shareholders of Ethica Corporate Finance S.p.A. (a company providing advice on distress M&A transactions and debt restructuring for SMEs) finalised an extraordinary transaction to merge all the advisory activities qualifying specifically as "Debt and Grant Advisory" business of Mittel Advisory Debt and Grant S.p.A. and the business branch known as "Ethica Debt Advisory" of Ethica Corporate Finance S.p.A.
This transaction was completed through the transfer of the respective "Debt and Grant Advisory" business branches into Cerca S.r.l., renamed Ethica & Mittel Debt Advisory S.r.l. (a single member company with 100% of its capital controlled by MADG with effect from 3 October 2016). To this end, Mittel Advisory Debt and Grant S.p.A. and Ethica Corporate Finance S.p.A. transferred to Cerca S.r.l. (now Ethica & Mittel Debt Advisory S.r.l.) the total assets and liabilities attributable to their respective "Debt and Grant Advisory" business branches.
In particular, note that Mittel Advisory Debt and Grant S.p.A. and Ethica Corporate Finance S.p.A. defined a value of the respective contributions as satisfying an overall increase in the capital of the transferee sufficient to allow a distribution of the capital held by the contributing entities as a 51% share to Mittel Advisory Debt and Grant S.p.A. and 49% to Ethica Corporate Finance S.p.A.
With a view to the business unit transfer, the Management of Mittel Advisory Debt and Grant S.p.A. prepared a business plan for the period 2017-2019 based on the forecast developments in revenue relating to the business branch transferred, supported by market data and by assumptions on the advisory service mandates expected to be handled in the medium term.

To verify the recoverable value of the investment a fundamental approach was adopted, using the financial method (asset-side variant) to determine value in use of the investment as the sum of the current values of:

- Future cash flows generated over the predefined time horizon, without affecting the level of capitalisation necessary to maintain the forecast future growth;
- Terminal value, calculated as the value of an estimated return in perpetuity based on economically sustainable, normalised cash flow.
- The net financial position of the company expressed on the basis of net financial payables at actual market values as at 30 September 2016.

Within the explicit time horizon for determining the cash flows, the estimated inflows - established in the plan and the economic and financial forecasts - were reviewed on the basis of updates consistent with the identification, assuming average values expected from the alternative scenarios in the plans prepared by management.
The operating cash flows thus determined are discounted at a rate allowing reflection of the weighted average cost of all equity sources (WACC), based on a target financial structure.

In detail, the main figures used to determine the value in use were:

- The cost of equity, estimated in a manner consistent with IAS 36 on the basis of 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 assessment and a premium for the specific business risk corresponding to the product of the Beta coefficient assigned to the level of business risk (risk indicator of the company compared to the market average, expressing the correlation between company income flows and those expected by the market, and calculated on the basis of an average of unlevered Beta figures of comparable companies) and the equity risk premium.
  Specifically, the cost of equity (Discounting rate of equity - Ke) is estimated at 23,58%, considering:
  - Equity Risk Premium of 8,93%;
  - Unlevered Beta = 1,14x;
  - Risk free = 1,3% (10-year BTP, 6-month average);
  - The specific risk factor determined on the basis of intrinsic risk levels of the business sector and market of operations, correlated with the limited liquidity of the investment ("Lack of Marketability discount") and with the close existing link between the company's economic prospects and the level of management involvement in operations ("Key Person discount") = 12,1%.
- The cost of debt gross of tax effects is estimated at 4,428%.
- Leverage ratio - D/(E+D): as regards the leverage ratio (i.e. the ratio between net debt (D) and the total funding sources (D plus E(equity)), an analysis was performed on a panel of comparable companies, based on which the average debt-equity ratio (D/E) was determined as 60,4%, corresponding to a leverage ratio (D/(D+E)) of 37,70%.

The WACC discounting rate used for the assessment was therefore estimated at 15,96%.

In reference to the Terminal Value, representing a synthetic estimate of future results over the explicit time horizon under review (return in perpetuity), a future value was considered that corresponds with the unlimited capitalisation of normalised operating income, net of taxes provisionally envisaged for the period following the reference time horizon.
Specifically, to calculate the Terminal Value the return in perpetuity method was used, based on which the residual value is determined by discounting normalised cash flows after the explicit time horizon considered, with the multiplier resulting from the ratio (1+g)/(Ke-g), where "g" (the perpetual growth rate) is estimated by taking into account the capacity for cash flow growth as well as the prospects for long-term growth of the business activities.
The estimate of Terminal Value rests on the consideration of a cash flows projection based on reasonable and sustainable assumptions, able to represent the best possible estimate by company management of the profitability conditions of the company as a going concern, which can be considered steady state in reference to the forecast profile for the business profit cycle of the company.
In addition, in line with the objective growth assessments for the reference business sector it was considered appropriate to adopt a long-term annual growth rate of operating cash flows, normalised and in perpetuity, equal to zero.

Based on the above considerations, the value in use of Mittel Advisory Debt and Grant S.p.A. was estimated as a total EUR 1,6 million, corresponding to a related pro rata value commensurate to the 51% interest of Mittel Advisory Debt and Grant S.p.A. of EUR 0,8 million. Considering the net financial position, which as at the reference date was positive by EUR 0,6 million, the total recoverable value of the receivables (amounting to around EUR 1,2 million) and the investment held by Mittel was approximately EUR 1,5 million.

A comparison of the higher book value of the investment in Mittel Advisory Debt and Grant S.p.A. and the receivables recognised as due from this company and the corresponding recoverable value, determined in reference to the aforementioned value in use as at 30 September 2016, which resulted in a write-down in the investment of EUR 4,5 million recognised in the income statement under "Value adjustments to investments". Consequently, the value of the investment in Mittel Advisory Debt and Grant S.p.A. of EUR 4.850 thousand was partly adjusted for the impairment loss after which, as at 30 September 2016, the residual value recognised was EUR 300 thousand.

The estimated recoverable value of the investment recognised in the financial statements called for scenarios, assumptions and the use of estimates by the Directors. Determination of the equity value, in fact, was based on the use of future economic and financial projections for the period 2016-2018. However, it should be borne in mind that, due to the chance nature of any future event occurring, as regards the actual occurrence or the extent and timing of the occurrence, deviation between the final and provisional values could be significant, even if the events envisaged in the hypothetical assumptions used to prepare the economic and financial projections were to happen. Consequently, the Company cannot guarantee that there would be no impairment in future periods. In fact, different factors also associated with developments in the difficult market context could call for redetermination of the investment's value. The circumstances and events that could give rise to further impairment testing will be constantly monitored by the Company.

As mentioned above, the measurement of impairment is made particularly complex by the difficulty in formulating forecasts of long-term future profitability. Sensitivity analysis was therefore performed, assuming a change in certain parameters used in the procedure to measure the recoverable value of the investment.
In particular, the effect on the recoverable value following a 5% increase in the WACC discount rate and consideration of a 5% medium/long-term growth rate ("g") on the Terminal Value was analysed:
- if the WACC discount rate should be more than 5% higher than that determined for the procedure in the period analysed, the impairment test would lead to the need for a further write-down in the investment of around EUR 0,1 million;
- if a 5% medium/long-term growth rate in the Terminal Value is considered, it would be necessary to reduce the write-down of the investment, compared to that considered in the financial statements as at 30 September 2016, by around EUR 0,3 million.

7. Financial receivables

This item totalled EUR 79.249 thousand (EUR 120.509 thousand as at 30 September 2015). The overall decrease was EUR 41.260.

	30.09.2016	30.09.2015
Loans	79.248.633	120.508.561
Other receivables		
Security deposits		
	79.248.633	**120.508.561**

	30.09.2016	30.09.2015
- Loans - financial institutions	10.000.000	30.000.000
- Loans - customers	69.248.633	90.508.561
	79.248.633	**120.508.561**

The breakdown of loans was as follows:

- interest-bearing loans for EUR 69.249 thousand (EUR 90.509 thousand as at 30 September 2015) attributable to Liberata S.p.A. (EUR 36.618 thousand), Montini S.p.A. (EUR 16.605 thousand), Sofimar SA (EUR 13.895 thousand), Fingruppo Holding S.r.l. (EUR 2.048 thousand) and Tower 6 Bis S.à r.l. (EUR 83 thousand). The change in the item is mainly attributable to reclassification of the loan granted to Ghea S.r.l. recognised under current financial receivables;
- interest-bearing loans for EUR 10.000 thousand to Fondo Augusto (EUR 30.000 thousand as at 30 September 2015). The decrease is attributable to the net effect of full repayment of the loan for EUR 30 million and the disbursement on the same date of a new loan for EUR 10 million. The transaction was performed by Fondo Augusto in August 2016.

8. Other non-current financial assets

This item totalled EUR 27.776 thousand (EUR 29.526 thousand as at 30 September 2015). The overall decrease was EUR 1.750 thousand.

The breakdown of this item is as follows:

	30.09.2016	30.09.2015
Available-for-sale financial assets		
Equities and fund units	27.724.992	28.415.328
Bonds	50.772	1.110.252
Derivative financial instruments		
Financial assets at fair value		
	27.775.764	**29.525.580**

Available-for-sale financial assets

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

	30.09.2016	30.09.2015
Available-for-sale financial assets		
Equities and fund units:		
Fondo Augusto	13.840.178	14.257.508
CreditAccess Asia N.V. (già Micro Venture Finance Group S.A.)	990.000	4.088.703
Fondo Cosimo I	3.760.259	4.041.198
Equinox Two S.c.a.	3.985.219	3.818.447
SIA - SSB S.p.A.	1.400.000	1.400.000
Fondo Progressio Investimenti	5.593	286.097
Lu-ve S.p.a.	164.710	184.184
MC-link S.p.A.	97.416	121.176
Nomisma S.p.A.	100.000	100.000
Frendy Energy S.p.A.	38.092	76.594
Lu-ve S.p.a. warrant	22.914	30.784
Società Editoriale Vita S.p.A.	7.659	10.638
Istituto Atesino di Sviluppo S.p.A.	3.312.953	-
Bonds:		
Credit Access 6,5%	-	1.059.479
Editoriale Vita S.p.A. 4%	50.772	50.772
	27.775.764	**29.525.580**

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

Name/company name	Value as at 01/10/2015	Merger M.P.S. S.r.l.	Purchases and subscriptions	(Drawdowns) Reimbursements	Capital gains (losses)	Impairment losses	Fair value adjustments	Value as at 30/09/2016
Equities and fund units:								
Fondo Augusto	14.257.508				-	(417.330)		13.840.178
CreditAccess Asia N.V. (già Micro Venture Finance Group S.A.)	4.088.703			(9.518.267)	5.814.767		604.797	990.000
Fondo Cosimo I	4.041.198						(280.939)	3.760.259
Equinox Two S.c.a.	3.818.447		30.105				136.667	3.985.219
SIA - SSB S.p.A.	1.400.000							1.400.000
Fondo Progressio Investimenti	286.097			(257.040)		(23.464)		5.593
Lu-ve S.p.a.	184.184					(17.290)	(2.184)	164.710
MC-link S.p.A.	121.176					(23.760)		97.416
Nomisma S.p.A.	100.000							100.000
Frendy Energy S.p.A.	76.594					(38.502)		38.092
Lu-ve S.p.a. warrant	30.784						(7.870)	22.914
Società Editoriale Vita S.p.A.	10.638					(1.695)	(1.284)	7.659
Istituto Atesino di Sviluppo S.p.A.		3.312.953						3.312.953
Bonds:								
Editoriale Vita S.p.A. 4%	50.772							50.772
Credit Access 6,5%	1.059.479			(1.059.479)				-
	29.525.580	**3.312.953**	**30.105**	**(10.834.786)**	**5.814.767**	**(522.041)**	**449.187**	**27.775.764**

The main changes in this item, broken down as above, refer in particular to:
- the increase of EUR 3.313 thousand relating to the shares of Istituto Atesino di Sviluppo S.p.A., integrated into Mittel S.p.A. following the merger into the parent company of Mittel Partecipazioni Stabili S.r.l.;
- the decrease of EUR 10.835 thousand largely attributable to the disposal of bonds and the shares in Credit Access Asia N.V. This last transaction generated a capital gain of EUR 5.815 thousand;
- the effect of the impairment losses, amounting to EUR 522 thousand and attributable mainly to Fondo Augusto (which arranged a distribution during the year), almost all of which neutralised by the fair value adjustment which had a positive impact on the valuation of the Credit Access Asia N.V. shares.

The impairment losses on the equity investments are the result of recognition of objective evidence of impairment in their recoverable amount, following the occurrence of loss events with an effect on future cash flows that can be reliably estimated, i.e. the presence of a significant or prolonged decrease in the current fair value of the investment compared to its original cost.

The breakdown of impairment of available-for-sale financial assets is as follows:

Amounts in thousands of Euro

Fondo Augusto	417
Fondo Progressio Investimenti	23
Lu-ve S.p.A.	17
Mc-link S.p.A.	24
Frendy Energy S.p.A.	39
Società Editoriale Vita S.p.A.	2
	522

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 difference between the acquisition cost and the present fair value of the financial asset is recoverable or if, on the contrary, impairment of the asset must be recorded.
For equity instruments, impairment losses are recorded when there is objective evidence of impairment of the financial assets as a result of the loss events specifically indicated by IAS 39.59 referring, individually or in aggregate form, 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 downgrading of the credit rating since 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 its financial position and performance;
- negative prospects exist in the market, sector or geographical area of the issuer.

In addition, in order to establish evidence of impairment risk to the equities, as well as the presence of events reported above, also the contingent situations of risk are to be considered prerequisite indications of significant decreases in future cash flows, estimated on financial activities, attributable to:

- 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 recognise an impairment loss takes situations into consideration, individually or combined, 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 with a negative impact on the current and future financial position and performance.
In particular, when such 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 conducts 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 initially recognised book value;
- persistence of the situation of fair value lower than the initially recognised book value for a time period of more than 20 months.

Based on these reference criteria, if there is evidence of impairment, the impairment loss to be booked in the income statement coincides with the accumulated loss of the asset.
Specifically, when an impairment loss occurs, the loss on the financial asset is posted as a reduction in the revaluation reserve recognised under equity up to the limit of the same, and the remaining amount is posted directly in the income statement. Furthermore, 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 respect, as a result of the detection of objective evidence of unrecoverable impairment of the value of shares in equity investments, arrangements were made for their recognition in the income statement for the various financial assets as described below:

Amounts in thousands of Euro

	Purchase cost as at 30.09.2015 net of previous impairment	Increases (decreases) in the year	Purchase cost as at 30.09.2016 net of previous impairment	Fair value as at 30.09.2015	Cumulated change in fair value recognised in Equity as at 30.09.2015	Fair value as at 30.09.2016	Cumulated change in fair value recognised in Equity as at 30.09.2016	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 Augusto	14.258	-	14.258	14.258	-	13.841	-	(417)
Impairment due to significant reduction in fair value with respect to the cost of equities:								
Società Editoriale Vita S.p.A.	9	-	9	11	2	8	-	(2)
Irrecoverable impairment commensurate with the fundamental economic value of equities:								
Fondo Progressio Investimenti	286	(257)	29	286	-	6	-	(23)
Frendi Energy S.p.A.	99	-	99	77	(22)	38	(22)	(39)
Mc Link S.p.A.	121	-	121	121	-	97	-	(24)
Lu-ve	182	-	182	184	2	165	-	(17)
Equinox two Sca	3.639	30	3.669	3.818	179	3.985	316	-
	18.594	**(227)**	**18.367**	**18.755**	**161**	**18.140**	**294**	**(523)**

For the investments in Fondo Augusto, Fondo Progressio Investimenti, Lu-Ve S.p.A., Mc Link S.p.A., Frendy Energy S.p.A. and Editoriale Vita S.p.A., note that as at 30 September 2016 these equity instruments recorded impairment of their current recoverable value (estimated on the basis of criteria that reflect the respective baseline economic value), with corresponding recognition in the income statement of:

- a write-down of Fondo Augusto for EUR 417 thousand, recognised in the income statement in application of IAS 39 (given the previous impairment losses which in previous years had already led to reversal to the income statement of the negative valuation reserve accrued). During the year the distribution made by Fondo Augusto led to the recognition of dividends and subsequent decrease in the fair value of the investment as at year end;
- a write-down of Frendy Energy S.p.A. for EUR 39 thousand;
- a write-down of Mc Link S.p.A. for EUR 24 thousand;
- a write-down of Fondo Progressio Investimenti for EUR 23 thousand;
- a write-down of Lu-Ve S.p.A. for EUR 17 thousand;
- a write-down of Società Editoriale Vita S.p.A. for EUR 2 thousand.

9. Sundry receivables and other assets

The item "Sundry receivables and other non-current assets" totalled EUR 160 thousand (unchanged compared to 30 September 2015) and refers mainly to the usufruct on a share (EUR 143 thousand) and tax receivables for which reimbursement was requested by liquidated companies and assigned to Mittel S.p.A. on final distribution (EUR 15 thousand).

	30.09.2016	30.09.2015
Tax receivables	15.362	-
Other receivables	144.741	144.741
Other assets	164	15.364
	160.267	**160.105**

10. Deferred tax assets

This item totalled EUR 21 thousand (EUR 2 thousand as at 30 September 2015), marking an increase for the year of EUR 19 thousand.

The breakdown of this item is as follows:

	30.09.2016	30.09.2015
Tax assets recognised in profit or loss	-	-
Tax assets recognised in equity	20.922	2.098
	20.922	**2.098**

	30.09.2016	30.09.2015
Deferred tax assets		
Assets/liabilities held for trading	-	-
Investments	-	-
Property, plant and equipment/intangible assets	-	-
Allocations	-	-
Other assets/liabilities	20.922	2.098
Receivables	-	-
Losses carried forward	-	-
Other	-	-
	20.922	**2.098**

As described previously in the corresponding section of the consolidated financial statements, note that the tax losses of companies included in the Mittel tax consolidation, after offsetting performed for the purpose of the financial statements as at 30 September 2016, totalled EUR 56,8 million. Mittel made no allocation of deferred tax assets on the tax losses.

The table below shows the changes during the year:

Tax assets recognised in profit or loss:

	30.09.2016	30.09.2015
Opening Balance	**-**	**178.304**
Increases	**2.674**	**-**
Deferred tax assets recorded in the period:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	2.674	-
Decreases	**(2.674)**	**(178.304)**
Deferred tax assets cancelled in the period:	**(2.674)**	**(173.659)**
- reversals	(2.674)	(173.659)
Decreases in tax rates	-	-
Other reductions	-	(4.645)
	-	**-**

Tax assets recognised in equity:

	30.09.2016	30.09.2015
Opening Balance	**2.098**	**2.197**
Increases	**18.824**	**4.645**
Deferred tax assets recorded in the period:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	18.824	4.645
Decreases	**-**	**(4.744)**
Deferred tax assets cancelled in the period:	**-**	**(4.744)**
- reversals	-	(4.744)
Decreases in tax rates	-	-
Other reductions	-	-
	20.922	**2.098**

Current assets

11. Financial receivables

This item totalled EUR 94.574 thousand (EUR 78.163 thousand as at 30 September 2015). The overall increase was EUR 16.411 thousand.

The breakdown of this item is as follows:

	30.09.2016	**30.09.2015**
Loans	94.573.712	78.011.696
Other receivables		151.013
Security deposits		
	94.573.712	**78.162.709**

	30.09.2016	**30.09.2015**
Loans - financial institutions	57.377	233.421
Loans - customers	94.516.335	77.778.275
	94.573.712	**78.011.696**

Changes in the item customer loans	
Opening balance	**78.011.696**
collections in the year	(3.475.031)
disbursements	12.400.665
reclassification to non-current financial receivables - transfer	24.096.385
interest accrued	3.217.522
waivers due to recapitalisation	(19.677.525)
Closing balance	**94.573.712**

This item mainly refers to existing loans with Mittel Investimenti Immobiliari S.r.l. for EUR 65,3 million, Mittel Advisory Debt and Grant S.p.A. for EUR 0,9 million, Markfactor S.r.l. in liquidation for EUR 0,4 million, Ghea S.r.l. for EUR 24,1 million (last year reclassified as non-current financial receivables) and the receivable due on disposal of the investment in Credit Access Asia N.V. for EUR 3,9 million. This latter amount was collected, as contractually envisaged, in December 2016.
The item "disbursements" refers to the receivable due from partial disposal of the investment in Credit Access Asia N.V. (EUR 3,9 million) and to the increase in loans granted to Mittel Investimenti Immobiliari S.r.l. (EUR 7,5 million) and Mittel Advisory Debt and Grant S.p.A. (EUR 1,0 million).
The change in the item "accrued interest" is mainly attributable to Mittel Investimenti Immobiliari S.r.l. (EUR 3,0 million), whilst the "transfers to investments" instead refers largely to Mittel Investimenti Immobiliari S.r.l. (EUR 17,0 million) and to Mittel Advisory Debt and Grant S.p.A. (EUR 2,5 million).

12. Other current financial assets

This item totalled EUR 6.909 thousand (EUR 2.110 thousand as at 30 September 2015), up by EUR 4.799 thousand.

	30.09.2016	**30.09.2015**
Bonds	-	-
Equity instruments	6.909.464	2.088.558
Derivative financial instruments	-	21.773
	6.909.464	**2.110.331**

The item "Equity instruments" includes listed shares held for trading by the company. In particular, the following changes were recorded in this item during the year:

	30.09.2015	30.09.2015
Equity instruments:		
Opening balance	2.088.558	9.305.220
purchases	5.975.944	11.578.002
Mittel Partecipazioni Stabili S.r.l. merger	13.956.130	-
sales	(7.209.762)	(23.527.482)
Mittel Partecipazioni Stabili S.r.l. merger impairment – valuation reserve	(6.155.003)	-
Mittel Partecipazioni Stabili S.r.l. merger impairment – Income Statement	(1.287.741)	-
Impairment – Income Statement	(406.533)	(204.286)
profit (loss)	(52.129)	4.937.104
	6.909.464	**2.088.558**

13. Current tax assets

This item totalled EUR 9.097 thousand (EUR 12.360 thousand as at 30 September 2015). The overall decrease was EUR 3.263 thousand.

The item is mainly represented by the residual IRES receivable for a total of EUR 8.081 thousand, relating to the tax receivable deriving from withholding taxes and advances paid by Mittel S.p.A. and by its subsidiaries as part of the tax consolidation, and to the IRAP receivable for EUR 1.016 thousand referring mainly to the tax benefit from recalculation of the IRAP taxable amount for 2011/2012 following receipt of the response to the query put to the Italian Revenue Agency regarding the application, for the year in question, of rules envisaged in art. 6, paragraph 9 of Legislative Decree 446/1997 for industrial holdings.

The decrease in the IRES receivable is essentially due to offsetting, performed by Mittel S.p.A. and the subsidiaries, against the payment of taxes through Form F24.

	30.09.2016	30.09.2015
IRES (corporate income tax)	8.080.751	11.476.224
IRAP (regional business tax)	1.016.188	883.546
Other taxes		
	9.096.939	**12.359.770**

The changes in this item in the year are shown below:

	30.09.2016	30.09.2015
Opening balance	**12.359.770**	**15.742.692**
Increases	**596.964**	**59.491**
Current tax assets recorded in the year:	**73.988**	**52.674**
- relating to previous years	-	-
- other	73.988	52.674
Other increases	522.976	6.817
Decreases	**(3.859.795)**	**(3.442.413)**
Current tax assets cancelled in the year:	**-**	**-**
- reimbursements	-	-
- Other decreases	(3.859.795)	(3.442.413)
	9.096.939	**12.359.770**

14. Sundry receivables and other assets

This item totalled EUR 4.758 thousand (EUR 4.662 thousand as at 30 September 2015). The overall increase was EUR 96 thousand.

The breakdown of this item is as follows:

	30.09.2016	30.09.2015
Trade receivables	300	16.910
Other tax receivables	2.085.082	2.323.751
Other receivables	2.329.400	1.948.930
Accrued income and prepaid expenses	343.497	372.601
	4.758.279	**4.662.192**

The item "Other tax receivables" refers mainly to the VAT receivables (EUR 2.055 thousand) on which reimbursement was requested for a total of EUR 1.650 thousand.

The item "Other receivables", amounting to EUR 2.329 thousand (EUR 1.949 thousand as at 30 September 2015), recorded an increase compared to the previous year of EUR 380 thousand 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 95 thousand (EUR 33 thousand as at 30 September 2015) and deferrals on contractual payments due in future periods for 248 thousand (EUR 339 thousand as at 30 September 2015).

15. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 56.243 thousand (EUR 36.472 thousand as at 30 September 2015), include cash held by the company and investments in bank deposits and certificates maturing within three months, and therefore considered readily convertible to cash.

	30.09.2016	30.09.2015
Cash	7.955	4.417
Bank and postal deposits	56.234.712	36.467.843
	56.242.667	**36.472.260**

For the changes in cash and cash equivalents, reference should be made to the Cash Flow Statement in the separate financial statements.

Statement of financial position - Liabilities

Equity

16. Equity

Equity totalled EUR 174.005 thousand (EUR 205.759 thousand as at 30 September 2015), down by EUR 31.754 thousand compared to 30 September 2015.

The breakdown of equity is shown in the following table:

	30.09.2016	30.09.2015
Share capital	87.907.017	87.907.017
Legal reserve	16.760.462	16.760.462
Treasury shares	(20.576.471)	(25.778.526)
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	2.968.942	852.757
Other reserves	63.998.866	92.710.641
Profit (loss) of previous years		
Profit (loss) for the year	(30.770.032)	(20.409.769)
Equity	**174.005.002**	**205.758.800**

Statement on the formation and availability of reserves

Nature/description	amount	possibility of use	Available portion	Summary of uses made in three previous years: To cover losses	Summary of uses made in three previous years: 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	949.931	A,B	949.931	(9.268.346)	
- 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	(20.576.471)		(20.576.471)		
Profit reserves;					
Legal reserve	16.760.462	B	16.760.462		
Other:					
- extraordinary reserve	-	A,B,C	-	(39.333.835)	
- HOPA merger reserve	68.596.096	A,B,C	68.596.096		
- merger MPS/MPM reserve	(8.647.361)		(8.647.361)		
- taxed provision for future risks and expenses	774.685	A,B,C	774.685		
- SAR's reserve	101.094				
- FTA	4.676	A,B,C	4.676		
- Reserve from sale of treasury shares	(197.080)		(197.080)		
Valuation reserve	2.968.942	B	2.968.942		
Profit of the year and carried forward	-	A,B,C	-	(49.832.355)	
Total reserves	**116.868.017**		**116.766.923**		
Undistributable portion			23.917.101		
Residual distributable portion			92.849.822		

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 schedule attached previously.

Share capital

Share capital is made up of 87.907.017 ordinary shares with a nominal value of EUR 1,00. Following the effective date of the merger of Tethys S.p.A. and Hopa S.p.A. of 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 as at 30 September 2016, net of treasury shares held by the Company, stood at 75.549.615.

Treasury shares

As at 30 September 2016, the Company held 12.357.402 treasury shares, compared to 15.308.706 held as at 30 September 2015.
This change is attributable to the following events:

- on 15 November 2015, the Board of Directors of Mittel S.p.A. co-opted Rosario Bifulco to the post of Chief Executive Officer. At that same meeting, considering the strategic value of the expected contribution of Rosario Bifulco, the Board of Directors resolved upon the assignment to him of 5.300.000 treasury shares at the price of EUR 1,73 per share, equal to the average book value of the treasury shares in portfolio;
- the amendments to the articles of association approved by the Shareholders' Meeting of 23 December 2015, which gave shareholders not party to that resolution the right of withdrawal pursuant to art. 2437, paragraph 2 of the Civil Code. The liquidation process resulting from the subscription of 3.980.185 shares was finalised as follows:
    - on 11 April 2016, as a result of the rights offer and pre-emption, pursuant to art. 2437-quater, paragraph 1 of the Civil Code, 1.631.489 shares were liquidated with the ratio of 1 share for every 18,5737 options;
    - by the maximum deadline of 180 days, pursuant to art. 2437-quater, paragraph 5 of the Civil Code, i.e. on 25 July 2016, the remaining 2.348.696 shares had been liquidated, taking into account that their stock exchange placement failed, through purchase by Mittel S.p.A.

Valuation reserve

The Valuation Reserve relates to (i) for EUR 3.125 thousand, the fair value adjustment to the following financial assets, represented by equity securities, classified as available for sale net of the associated taxes and (ii) for a negative EUR 156 thousand, the reserve set up following assessment of Employee Severance Indemnity according to IAS 19.
The breakdown and changes in the year in the valuation reserve referred to under point (i) are shown below:

Fair value measurement reserve	Value as at 1.10.2015	Merger MPS S.r.l.. Value as at 1.10.2015	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	Deffered tax	Valueas at 30.09.2016
			Increases	Decreases				
Fondo Cosimo I	747.039		-	(280.939)	-	-	77.258	543.358
Fondo Augusto	-			-	-	-	-	-
Equinox Two	179.187		136.667	-	-	-	-	315.854
Editoriale Vita S.p.A.	1.265			(1.283)	-	-	18	-
Lu-ve S.p.A.	2.154		-	(2.184)	-	-	30	-
Warrant Lu-ve S.p.A.	30.360		-	(7.870)	-	-	108	22.598
CreditAccess Asia N.V. (già Micro Venture Finance Group S.A.)	-		604.797					604.797
Intesa Sanpaolo S.p.A.		2.593.505		(886.500)		(1.037.402)		669.603
Ubi Banca Scpa		5.268.503		(5.268.503)				-
Isa S.p.A.		969.044	-					969.044
	960.005	**8.831.052**	**741.464**	**(6.447.279)**	**-**	**(1.037.402)**	**77.414**	**3.125.253**

Non-current liabilities

17. Bond issue

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

	30.09.2016	30.09.2015
"Mittel S.p.A. 2013-2019" TF 6% bonds		
Current portion	1.309.554	1.313.142
Non-current portion	97.873.411	97.239.392
	99.182.965	**98.552.534**

The liability for Bonds breaks down as follows:

	30.09.2016	30.09.2015
Current portion		
"Mittel S.p.A. 2013-2019" TF 6% bonds	1.309.554	1.313.142
Non-current portion		
"Mittel S.p.A. 2013-2019" TF 6% bonds	99.853.522	99.853.522
Total nominal repayment	**101.163.076**	**101.166.664**
Measurement at amortized cost	(1.980.111)	(2.614.130)
Total book value	**99.182.965**	**98.552.534**

The single issue of the bonds to service the public exchange offer (OPSC) and the public subscription option (OPSO) has a duration of 6 years from the issue date, accrues annual interest of at least 6% and is listed 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 bonds 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 redeemed 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%. 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 Mittel S.p.A. does not make any early redemption, is equal to 6%, and, therefore, coincides with the Nominal Interest Rate.
The prospectus for the bond issue is available on the website www.mittel.it, in the section "Investor Relations". The Bonds were listed on the MOT on 12 July 2013.
Therefore, the total nominal value and the number of the bonds issued to service of the OPSC and OPSO, with a nominal value of EUR 1,75 each as at 30 September 2016 were as follows:

	Bonds issued for the OPSO	Bonds issued for the OPCS	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 bonds redemption (Euro)			
"Mittel S.p.A. 2013-2019" TF 6% bonds	73.977.220	25.876.302	99.853.522

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

	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 30.09.2016 (Euro)
"Mittel S.p.A. 2013-2019" bonds subscription public offer (OPSO)	Eur	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**	**1,83**
"Mittel S.p.A. 2013-2019" bonds public exchange offer (OPSC)	Eur	25.876.302	25.876.302					
		98.743.863	**99.853.522**					

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

18. Provisions for personnel

As at 30 September 2016 this item totalled EUR 832 thousand (EUR 801 thousand as at 30 September 2015) and is composed as follows:

	30.09.2016	**30.09.2015**
Employee severance indemnity	831.755	801.551
Other allowances		
	831.755	**801.551**

The table below illustrates changes during the year in the provision for Employee Severance Indemnity:

	30.09.2016	**30.09.2015**
Opening balances	**801.551**	**834.238**
Increases:		
- Allocation for the period	101.001	145.085
- Increase due to business combination		
- Other increases	94.963	12.642
Decreases:		
- Utilisations	(164.027)	(173.164)
- Other decreases	(1.733)	(17.250)
	831.755	**801.551**

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 to 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 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 based on market experiences, and reflect the current corporate, legislative and existing market conditions at the valuation date, and are based on the assumption of the parent and group companies as going concerns.
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 salary projected 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 (1% for 2016, 1,5% for 2017/2018 and steady at 2% by 2019 and beyond) and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.
For revaluation purposes, with the exclusion of the portion accrued in the year, employee severance indemnity is increased 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 17% is applied on annual returns (this rate was raised from 11% to 17% due to the legislative amendment pursuant to paragraph 623, art. 1 of Law no. 190 of 23 December 2014 – 'Stability Law').
For each of the basic assumptions, an analysis is performed of the effect on the results of actuarial evaluations of a variation of 10% increase or decrease in said amount. One amount was varied at a time, without prejudice to all other amounts.

19. Deferred tax liabilities

As at 30 September 2016 this item amounted to EUR 206 thousand (EUR 284 thousand as at 30 September 2015).
The breakdown of this item is as follows:

	30.09.2016	30.09.2015
Tax liabilities recognised in profit or loss		
Tax liabilities recognised in equity	206.418	283.832
	206.418	**283.832**

	30.09.2016	30.09.2015
Deffered liabilities		
Receivables		
Assets/liabilities held for sale	206.418	283.832
Investments		
Property, plant and equipment/intangibles assets		
Other assets/liabilities		
Other		
	206.418	**283.832**

The changes in tax liabilities recognised in equity were as follows:

	30.09.2016	30.09.2015
Opening balance	**283.832**	**282.512**
Increases	**-**	**1.320**
Deferred taxes recorded in the year:	**-**	**1.320**
- relating to previous years	-	-
- other	-	1.320
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(77.414)**	**-**
Deferred taxes cancelled in the year:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other reductions	(77.414)	-
	206.418	**283.832**

20. Provisions for risks and charges

As at 30 September 2016 this item amounted to EUR 903 thousand (EUR 767 thousand as at 30 September 2015), marking an increase of EUR 136 thousand compared to the previous year.

The breakdown is as follows:

	30.09.2016	30.09.2015
Provision for risks:		
Legal disputes		
Disputes with personnel		
Contractual disputes	902.875	616.898
Other disputes		
Other provisions:		
Expenses for personnel		
Other expenses	-	150.000
	902.875	**766.898**

The item saw the following changes:

	30.09.2016	30.09.2015
Opening balance	**766.898**	**7.425.857**
increases:		
Allocation	752.875	261.072
Other increases	-	-
Decreases:		
Utilisations	(616.898)	(6.433.911)
Other decreases	-	(486.120)
	902.875	**766.898**

The "Provision for risks" is attributable to allocation on the basis of the best estimate of legal costs associated with pending legal disputes (with related risk of the dispute improbable and therefore not subject to allocation, in line with the provisions of IAS 37).

The decreases are attributable to releases following the removal of risks for which allocations had been made in previous years.

Current liabilities

21. Bond issue

This item amounts to EUR 1.310 thousand and refers to the interest accrued in the period from 12 July 2016, the half-yearly coupon registration date of the bond loan, to the date of these financial statements.

22. Financial payables

This item totalled EUR 75.540 thousand (EUR 121.804 thousand as at 30 September 2015), marking a decrease of EUR 46.264 thousand.

The item is composed as follows:

	30.09.2016	30.09.2015
Bank loans	66.802.291	52.948.705
Current portion of medium/long-term bank loans	6.056.874	26.705.515
Other loans	2.680.634	37.650.000
Other financial payables		4.500.000
	75.539.799	**121.804.220**

The item "Bank loans" comprises, for EUR 43,9 million, the hot money granted by leading banks, settled at rates indexed to the 1/3M Euribor with short-term maturity, and for the remaining EUR 22,9 million to the use in current accounts of the credit facility for EUR 25 million maturing on 31 December 2016.
As regards the current portion of medium/long-term bank loans, these are represented by the residual current portion for EUR 6,1 million of an amortizing loan originally for EUR 8,0 million.
The item "Other loans" corresponds to the balance of existing loans with the subsidiaries Mittel Advisory S.r.l. for EUR 1,4 million and Locaeffe S.r.l. in liquidation for EUR 1,3 million.
The item "Other financial payables" related to the residual debt to Liberata S.p.A. following the transaction signed on 23 July 2015 for the final closure of indemnity claims made by Liberata S.p.A. in relation to the collection of Mittel Generale Investimenti S.p.A. credit positions.

23. Other financial liabilities

The balance of "Other financial liabilities" as at 30 September 2016 was zero (EUR 58 thousand as at 30 September 2015). The item referred to derivative transactions carried out by the Parent Company.

24. Sundry payables and other liabilities

This item totalled EUR 4.673 thousand (EUR 5.325 thousand as at 30 September 2015). The overall decrease was EUR 652 thousand.

The breakdown of this item is as follows:

	30.09.2016	30.09.2015
Trade payables	1.914.942	2.255.514
Tax payables	218.623	381.187
Payables relating to employees	364.068	454.942
Payables due to directors and statutory auditors	474.786	403.503
Payables due to social security institutions	82.350	68.055
Other payables	1.509.780	1.648.271
Accrued expenses and deferred income	108.775	113.443
	4.673.324	**5.324.915**

The item "Trade payables" refers to invoices received but not yet paid for EUR 427 thousand and invoices to be received for EUR 1.488 thousand. The latter refer to payables allocated on the basis of existing mandates and relating to payables for legal expenses (EUR 1.048 thousand), professional consulting (EUR 295 thousand), property administration fees (EUR 30 thousand), fees for certification of the financial statements (EUR 67 thousand), services provided by Group companies (EUR 46 thousand) and programme maintenance services (EUR 2 thousand).

The item "Other payables", totalling EUR 1.510 thousand, refers mainly to: (i) payables to subsidiaries from the tax consolidation for EUR 607 thousand; (ii) the collection of a deposit in relation to the sale of land in Naples for EUR 20 thousand; and (iii) the payable on interest-free loans disbursed to the company by Equinox Two S.c.a. for EUR 818 thousand.

Information on the Income Statement

25. Revenue

This item totalled EUR 870 thousand (EUR 1.116 thousand as at 30 September 2015). The overall decrease was EUR 246 thousand.

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

	30.09.2016	30.09.2015
Revenue from property sales	-	-
Revenue from rent	126.014	428.917
Revenue from provision of services	743.675	687.184
Revenue from fund management commission	-	-
Revenue from commission from finance leases	-	-
Other revenue	-	-
	869.689	**1.116.101**

Revenue from the provision of services referred to chargebacks to subsidiaries and associates for direct debit, administrative and IT services outsourced.
Revenue from rent recorded a decrease due to the termination of two leases during the year.

26. Other income

This item totalled EUR 366 thousand (EUR 851 thousand as at 30 September 2015). The overall decrease was EUR 485 thousand.

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

	30.09.2016	30.09.2015
Recoveries of various expenses	-	-
Prior year income	143.827	655.616
Income from elimination of assets	485	-
Other revenue and income	221.548	195.875
	365.860	**851.491**

The item Prior year income mostly refers to a tax refund received from the Italian Revenue Agency in December 2015 for EUR 111 thousand.
As regards the decrease in this item, note that the previous year's figure included EUR 432 thousand in interest income accrued on the IRES receivable recorded previously by Bios as EUR 7,2 million, for which reimbursement was requested and received in the year ending as at 30 September 2015.

27. Costs for services

This item totalled EUR 5.279 thousand (EUR 7.195 thousand as at 30 September 2015). The overall decrease compared to 30 September 2015 was EUR 1.916 thousand.

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

	30.09.2016	30.09.2015
Legal consultancy	(585.586)	(688.303)
Notary consultancy	(96.448)	(8.148)
Other consultancy	(1.040.786)	(3.050.066)
General services and maintenance	(549.643)	(894.836)
Administrative, organisational and audit services	(10.084)	(20.000)
Directors' fees	(1.498.155)	(765.887)
Board of Statutory Auditors' fees	(150.665)	(159.664)
Supervisory Body's fees	(36.190)	(45.816)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Rentals	(899.623)	(1.161.706)
Leases	(33.021)	(13.287)
Insurance	(216.011)	(232.992)
Utilities	(125.975)	(137.186)
Advertising	(1.000)	(653)
Others	(19.873)	-
	(5.279.060)	**(7.194.544)**

Costs for services recorded a significant decrease (by EUR 1,9 million) compared to the previous year.

In particular the considerable decrease (EUR 2,0 million) in the balance of "Other consultancy" which in the previous year included, amongst other things, the costs relating to consultancy contracts in place with two senior managers which were incorporated into the role of General Manager of the Company (a key manager role no longer envisaged in the company organisation chart following the appointment of the Chief Executive Officer). Further decreases in the item are attributable to the decrease in non-recurring professional assistance services received in the year ended as at 30 September 2015 (managerial staff assessment, issue of opinions on specific issues).

The item "Directors' fees", up by EUR 0,7 million compared to the previous year, should be read alongside the previously commented item "Other consultancy" because, as described previously, following the appointment of the Chief Executive Officer (whose remuneration is included in this item), the company organisation chart no longer includes a General Manager (the cost for which in previous years was classified under "Other consultancy").

In addition, the main changes compared to the previous year were:

- the decrease by around EUR 0,3 million in general services and maintenance;
- the decrease of EUR 0,3 million in the cost of "Leases", attributable to the closure of peripheral offices in Milan, Brescia and Verona and to the purchase of the twelfth floor of the building in Piazza Diaz, Milan, previously leased.

28. Personnel costs

This item totalled EUR 3.868 thousand (EUR 4.345 thousand as at 30 September 2015). The overall decrease compared to 30 September 2015 was EUR 477 thousand.

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

	30.09.2016	30.09.2015
Wages and salaries	(2.161.713)	(2.517.701)
Social security costs	(715.045)	(772.349)
Allocation to employee severance indemnity	(101.001)	(146.229)
Payments to external supplementary pension funds	(15.319)	(10.550)
Other personnel costs	(875.420)	(898.577)
	(3.868.498)	**(4.345.406)**

The decrease was the result of staff leaving during the year following the internal reorganisation of services and activities.

Average number of employees broken down by category:

	Average in the year 2015/2016	Average in the year 2014/2015
Managers	4	5
Officials	8	9
Employees	17	14
Total	**29**	**28**

29. Other costs

This item totalled EUR 1.720 thousand (EUR 3.185 thousand as at 30 September 2015). The overall decrease compared to 30 September 2015 was EUR 1.465 thousand.

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

	30.09.2016	30.09.2015
Taxes and duties	(1.244.064)	(1.813.609)
Prior year expenses	(132.075)	(40.090)
Other sundry operating expenses	(343.702)	(1.330.993)
	(1.719.841)	**(3.184.692)**

The item "taxes and duties" mainly includes pro rata costs for non-deductible VAT amounting to EUR 1.135 thousand. Last year the item "other sundry operating expenses" was affected, for EUR 1.050 thousand, by the cost incurred as part of a settlement agreement reached in order to avoid a probable dispute.

30. Dividends

This item totalled EUR 43.732 thousand (EUR 2.430 thousand as at 30 September 2015). The overall increase compared to 30 September 2015 was EUR 41.302 thousand.

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

	30.09.2016	30.09.2015
Dividends from financial assets held for trading	62.736	188.643
Dividends from available-for-sale financial assets	495.994	1.239.603
Dividends from financial assets at fair value	-	-
Dividends from investments	43.173.234	1.002.197
Other	-	-
	43.731.964	**2.430.443**

The item "dividends from investments" is essentially attributable to the distribution of the share premium reserve by Earchimede S.p.A. for EUR 42.507 thousand, and to the dividend distributed by Castello SGR S.p.A. for EUR 325 thousand.

Dividends from available-for-sale financial assets refer mainly to the distributions made by Fondo Augusto (EUR 341 thousand) and Sia S.p.A. (EUR 151 thousand).

31. Profit (loss) from management of financial assets and investments

This item totalled EUR 7.782 thousand, increasing by EUR 18.936 thousand compared to 30 September 2015.

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

	30.09.2016	30.09.2015
Available-for-sale financial assets		
Capital gains	-	1.708
Profits from fair value measurement	-	-
Other income	6.820.453	-
Capital losses	-	(4.104.584)
Losses from fair value measurement	-	-
Other	-	-
Capital gains (losses) from transfer of receivables	**-**	**(47.822)**
Capital gains (losses) from transfer of investments	**961.700**	**(7.003.431)**
Capital gains (losses) from change in equity interest	**-**	**-**
Reversals/impairment losses on equity	**-**	**-**
	7.782.153	**(11.154.129)**

Capital gains from available-for-sale financial assets refer mainly to the gain realised from the near total disposal of the investment held in Credit Access Asia N.V. (EUR 5.815 thousand) and to that resulting from the sale of Intesa Sanpaolo S.p.A. shares (EUR 994 thousand) held by Mittel Partecipazioni Stabili S.r.l., merged into the Parent Company with accounting effects from 1 October 2015.
The gains from disposal refer exclusively to the amount collected as the incremental price of equity instruments by Brands Partners 2 S.r.l. in liquidation.

32. Amortization

This item totalled EUR 259 thousand (EUR 253 thousand as at 30 September 2015), marking an overall increase of EUR 6 thousand compared to 30 September 2015.

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

	30.09.2016	30.09.2015
Intangible assets		
Amortization	(102.839)	(127.558)
Impairment losses	-	-
Reversals of impairment losses	-	-
Property, plant and equipment		
Amortization of investment property	-	-
Amortization of other assets owned	(155.999)	(125.129)
Amortization - finance leases	-	-
Impairment losses	-	-
Reversals of impairment losses	-	-
Assets relating to finance leases	**-**	**-**
	(258.838)	**(252.687)**

33. Allocations to the provision for risks

This item includes allocations for EUR 136 thousand compared to a surplus of EUR 210 thousand as at 30 September 2015.

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

	30.09.2016	30.09.2015
Provisions for ongoing disputes:		
for legal disputes	-	-
for expenses for personnel	-	-
Provision for contractual disputes	(135.977)	209.850
Provision for restructuring expenses	-	-
Other provisions	-	-
	(135.977)	**209.850**

The item refers to the net effect of releases for EUR 617 thousand and increases for EUR 753 thousand.

The increases refer to the allocation on the basis of the best estimate of legal costs associated with pending legal disputes (with related risk of the dispute improbable and therefore not subject to allocation, in line with the provisions of IAS 37).

The decreases are attributable to releases following the removal of risks for which allocations had been made in previous years.

34. Value adjustments to financial assets, loans and receivables

This item totalled EUR 3.261 thousand, increasing by EUR 2.217 thousand compared to 30 September 2015.

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

	30.09.2016	30.09.2015
Impairment losses on financial receivables	(1.451.246)	(552.784)
Impairment losses on other receivables	-	-
Impairment losses on available-for-sale financial assets	(1.809.782)	(491.021)
Impairment losses on non-current assets held for sale	-	-
Reversals of impairment losses on financial assets	-	-
	(3.261.028)	**(1.043.805)**

The item “Impairment losses on financial receivables” essentially refers to: (i) for EUR 227 thousand to the value adjustment to the receivable due from the 100% subsidiary Markfactor S.r.l. in liquidation, considered partly uncollectable; and (ii) for EUR 1.232 thousand to the discounting effect on the receivable due from Montini S.p.A. as a result of probable postponement of the payment terms.

For further details of the item “Impairment losses on available-for-sale financial assets”, reference should be made to paragraph 8 - Other non-current financial assets and to paragraph 12 - Other current financial assets, with particular regard to the contribution from Mittel Partecipazioni Stabili S.r.l.

35. Value adjustments to investments

This item totalled EUR 68.856 thousand (EUR 1.381 thousand as at 30 September 2015). The overall increase compared to 30 September 2015 was EUR 67.475 thousand.

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

	30.09.2016	30.09.2015
Impairment losses on investments	(68.856.250)	(16.132.158)
Reversals of impairment losses on investments	-	14.751.494
	(68.856.250)	**(1.380.664)**

The item "write-downs of investments" refers mainly to:

(i) for EUR 50.400 thousand to the impairment of Earchimede S.p.A.;
(ii) for EUR 12.500 thousand to the impairment of Mittel Investimenti Immobiliari S.r.l.;
(iii) for EUR 4.550 thousand to the impairment of Mittel Advisory Debt and Grant S.p.A.;
(iv) for EUR 1.400 thousand to the impairment of Mittel Advisory S.r.l.;
(v) for EUR 6 thousand to write-off of the residual value of Chase Mittel Capital Holding II NV.

For further details of these impairment losses, reference should be made to Note 6. Investments to these financial statements.

36. Financial income

This item totalled EUR 8.140 thousand (EUR 8.737 thousand as at 30 September 2015). The overall decrease compared to 30 September 2015 was EUR 597 thousand.

The item is composed as follows:

	30.09.2016	30.09.2015
Bank interest income	85.331	6.573
Interest income on financial receivables	7.710.736	8.607.317
Other interest income	343.635	123.388
	8.139.702	**8.737.278**

37. Financial expenses

This item totalled EUR 8.994 thousand (EUR 10.549 thousand as at 30 September 2015). The overall decrease compared to 30 September 2015 was EUR 1.555 thousand.

The item is composed as follows:

	30.09.2016	30.09.2015
Interest expense on bonds	(6.621.642)	(6.569.682)
Interest expense on bank current accounts	-	-
Interest expense on bank loans	(1.861.884)	(2.873.931)
Interest expense on other loans	(151.808)	(323.995)
Other interest expenses	(17.311)	(48.171)
Other financial expenses	(287.294)	(733.245)
Exchange rate losses	(4.162)	-
	(8.944.101)	**(10.549.024)**

38. Profit (loss) from trading of financial assets

This item totalled EUR 61 thousand (EUR 4.897 thousand as at 30 September 2015). The overall decrease compared to 30 September 2015 was EUR 4.836 thousand.

The amount is composed as follows:

	30.09.2016	30.09.2015
Gains/losses on disposal of securities (current)	211.506	4.937.103
Capital gains/ losses on securities valuation (current)	(393.635)	(204.287)
Derivative financial instruments	242.869	164.005
	60.740	**4.896.821**

39. Income taxes

This item totalled EUR 603 thousand (EUR 453 thousand as at 30 September 2015). The overall increase compared to 30 September 2015 was EUR 150 thousand.

The amount is composed as follows:

	30.09.2016	30.09.2015
IRES (corporate income tax)	614.331	665.225
IRAP (regional business tax)	-	-
Taxes of previous years	(8.204)	(38.368)
Total current taxes	**606.127**	**626.857**
Deferred tax liabilities	-	-
Deferred tax assets	(2.674)	(173.659)
Total deferred taxes	**(2.674)**	**(173.659)**
Other taxes	-	-
Total income taxes	**603.453**	**453.198**

The statement of reconciliation between effective and theoretical taxes is provided below, determined on the basis of the current rate on income taxes:

	IRES (corporate income tax)		
Description	**Gross value**	**Rate**	**Tax**
Income (loss) before taxes	(31.373.485)	27,50%	(8.627.708)
Corrective measure for IRAP/IRES comparison	-	27,50%	-
Permanent increase	72.692.349	27,50%	19.990.396
Temporary increase	1.636.847	27,50%	450.133
Reversals of non-deductible costs in previous years	(809.571)	27,50%	(222.632)
Profit (loss) from PEX investments	(7.393.038)	27,50%	(2.033.085)
Dividends	(43.287.358)	27,50%	(11.904.023)
10% IRAP recovery	-	27,50%	-
Tax wedge	-	27,50%	-
Other decreases	(121.353)	27,50%	(33.372)
Change in prepaid/deferred taxes		27,50%	-
Total	**(8.655.609)**	**27,50%**	**(2.380.292)**
Prepaid taxes on tax loss (not recognised)	8.655.609	27,50%	2.380.292
Change in prepaid/deferred taxes	9.724	27,50%	2.674
Change in prepaid/deferred taxes - incorporated company			
Effective tax benefit from application of tax consolidation	(2.233.931)	27,50%	(614.331)
Change in taxes in the previous year			8.204
Total			**(603.453)**

The tax losses of the Mittel S.p.A. as at 30 September 2016 amounted to EUR 8,7 million. The company did not recognise any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the period through the fee due in accordance with the provisions of the tax consolidation contract.

40. 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 profit or loss 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 as follows:

- *Basic earnings or loss per share:*
  Basic earnings or loss per share are determined by dividing the profit or loss 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 2016, compared with the previous year, are as follows:

Earnings/(loss) per share (in EUR)	**30.09.2016**	**30.09.2015**
From income statement:		
- Basic	(0,400)	(0,281)
- Diluted	(0,400)	(0,281)
From comprehensive income:		
- Basic	(0,486)	(0,281)
- Diluted	(0,486)	(0,281)

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 2016, compared with the previous year, is as follows:

Basic earnings or loss per share

During the year ended 30 September 2016, the number of shares outstanding changed as follows:

Basic earnings/(loss) per share	**30.09.2016**	**30.09.2015**
(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		-
No. of treasury shares at start of the year	(15.308.706)	(15.308.706)
Average weighted number of treasury shares acquired in the year	(431.130)	
Average weighted number of treasury shares sold in the year	4.830.954	
Average weighted number of shares outstanding at the end of the year	**76.998.135**	**72.598.311**

During the year, the number of outstanding shares changed following the transfer of 5.300.000 treasury shares to the Chief Executive Officer of Mittel S.p.A., Rosario Bifulco, at the price per share of EUR 1,73, equal to the average book value of treasury shares in the portfolio and for a total of EUR 9.169.000, as resolved by the Mittel S.p.A. Board of Directors on 15 November 2015.
The amendments to the articles of association approved by the Shareholders' Meeting of 23 December 2015, which gave shareholders not party to that resolution the right of withdrawal pursuant to art. 2437, paragraph 2 of the Civil Code. The liquidation process resulting from the subscription of 3.980.185 shares was finalised as follows:

- on 11 April 2016, as a result of the rights offer and pre-emption, pursuant to art. 2437-quater, paragraph 1 of the Civil Code, 1.631.489 shares were liquidated with the ratio of 1 share for every 18,5737 options;
- by the maximum deadline of 180 days, pursuant to art. 2437-quater, paragraph 5 of the Civil Code, i.e. on 25 July 2016, the remaining 2.348.696 shares had been liquidated, taking into account that their stock exchange placement failed, through purchase by Mittel S.p.A.

The basic earnings or loss per share attributable to the Parent Company as at 30 September 2016, compared with the previous year, are as follows:

EUR		
Net profit/(loss)	**(30.770.032)**	**(20.409.769)**

EUR		
Basic earnings/(loss) per share	**(0,400)**	**(0,281)**

The comprehensive basic earnings or loss per share attributable to the Parent Company as at 30 September 2016, compared with the previous year, are as follows:

EUR		
Total net profit/(loss)	**(37.483.768)**	**(20.371.826)**

EUR		
Total basic earnings/(loss) per share	**(0,486)**	**(0,281)**

Diluted earnings or loss per share

Presence of a Stock Appreciation Rights assignment plan which affects the determination of the number of shares to be used in the calculation of diluted earnings per share;

As at 30 September 2016 the shares for potential issue refer solely to shares assigned against the medium/long-term incentive plan based on the assignment of Stock Appreciation Rights (SARs) on treasury shares reserved for the Chief Executive Officer of Mittel S.p.A. and other Group employees.
The amounts expected to derive from treasury share-based payments are considered as if they had been received from an issue of ordinary shares at the average market price of ordinary shares during the period. Consequently, the difference between the number of ordinary shares actually issued and the number of ordinary shares potentially issuable at the average market price of ordinary shares during the period is to be considered an issue of ordinary shares free of charge.
The instruments for the SAR arrangements offered at fixed or calculable terms and the ordinary shares not assigned are treated as options in calculating the diluted earnings per share, even if they could be subordinated to assignment and considered to be outstanding as at the assignment date. In particular, the options offered on the basis of work or service performance are treated as potentially issuable shares as their issue is subject to certain terms being satisfied as well as over time.

For the year ended as at 30 September 2016 the medium/long-term incentive plan based on the assignment of Stock Appreciation Rights (SARs) on treasury shares was not taken into consideration for the diluted EPS calculation as they would have anti-dilutive effects.
In addition, the profit/loss pertaining to the Group as at 30 September 2016 was not adjusted to take into account the dilutive effects from theoretical exercise of the incentive plan based on the assignment of SARs on owned equities as, for the year, it would be anti-dilutive.

As there are no non-current assets held for sale or discontinued operations, the related earnings or loss per share of assets held for sale or already disposed of is not indicated.
Furthermore, note that the earnings or loss per share values recognised do not require adjustment due to any transactions involving ordinary shares or potential ordinary shares after the end of the year as at 30 September 2016 which would have significantly changed the number of ordinary or potential ordinary shares outstanding at period end.

41. 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 financial position of Mittel S.p.A. as at 30 September 2016 was a negative EUR 16.997 thousand, as shown in the table below:

(Thousands of Euro)	**30.09.2016**	**30.09.2015**	**Variation**
Cash	8	4	4
Other cash equivalents	56.235	36.468	19.767
Securities held for trading	6.909	2.110	4.799
Current liquidity	**63.152**	**38.583**	**24.570**
Current financial receivables	**94.574**	**78.163**	**16.411**
Current bank payables	(66.802)	(52.949)	(13.854)
Current portion of medium/long-term bank loans	(6.057)	(26.706)	20.649
Bonds	(1.310)	(1.313)	4
Other current financial payables	(2.681)	(42.208)	39.528
Current financial debt	**(76.849)**	**(123.176)**	**46.326**
Net current financial debt	**80.876**	**(6.430)**	**87.307**
Non-current bank payables	-	-	-
- Bank payables expiring in the medium-term	-	-	-
- Bank payables expiring in the long-term	-	-	-
Bonds issued	(97.873)	(97.239)	(634)
Other financial payables	-	-	-
Non-current financial debt	**(97.873)**	**(97.239)**	**(634)**
Net financial position	**(16.997)**	**(103.670)**	**86.673**

As regards the determination of the net financial position, please refer to the Directors' Report on Operations for 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 43 of these financial statements.

42. Commitments and guarantees

As at 30 September 2016, the following commitments and guarantees were in place:

	30.09.2016	30.09.2015
Guarantees:		
financial	-	-
commercial	5.259.675	1.670.477
assets pledged as collateral	-	-
Commitments:		
disbursement of funds	2.706.758	2.963.798
other irrevocable commitments	-	-
	7.966.433	**4.634.275**

Commercial guarantees refer mainly to sureties issued in favour of the Italian Revenue Agency for VAT receivables for which a refund was requested and/or offset for EUR 1.458 thousand on the company's own account and EUR 3.451 thousand on behalf of group companies; for EUR 350 thousand to the surety given for lease of the company's offices.
Commitments to disburse funds refer to the commitments for payments to be made into private equity funds and foreign investment vehicles.

43. 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, during the year 2015/2016, transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out. All transactions were performed at arm's length and refer to:

	Directors, Statutory auditors and internal committees	Subsidiaries	Associates	Total
Non-current assets				
Financial receivables	0	0	46.701.221	**46.701.221**
Current assets				
Financial receivables	0	90.625.813	57.377	**90.683.190**
Sundry receivables and other assets	0	2.140.285	11.250	**2.151.535**
Current liabilities				
Financial payables	0	2.680.634	0	**2.680.634**
Sundry payables and other liabilities	474.786	620.783	8.513	**1.104.082**
Revenue				
Revenue	0	500.823	290.941	**791.764**
Other income	0	130.495	30.484	**160.979**
Costs for services	(1.664.820)	(10.084)	(100.123)	**(1.775.027)**
Personnel costs	(1.214.602)	0	0	**(1.214.602)**
Other costs	0	(28.481)	0	**(28.481)**
Dividends	0	42.507.031	666.203	**43.173.234**
Financial income	0	4.333.315	2.125.399	**6.458.714**
Financial expenses	0	(151.571)	0	**(151.571)**

- Non-current financial receivables relate for EUR 36,6 million to the loans granted to Liberata S.p.A., and for EUR 10 million to the loan in place with Fondo Augusto, a closed-end mutual investment fund reserved for qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by investee Castello SGR S.p.A. (an associate).

- The current financial receivables refer to the loans granted to Ghea S.r.l. for EUR 24,1 million, Mittel Investimenti Immobiliari S.r.l. for EUR 65,3 million, Markfactor S.r.l. in liquidation for EUR 0,4 million and Mittel Advisory Debt and Grant S.p.A for EUR 0,9 million. Receivables from associates refer to accruals on the loan to Fondo Augusto for EUR 0,1 million.

- The item sundry receivables and other assets is mainly composed of receivables from companies in the tax consolidation of the consolidating company Mittel S.p.A.

- The item financial payables refers to loans received for EUR 1,2 million from Locaeffe S.r.l. and for EUR 1,4 million from Mittel Advisory S.r.l.

- The item sundry payables and other liabilities includes EUR 0,6 million in payables to companies in the tax consolidation of the consolidating company Mittel S.p.A. and the remainder (EUR 22 thousand) to deferred income on chargebacks for the directors and officers' liability policy to Group companies, and EUR 0,5 million to payables to directors and statutory auditors for remuneration accrued but not yet paid.

- The item revenue refers mainly to the chargeback of administrative services and direct debit services provided to group companies and to the chargeback of the directors and officers' liability policy signed by the Parent Company Mittel S.p.A.

- The item Other income refers to chargebacks for sundry services provided to group companies.

- The item costs for services refers to chargebacks for services provided by Mittel Advisory S.r.l. Costs due to associates refer to chargebacks for rent paid by Mittel Generale Investimenti S.p.A. The item costs due to directors, statutory auditors and internal committees refers to EUR 1,3 million to directors' fees, EUR 0,2 million to members of internal committees and EUR 0,2 million to remuneration to the Board of Statutory Auditors. For further details, please refer to the "Report on Remuneration" which will be available on the web site 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 the web site www.mittel.it, "investor relations" section, according to the legal terms.

- The item dividends refers entirely to the dividends from investments distributed for EUR 42,5 million by Earchimede S.p.A., for EUR 0,3 million from Castello SGR and for EUR 0,3 million as income deriving from Fondo Augusto.

- The item financial income refers mainly to interest income of EUR 1,4 million accrued by Liberata S.r.l., EUR 1,2 million by Ghea S.r.l., EUR 0,1 million by Markfactor S.r.l. in liquidation, EUR 3,0 million by Mittel Investimenti Immobiliari S.r.l., EUR 0,1 million by Mittel Advisory Debt and Grant S.p.A. and EUR 0,7 million by Fondo Augusto.

- Financial expenses refer mainly to interest expense accrued for EUR 0,1 million by Earchimede S.p.A.

44. 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.

44.1 Fair value measurement

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 cash inflows and outflows, and, lastly, the “cost approach”, which requires that the entity determine a value that reflects the amount that would be required currently to replace the service capacity of an asset.

IFRS 13 establishes a fair value hierarchy that classifies the input of the valuation techniques used to measure fair value into three levels.

The fair value hierarchy assigns the maximum priority to listed prices (not adjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the minimum priority to inputs that are not observable (Level 3 inputs).
The levels used in the hierarchy are as follows:

Level 1 inputs: listed prices (not adjusted) in active markets for identical assets or liabilities which the entity may access at the valuation date. A market is defined as active when prices reflect transactions that occur with a frequency and at sufficient volumes to provide useful information for determining the price on an ongoing basis.
Level 2 inputs: 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: 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 2016, and for comparative purposes, as at 30 September 2015, the table below illustrates the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

Amounts in EUR	30 September 2016			30 September 2015		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets:						
- Investments at fair value with a contra-entry in Other comprehensive profit/(loss)	4.968.345	17.600.437	9.852.197	412.738	18.298.706	9.703.884
- Investments at fair value with a contra-entry in the Income Statement	-	-	-	-	-	-
- Other non-current securities	-	-	-	-	-	1.110.252
Financial assets at fair value held for trading:						
- Current investments	-	-	-	2.088.558	-	-
- Current securities held for trading	2.264.251	-	-	-	-	-
- Trading derivatives	-	-	-	21.773		
- Other financial assets	-	-	-	-	-	-
Total assets	**7.232.596**	**17.600.437**	**9.852.197**	**2.523.069**	**18.298.706**	**10.814.136**
Other financial liabilities:						
- Hedging derivatives	-	-	-	-	-	-
- Trading derivatives	-	-	-	58.331	-	-
Total liabilities	**-**	**-**	**-**	**58.331**	**-**	**-**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 30 September 2016 are shown, for comparative purposes, as at 30 September 2015, indicating the valuation criteria applied and, for financial instruments 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.

(Amounts in Euro)

Types of financial instruments	Criteria applied in the meauremen of the financial instruments in the financial statements								Financial statement total as at 30 September 2016	Fair value as at 30 September 2016
	Financial instruments at fair value						Financial instruments at amortized cost	Unlisted investments measured at cost		
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy						
	Income statement	*Equity in Other comprehensive profit (loss)*		Livel 1	Livel 2	Livel 3				
			(A)				(B)	(C)	(A+B+C)	
ASSETS										
Available-for-sale investments (c)	-	-	**-**	-	-	-	**-**	**1.500.000**	**1.500.000**	**1.500.000**
Available-for-sale investments (a) (d)	-	30.870.207	**30.870.207**	4.968.345	17.600.436	8.301.425	**-**	**-**	**30.870.207**	**30.870.207**
Available-for-sale debt securities (a) (d)	-	50.772	**50.772**	-	-	50.772	**-**	**-**	**50.772**	**50.772**
Non-current financial receivables (*) (b)	-	-	**-**	-	-	-	**79.248.633**	**-**	**79.248.633**	**79.020.596**
Non-current sundry receivables	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
Other non-current assets	-	-	**-**	-	-	-	**144.906**	**-**	**144.906**	**144.906**
Current financial receivables (*) (b)	-	-	**-**	-	-	-	**94.573.712**	**-**	**94.573.712**	**94.573.712**
Investments held for trading (d)	2.264.251	-	**2.264.251**	2.264.251	-	-	**-**	**-**	**2.264.251**	**2.264.251**
Trading derivatives (d)	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
Trade receivables (*) (b)	-	-	**-**	-	-	-	**151.370**	**-**	**151.370**	**151.370**
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**4.606.907**	**-**	**4.606.907**	**4.606.907**
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**56.242.667**	**-**	**56.242.667**	**56.242.667**
	2.264.251	**30.920.979**	**33.185.230**	**7.232.596**	**17.600.436**	**8.352.197**	**- 234.968.196**	**- 1.500.000**	**269.653.426**	**- 269.425.389**
LIABILITIES										
Bonds (current and non-current) (b)	-	-	**-**	-		-	**(99.182.965)**	**-**	**(99.182.965)**	**(104.676.446)**
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**(75.539.799)**	**-**	**(75.539.799)**	**(75.639.007)**
Non-current sundry payables and other liabilities (*) (b)	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
Trade payables (*) (b)	-	-	**-**	-	-	-	**(2.427.553)**	**-**	**(2.427.553)**	**(2.427.553)**
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(1.578.023)**	**-**	**(1.578.023)**	**(1.578.023)**
Trading derivatives	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**- (178.728.340)**	**- -**	**(178.728.340)**	**- (184.321.030)**

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 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 at fair value on a recurring basis.

(Amounts in Euro)

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements								Financial statement total as at 30 September 2015	Fair value as at 30 September 2015
	Financial instruments at fair value						Financial instruments at amortized cost	Unlisted investments measured at cost		
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy						
	Income statement	*Equity in Other comprehensive profit (loss)*		Level 1	Level 2	Level 3				
			(A)				(B)	(C)	(A+B+C)	
ASSETS										
Available-for-sale investments (c)	-	-	**-**	-	-	-	**-**	**5.588.703**	**5.588.703**	**5.588.703**
Available-for-sale investments (a) (d)	-	22.826.625	**22.826.625**	412.738	18.298.706	4.115.181	**-**	**-**	**22.826.625**	**22.826.625**
Available-for-sale debt securities (a) (d)	-	1.110.252	**1.110.252**	-	-	1.110.252	**-**	**-**	**1.110.252**	**1.110.252**
Non-current financial receivables (*) (b)	-	-	**-**	-	-	-	**120.508.561**	**-**	**120.508.561**	**119.183.802**
Non-current sundry receivables	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
Other non-current assets	-	-	**-**	-	-	-	**160.106**	**-**	**160.106**	**160.106**
Current financial receivables (*) (b)	-	-	**-**	-	-	-	**78.162.709**	**-**	**78.162.709**	**78.162.709**
Investments held for trading (d)	2.088.557	-	**2.088.557**	2.088.557	-	-	**-**	**-**	**2.088.557**	**2.088.557**
Trading derivatives (d)	21.773		**21.773**	21.773			**-**		**21.773**	**21.773**
Trade receivables (*) (b)	-	-	**-**	-	-	-	**16.910**	**-**	**16.910**	**16.910**
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**149.615**	**-**	**149.615**	**149.615**
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**36.472.261**	**-**	**36.472.261**	**36.472.261**
	2.110.330	**23.936.877**	**26.047.207**	**2.523.068**	**18.298.706**	**5.225.433**	**235.470.161**	**5.588.703**	**267.106.071**	**265.781.313**
LIABILITIES										
Bond loans (current and non-current) (b)	-	-	**-**	-	-	-	**(98.552.534)**	**-**	**(98.552.534)**	**(105.635.040)**
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**(121.804.220)**	**-**	**(121.804.220)**	**(121.694.967)**
Sundry payables and other non-current liabilities (*) (b)	-	-	**-**	-	-	-	**-**	**-**	**-**	**-**
Trade payables (*) (b)	-	-	**-**	-	-	-	**(2.255.514)**	**-**	**(2.255.514)**	**(2.255.514)**
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(1.648.271)**	**-**	**(1.648.271)**	**(1.648.271)**
Trading derivatives	(58.331)	-	**(58.331)**	(58.331)	-	-	**-**	**-**	**(58.331)**	**(58.331)**
	(58.331)	**-**	**(58.331)**	**(58.331)**	**-**	**-**	**(224.260.539)**	**-**	**(224.318.870)**	**(231.292.123)**

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 at fair value with profits/losses posted to equity.
(b) Financial receivables and financial liabilities at amortized 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 at fair value on a recurring basis.

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 financial assets and financial liabilities recognised in the financial statements at amortized 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 individual impairment loss is a suitable representation of fair value.

Specifically, for financial receivables deriving from loan operations posted at amortized 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 issues are recognised at amortized 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 period end, adjusted to take account of the market expectations regarding the default risk of the company implicit in the prices of securities traded 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 their 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 refers to the current fair value with recognition of the changes in the income statement.
As at 30 September 2016, 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 2016, the investments measured at fair value mainly include the shares of Space2 for EUR 1,0 million, Mediobanca for EUR 0,3 million, Masi Agricola for EUR 0,2 million and Fiat Chrysler for EUR 0,2 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;
- 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.

Share units 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 considers assumptions regarding risk that market participants would use in calculating the price of the asset or liability and that also includes the risks inherent in a specific valuation technique used and the risk inherent in the inputs of the valuation technique.
As at 30 September 2016, 35% 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 2016, 63% of non-controlling interests recognised in the Statement of Financial Position among available-for-sale assets were measured using 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 to financial assets at fair value level 3

As at 30 September 2016, no transfers of financial assets and liabilities at fair value on a recurring basis from level 3 to other levels and vice-versa were made, 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 period ended as at 30 September 2016, including profits/(losses) booked to the income statement, are shown below:

EUR	Financial assets	Financial liabilities
As at 1 October 2015	**10.814.136**	**0**
(Profit) losses write down in the income statement	5.789.608	0
(Profit) losses write down in the statement of comprehensive income	740.180	0
Issues/extinctions	(7.491.727)	0
As at 30 September 2016	**9.852.197**	**0**

Available-for-sale financial assets measured at fair value level 3 mainly refer to shares held in Credit Access Asia N.V. (formerly Micro Venture Finance Group S.A.) (EUR 1,0 million), Equinox Two ScA (EUR 4,0 million); SIA-SSB S.p.A. (EUR 1,4 million), Nomisma S.p.A. (EUR 0,1 million) and Istituto Atesino di Sviluppo S.p.A. (EUR 3,3 million).

44.2 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 Group 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 S.p.A.'s financial position are shown below, separately for the two comparison periods:

	IAS 39 CATEGORIES				
Financial assets at 30 September 2016	Financial instruments at fair value	Assets held to maturity	Loans and receivables	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	27.724.992	**27.724.992**
Bonds	-	-	-	50.772	**50.772**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	79.248.633	-	**79.248.633**
Sundry receivables	-	-	160.267	-	**160.267**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	4.758.279	-	**4.758.279**
Current financial assets:					
Financial receivables	-	-	94.573.712	-	**94.573.712**
Sundry receivables	-	-	-	-	**-**
Current financial assets	6.909.464	-	-	-	**6.909.464**
Non-hedging derivatives	-	-	-	-	**-**
Cash and cash equivalents					
Bank and postal deposits	-	-	56.234.712	-	**56.234.712**
TOTAL FINANCIAL ASSETS	**6.909.464**	**-**	**234.975.603**	**27.775.764**	**269.660.831**

Financial assets at 30 September 2015	IAS 39 CATEGORIES				
	Financial instruments at fair value	Assets held to maturity	Loans and receivables	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	28.415.328	**28.415.328**
Bonds	-	-	-	1.110.252	**1.110.252**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	120.508.561	-	**120.508.561**
Sundry receivables	-	-	160.105	-	**160.105**
Receivables due from related parties	-	-		-	**-**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	166.425	-	**166.425**
Current financial assets:					
Financial receivables	-	-	78.011.696	-	**78.011.696**
Sundry receivables	-	-	151.013	-	**151.013**
Current financial assets	2.088.558	-	-	-	**2.088.558**
Non-hedge derivatives	21.773	-	-	-	**21.773**
Cash and cash equivalents					
Bank and postal deposits	-	-	36.467.843	-	**36.467.843**
TOTAL FINANCIAL ASSETS	**2.110.331**	**-**	**235.465.643**	**29.525.580**	**267.101.554**

Financial liabilities as at 30 September 2016	IAS 39 CATEGORIES		
	Financial instruments at fair value	Liabilities at amortized cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	-	**-**
Other financial liabilities	-	-	**-**
Sundry payables and other liabilities	-	-	**-**
Bonds	-	97.873.411	**97.873.411**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	75.539.799	**75.539.799**
Trade payables	-	1.914.942	**1.914.942**
Sundry payables	-	1.509.780	**1.509.780**
Bonds	-	1.309.554	**1.309.554**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**178.147.486**	**178.147.486**

Financial liabilities as at 30 September 2015	IAS 39 CATEGORIES		
	Financial instruments at fair value	Liabilities at amortized cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	-	**-**
Other financial liabilities	-	-	**-**
Sundry payables and other liabilities	-	-	**-**
Bonds	-	97.239.392	**97.239.392**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	121.804.220	**121.804.220**
Trade payables	-	2.255.514	**2.255.514**
Sundry payables	-	1.648.271	**1.648.271**
Bonds	-	1.313.142	**1.313.142**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	58.331	-	**58.331**
TOTAL FINANCIAL LIABILITIES	**58.331**	**224.260.539**	**224.318.870**

Transfers between portfolios and reclassifications of financial assets

During 2015-2016 the company did not make any portfolio reclassifications.

44.3 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 allowance for impairment 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 liquidity is based on prudential criteria and divided into the following areas:
- money market management, entrusted with the investment of temporary cash surpluses during the year, the reabsorption of which is expected within the next twelve months;
- bond portfolio management, entrusted with the investment of a permanent level of liquidity, the investment of that part of liquidity whose reabsorption 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 in the purchase and sale of own securities.

Credit risk represents the risk of counterparty default with a partial or total loss of capital and of the interest on the credit position.
The analysis of credit risk is a key factor, for the purposes of preparation of the financial statements, in the evaluation of the receivables in the portfolio and as regards their impairment testing required by IAS 39.
Management and the Internal Control and Risks Committee constantly monitor risk positions at collective and individual level.
The risk control department measures the market risks in order to ensure that the overall exposure is monitored.

1.2 Impairment of financial assets

At the end of each financial year, loans and receivables are reviewed with the aim of identifying those which, following events occurring after their recognition, show objective evidence of impairment. The value adjustment is recognised in the income statement.
The original value of the loans and receivables is written back in subsequent years to the extent to 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 value reversal is recognised in the income statement and cannot in any event exceed the amortized cost that the loan or receivable would have had in the absence of the previous adjustments.
Operating criteria are used to determine the estimated recoverable value, with the aim of quantifying any guarantees and/or the existence of insolvency proceedings.
The recovery plans are approved by the decision-making body and scrupulously monitored.

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	-	-	-	50.772	50.772
Financial assets held to maturity	-	-	-	-	-
Receivables due from banks	-	-	-	56.234.712	56.234.712
Receivables due from financial institutions	-	-	-	10.057.377	10.057.377
Receivables due from customers	2.048.321	-	13.894.475	147.822.172	163.764.968
Hedging derivatives	-	-	-	-	-
	-	-	-	-	-
Total as at 30 September 2016	**2.048.321**	**-**	**13.894.475**	**214.165.033**	**230.107.829**
Total as at 30 September 2015	**2.868.718**	**-**	**13.671.240**	**219.709.406**	**236.098.352**

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:	-	-	-	-
- Impaired exposures	5.698.902	(3.650.580)	-	2.048.321
- Restructured exposures	-	-	-	-
	5.698.902	**(3.650.580)**	**-**	**2.048.321**
Performing exposures	-	-	-	-
- Past due exposures	13.894.475		-	13.894.475
- Other exposures	161.161.583	(3.282.034)	-	157.879.549
	175.056.058	**(3.282.034)**	**-**	**171.774.024**
Total as at 30 September 2016	**180.754.960**	**(6.932.614)**	-	**173.822.345**
Total as at 30 September 2015	**247.543.102**	**(11.444.750)**	**-**	**236.098.352**

The above table includes financial receivables due from Group companies for a total of EUR 127,2 million (73,2% of the total exposure).

Positions for which there is an objective condition of partial or total uncollectability are impaired individually. The amount of the impairment loss 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 impaired 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 arranges write-down 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 amortized cost requires the impairment loss on loans and receivables or held-to-maturity investments and recognised at amortized 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 a liability provision; the amount of the adjustment is recognised in the income statement in the period.

The figures relating to the previous year's financial statements are provided below.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Impaired exposures	11.031.434	(8.162.716)	-	2.868.718
- Restructured exposures	-	-	-	-
	11.031.434	**(8.162.716)**	**-**	**2.868.719**
Performing exposures	-	-	-	-
- Past due exposures	13.671.240	-	-	13.671.240
- Other exposures	222.840.428	(3.282.034)	-	219.558.394
	236.511.668	**(3.282.034)**	**-**	**233.229.634**
Total as at 30 September 2015	**247.543.102**	**(11.444.750)**	-	**236.098.352**
Total as at 30 September 2014	**217.751.356**	**(12.225.775)**	**-**	**205.525.581**

Cash and cash equivalents

Cash and cash equivalents of the company totalled EUR 56.243 thousand (EUR 36.472 thousand as at 30 September 2015) 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 hedging 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 2016, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given and received

The carrying amounts as at 30 September 2015 and 2016 relating to the guarantees issued in favour of third parties and to commitments to disburse funds are shown below:

	30.09.2016	**30.09.2015**
Financial guarantees issued	-	-
Commercial guarantees issued	5.259.675	1.670.477
Irrevocable commitments to disburse funds	2.706.758	2.963.798
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	-	-
	7.966.433	**4.634.275**

The commercial guarantees refer mainly to sureties in favour of the Italian Revenue Agency for VAT for which a refund was requested and/or offset, of which EUR 1,3 million on the company's own account and EUR 3,5 million on behalf of group companies.
Commitments to disburse funds refer to the commitments for payments to be made in investment funds.

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 expresses the change in economic value of the intermediary, as a result of unexpected changes in interest rates with an impact on the bank portfolio, defined as the set of all assets and liabilities sensitive to interest rates and not classified in the trading portfolio.

In order to measure and monitor the interest rate risk profile, 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 also include a medium/long-term loan payable at variable rate.
The table below identifies the book value of the financial assets and liabilities exposed 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
Assets							
Debt securities			-	-			-
Medium/long-term financial receivables			36.618	26.605	-	16.026	79.249
Current financial receivables	78.427	16.146					94.574
Available-for-sale financial assets							-
Financial assets designated at fair value							-
	78.427	**16.146**	**36.618**	**26.605**	**-**	**16.026**	**173.822**
Liabilities							
Non-current bank loans			-				-
Current bank loans	72.859	-					72.859
Obbligazioni	1.310				97.873		99.183
Other financial payables due to related parties	2.681						2.681
	76.849	**-**	**-**	**-**	**97.873**	**-**	**174.723**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	1.578	**16.146**	**36.618**	**26.605**	**(97.873)**	**16.026**	**(900)**

The figures relating to the financial statements as at 30 September 2015 are provided 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			51	1.059			1.110
Medium/long-term financial receivables			88.052	16.808	-	15.648	120.509
Current financial receivables	78.163	-					78.163
Available-for-sale financial assets							-
Financial assets designated at fair value							-
	78.163	**-**	**88.103**	**17.867**	**-**	**15.648**	**199.781**
Liabilities							
Non-current bank loans			-				-
Current bank loans	79.654	-					79.654
Bonds	1.313			97.239			98.553
Other financial payables due to related parties	42.150						42.150
	123.117	**-**	**-**	**97.239**	**-**	**-**	**220.357**
	(44.954)	**-**	**88.103**	**(79.372)**	**-**	**15.648**	**(20.576)**

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

Interest rate risk is taken into serious consideration by the Company 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 the risk 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 extent of the strategic investments is 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 budget implemented in the current year are extremely prudent and have made provision for limited trading in financial assets, on the basis of a careful assessment 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 legislation, to contain their "net currency 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 a 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 variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income and, in particular: if, as at 30 September 2016, 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 approximately EUR 0,8 million.

Breakdown of the financial structure between fixed and variable rates

In relation to the breakdown of the financial structure between the fixed rate and variable rate components, both for financial assets and liabilities, the following tables are considered.

Amounts in thousands of Euro		**30 September 2016**	
	Fixed rate	Variable rate	Total
Bank loans	-	72.859	**72.859**
Bond issue	99.183	-	**99.183**
Other financial liabilities	-	2.681	**2.681**
Total	**99.183**	**75.540**	**174.723**

Amounts in thousands of Euro		**30 September 2015**	
	Fixed rate	Variable rate	Total
Bank loans	26.706	52.949	**79.654**
Bonds issue	98.553	0	**98.553**
Other financial liabilities	4.500	37.650	**42.150**
Total	**129.758**	**90.599**	**220.357**

Amounts in thousands of Euro		**30 September 2016**	
	Fixed rate	Variable rate	Total
Financial receivables	44.013	129.809	**173.822**
Other financial assets	-	-	**-**
Total	**44.013**	**129.809**	**173.822**

Amounts in thousands of Euro		**30 September 2015**	
	Fixed rate	Variable rate	Total
Financial receivables	24.859	173.813	**198.671**
Other financial assets	1.110		**1.110**
Total	**25.969**	**173.813**	**199.781**

Effective interest rate

The information, given provided by categories of financial assets and liabilities, has been prepared by using, as a weight for weighting purposes, the adjusted book value of accruals and deferrals.

Amounts in thousands of Euro

	30 September 2016		30 September 2015	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	56.243	0,18%	36.472	0,03%
Other financial assets	36.438	1,85%	32.614	2,47%
Other financial assets – related parties	137.384	3,31%	166.058	4,30%
Total	**230.065**	**2,31%**	**235.144**	**3,38%**

Amounts in thousands of Euro

	30 September 2016		30 September 2015	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	72.859	(2,44)%	79.654	(3,52)%
Bond issue	99.183	(6,90)%	98.553	(6,90)%
Other financial liabilities - related parties	2.681	(0,50)%	42.150	(0,74)%
Total	**174.723**	**(4,94)%**	**220.357**	**(4,50)%**

Currency risk – Sensitivity analysis

As at 30 September 2016 (and as at 30 September 2015), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the company 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 with the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and due 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.
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.

The current financial assets as at 30 September 2016, as well as the credit lines committed but unused and the uncommitted cash and cash equivalents of the subsidiaries, offer complete coverage of the debt repayment dates envisaged for the next 24 months.

With reference to the expiry dates 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 expiry dates, the cash flows deriving from the repayment of non-current financial liabilities held by the company as at 30 September 2016, given that they are deemed relevant for liquidity risk purposes.

For the purposes of the presentation of the liquidity risk on the financial exposure of the company deriving from expected cash flows for the repayment of financial debt, 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:**				
	2017	**2018**	**2019**	**After 2019**	**Total**
Bank loans	72.859	-			72.859
Bond issue	5.991	5.991	104.532	-	116.514
Other financial liabilities	2.681				2.681
Total	**81.531**	**5.991**	**104.532**	**-**	**192.054**

4. Information on equity

The shareholders have always taken care to provide the company with sufficient equity to allow it to carry out its activities and to cover risks.
For this reason, a portion of the profits achieved has been carried forward by the company 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 to ensure profitability for shareholders and to retain an efficient capital structure.

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

With regard to the disclosures pursuant to art. 149-duodecies of the Consob Issuers' Regulation, for information on the fees paid to the independent auditors KPMG S.p.A., reference should be made to Note 55 to the consolidated financial statements.

Milan, 14 December 2016

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

(signed on the original)

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

The undersigned Rosario Bifulco, Chief Executive Officer, and Pietro Santicoli, the Manager in charge of financial reporting 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, state that the administrative and accounting procedures are adequate given the company's characteristics and were effectively applied to prepare the separated financial statements as at 30 September 2016.

It is also certified that the separate financial statements for the year ended as at 30 September 2016:

a) were drafted in compliance with the IFRS endorsed in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and books;

c) provide a true and fair view of the financial position and performance of the issuer.

The Report on Operations includes a reliable analysis of the business performance and profit (loss), as well as the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 14 December 2016

Chief Executive Officer	Manager in charge of financial reporting
Rosario Bifulco	Pietro Santicoli
(signed on the original)	(signed on the original)

Report of the Board of Statutory Auditors pursuant to art. 153 of Italian Legislative Decree 58/1998 and art. 2429 of the Italian Civil Code

To the Shareholders' Meeting of Mittel S.p.A. (hereinafter also Mittel or the Company).

In the year ended 30 September 2016 we carried out the supervisory activities envisaged by law and in the Articles of Association - in accordance with the standards of conduct of the Boards of Statutory Auditors recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants) - referred to in this Report, the preparation of which also took into account the instructions provided by CONSOB in Communication no. 1025564 of 6 April 2001, and subsequent amendments. Specifically:

- we attended the Shareholders' Meetings, meetings of the Board of Directors, the Control and Risks Committee and the Remuneration Committee held during the year, and promptly obtained suitable information from the Directors on the general business performance and outlook, as well as on transactions of greater economic, financial and equity importance for their size and characteristics as carried out by the Company and its subsidiaries;
- we acquired awareness of and, to the extent of our responsibility, supervised compliance with the law and with the Articles of Association, compliance with the principles of sound management and on the level of adequacy of the Company's organisational structure, through direct surveys, information gathering from the managers of the departments concerned, periodic exchange of information with the appointed independent auditors and with members of the Control and Risks Committee and the Remuneration and Appointments Committee;
- we supervised the adequacy of the risk management and control systems, the internal control system and the administrative and accounting system, particularly in terms of the latter's reliability in representing operating events;
- we carried out the supervisory activities in accordance with the provisions of art. 19 of Legislative Decree 39/2010, and subsequent amendments and additions, which assign the role of "Internal control and accounting audit committee" to the Board of Statutory Auditors in reference to: a) the financial reporting process; b) the effectiveness of the internal control, internal audit and risk management systems; c) the statutory audit of annual and consolidated accounts; d) the independence of the Independent Auditors.
  With reference to the prescribed supervision of operations of the Independent Auditors, the Board of Statutory Auditors arranged periodic exchanges of information with management of the Independent Auditors in relation to activities undertaken pursuant to art. 150 of the Consolidated Law on Finance; analysed the results of work carried out by the Independent Auditors; received the Reports from the Independent Auditors as envisaged in art. 14 and the draft Report pursuant to art. 19, paragraph 3 of Legislative Decree 39/2010; received the "Annual confirmation of independence" from the Independent Auditors pursuant to art. 17, paragraph 9, letter a) of Legislative Decree 39/2010; monitored the operations of the control system of Group companies and the adequacy of instructions given to them, also pursuant to art. 114, paragraph 2 of Legislative Decree no. 58/1998;
- we confirmed that the Remuneration Report had been prepared pursuant to art. 123-ter of Legislative Decree no. 58 of 24 February 1998 and art. 84-quater of CONSOB Regulation no. 11971/1999 (the Issuers' Regulation), and have no particular comments to make in this respect;
- we examined and obtained information on activities of an organisational and procedural nature implemented pursuant to Legislative Decree no. 231/2001 on corporate administrative liability;
- for aspects under our responsibility, we supervised the compliance of the Procedure for transactions with Related Parties with current regulations;
- we supervised the financial reporting process and verified compliance with legal and regulatory provisions on the preparation and presentation formats for the separate and consolidated financial statements, and the related accompanying documents. The separate and consolidated financial statements are accompanied by the prescribed statements of compliance signed by the Chief Executive Officer and the Manager in charge of financial reporting;
- we ascertained the adequacy, in terms of the method, of the impairment tests implemented in order to determine the existence of any impairment losses on assets recognised in the financial statements;

- we verified that the Directors' Report on Operations for the year 2015/2016 complies with current laws and regulations, is consistent with resolutions adopted by the Board of Directors, with events represented in the separate and consolidated financial statements and with significant events occurring after the end of the year.
  The consolidated half-yearly report did not require comments by the Board of Statutory Auditors. The half-yearly and quarterly reports were published as envisaged in current laws and regulations.

During the course of our supervisory activities, performed by the methods described above, no significant events emerged that would necessitate reporting to the control bodies, or mention in this report.

* * * * *

The specific indications to be provided in this Report are listed below, in accordance with the provisions of the aforementioned CONSOB Communication of 6 April 2001, and subsequent amendments.

1. We acquired information on the transactions of greater economic, financial and equity importance carried out during the year, also through subsidiaries, to confirm that they were implemented in compliance with the law and the Articles of Association, and that they were not manifestly imprudent, risky or in any event such as to compromise the integrity of the corporate assets.
   In referring you to the illustration of the main initiatives undertaken during the year, reported in the section "Significant events in the year" in the Directors' Report on Operations, we confirm that, as far as we are aware, these were founded on the principles of sound management and the problems inherent in potential or possible conflicts of interest were carefully assessed.
2. We received no reports of atypical and/or unusual transactions carried out during the year, including intercompany or related party transactions.
3. Ordinary business transactions carried out with group compaies or with related parties, and likewise their main effects of an economic nature, are indicated in the Directors' Report on Operations and in the Explanatory notes to the separate and consolidated financial statements.
   The Board of Statutory Auditors confirmed that these transactions comply with the law and with the Articles of Association, are in the corporate interest and are not susceptible to giving rise to doubts regarding the accuracy and completeness of the related disclosures in the financial statements, the existence of situations of conflict of interest, the safeguarding of corporate assets and the protection of non-controlling interests.
4. The Independent Auditors, KPMG S.p.A., with which we held periodic meetings during the year and to which the regulatory audit of accounts is assigned, on 5 January 2016 issued the Audit Reports pursuant to art. 14 of Legislative Decree no. 39/2010 on the separate and consolidated financial statements as at 30 September 2016, also including the statement of consistency envisaged in art. 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and art. 123-bis of Legislative Decree no. 58/1998. These do not contain any adverse findings or emphasis of matter.
5. No reports were received from shareholders pursuant to art. 2408 of the Civil Code.
6. No complaints or other reports were received.
7. During the year and in compliance with regulations, the Company appointed KPMG S.p.A. as Independent Auditors to complete the following assignments - strictly associated with the regulatory audit assignment - in addition to the tasks envisaged for such regulatory audit: issue of the Statement on Financial Covenants and Statements on Tax Returns (fees totalling EUR 11.000).
   During the year, no aspects emerged regarding the independence of the Independent Auditors, also in consideration of the provisions of Legislative Decree no. 39/2010.
8. During the year, no assignments were given to companies in the KPMG S.p.A. network.
9. During the year, where necessary, the Board of Statutory Auditors issued opinions and comments as envisaged by law. The contents of such opinions did not conflict with subsequent resolutions adopted by the Board of Directors.
10. During the year, 19 meetings were held by the Board of Directors, 13 meetings by the Board of Statutory Auditors, 4 meetings by the Control and Risks Committee and 6 meetings by the Remuneration and Appointments Committee.
11. We have no particular remarks to make regarding compliance with the principle of sound management. In particular, based on information emerging during meetings with the Independent Auditors, the principles of sound management prove to be complied with constantly.
12. The Board of Statutory Auditors acquired awareness of and supervised the adequacy of the organisational structure through information received from the managers of the company departments concerned and from meetings with the Independent Auditors in a framework of mutual exchange of significant data and information.

With specific reference to the management and accounting information system, we found that this was suitable to providing the information required for carrying out the company's activities in accordance with guidelines issued by the Board of Directors.

13. The risk management and control system and internal control system appeared to be adequate for the dimensional and operating characteristics of the Company, as also ascertained in meetings of the Control and Risks Committee which were systematically attended by the Board of Statutory Auditors.
The Board of Statutory Auditors examined the periodic reports of the Internal Audit Departments, and the Internal Audit Manager and the internal control officers, appointed pursuant to the Corporate Governance Code for listed companies, ensured the necessary operating and reporting flow with regard to their institutional control duties, and on the outcomes of audits undertaken, also through attendance at meetings of the Board of Statutory Auditors.
14. We have no remarks to make regarding the adequacy of the administrative and accounting system or on its reliability in correctly representing operating events. With reference to the accounting disclosure provided in the separate and consolidated financial statements as at 30 September 2016, we confirm that the statement was made by the Chief Executive Officer and the Manager in charge of financial reporting pursuant to art. 154-bis of Legislative Decree no. 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999, and subsequent amendments and additions.
15. We have no remarks to make regarding the adequacy of the information flows from subsidiaries to the Parent Company to ensure prompt fulfilment of reporting obligations imposed 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 on the corporate bodies of the main subsidiaries of members of Top Management of the Parent Company.
16. During the periodic meetings held by the Board of Statutory Auditors with the Independent Auditors, also pursuant to art. 150, paragraph 3 of Legislative Decree no. 58/1998, no aspects emerged requiring mention in this Report.
17. The Board of Statutory Auditors monitored the actual methods adopted for implementing the corporate governance rules envisaged in the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A. 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 completed the verification of independence requirements being satisfied by its own members, and supervised the correct application of the procedures and criteria adopted by the Board of Directors to assess the independence of its members.
18. Our supervisory activities were duly performed during the year ended as at 30 September 2016, and no omissions, censurable events or irregularities were found requiring mention in this Report.
19. Given the results of all the supervisory activities carried out during the year we have no proposals to formulate, pursuant to art. 153, paragraph 2 of Legislative Decree on. 58/1998, regarding the separate financial statements, their approval and issues under our responsibility, and likewise we have no remarks to make concerning the proposal to cover the loss for the year from distributable reserves.

Milan, 5 January 2017

<u>The Board of Statutory Auditors</u>

Riccardo Perotta (signed on the original)

Maria Teresa Bernelli (signed on the original)

Fabrizio Colombo (signed on the original)

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Mittel S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Mittel S.p.A. (the "company"), which comprise the statement of financial position as at 30 September 2016, the income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the

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Mittel S.p.A.
Independent auditors' report
30 September 2016

reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 30 September 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and ownership structure with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Mittel S.p.A. as at and for the year ended 30 September 2016.

Milan, 5 January 2017

KPMG S.p.A.

(signed on the original)

Bruno Verona
Director of Audit

Ordinary Shareholders’ Meeting held on 27 January 2017