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

Consolidated half-yearly financial report

(1 October 2015 - 31 March 2016)

131st company year

Contents

Preliminary Information

This is a translation of the Italian Half-Yearly Financial Report at 31 March 2016 prepared solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail.

Corporate bodies

Board of Directors
Chairman
Franco Dalla Sega
Deputy Chairman
Giorgio Franceschi
Chief Executive Officer
Rosario Bifulco
Directors
Maria Vittoria Bruno (a) (b) (d)
Marco Colacicco
Michele Iori
Marco Merler (a) (b) (c)
Giuseppe Pasini
Duccio Regoli (a) (b) (c) (d)
Carla Sora (a) (c)
Michela Zeme (a) (d)
Manager in charge of financial reporting
Pietro Santicoli

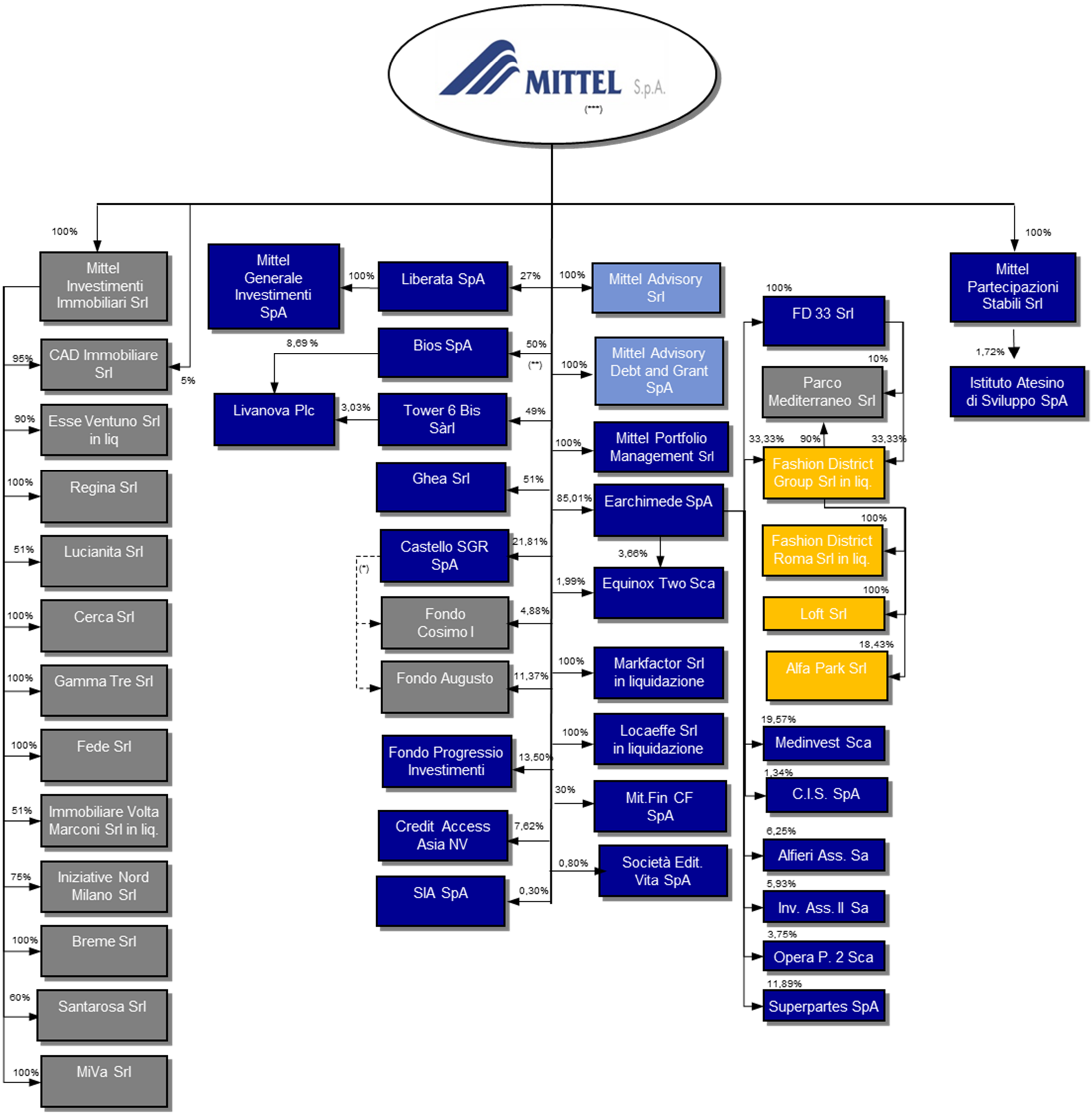
Board of Statutory Auditors
Standing auditors
Riccardo Perotta - Chairman
Maria Teresa Bernelli
Fabrizio Colombo
Alternate auditors
Aida Ruffini
Giulio Tedeschi

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 26 May 2016



Real Estate

Investments and Private Equity

Advisory and Grant Finance Services

Outlet

(*) ---► management relationship

(**) of ordinary share capital

(***) it holds 11,386% of treasury shares

Directors’ Report on Operations

Introduction

On 30 March 2016 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, investments in asset management, enhancement of assets in the portfolio and the exit from real estate and lending activities. Following approval of the Strategic Plan, the Mittel Group - led by Rosario Bifulco, Chief Executive Officer and shareholder of 7% of the parent company - launched a major process of repositioning on the Italian financial market. The company aims to create value for its 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.

Group Performance

The Mittel Group for the first half of the year 1 October 2015 – 30 September 2016 (131st year from the foundation of Mittel S.p.A.) posted a consolidated loss of EUR 8,2 million, compared to a consolidated loss of EUR 22,3 million for the whole of the year 2014/2015 and a consolidated loss of EUR 8,0 million in the first half of the previous year.

Equity pertaining to the Group, including the result for the period, stood at EUR 254,7 million, compared to EUR 283,8 million as at 30 September 2015, marking a decrease of EUR 29,1 million, attributable mainly to the decrease deriving from the lower value of the asset Livanova Plc, held through the investees Tower 6 Bis S.à.r.l. and Bios S.p.A.

The net financial position of the Group was negative at EUR 99,2 million, compared to EUR 81,5 million as at 30 September 2015, an overall increase of EUR 17,7 million due mainly to the distribution to non-controlling interests of part of available reserves against surplus liquidity of the subsidiaries Earchimede S.p.A. and Fashion District Group S.r.l. (in liquidation), to the downturn in the prices of the listed shares and to the result for the period.

Financial highlights of the Mittel Group

Economic summary

The economic, equity and financial tables below are shown in reclassified form with respect to those contained in subsequent paragraphs, in order to highlight certain intermediate results and the equity and financial aggregates deemed most significant for understanding the Group’s operating performances. These amounts, even though not provided for by IFRS, 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)	31.03.2016	31.03.2015	30.09.2015
Revenue	**4.376**	**14.454**	**16.980**
Purchases, provision of services, sundry costs	(8.710)	(15.470)	(29.087)
Personnel costs	(3.829)	(4.506)	(9.363)
Operating costs	**(12.539)**	**(19.976)**	**(38.450)**
Gains (losses) from investments	1.130	2.115	4.547
Operating margin (EBITDA)	**(7.033)**	**(3.408)**	**(16.923)**
Amortization/depreciation, allocations and adjustments to non-current assets	(305)	(3.306)	(3.078)
Value adjustments to financial assets,loans and receivables	(267)	(3.692)	(3.757)
Share of income (loss) of investments	(649)	(465)	(1.362)
Profit (loss) from non-recurring transactions net of tax	-	(288)	176
Operating result (EBIT)	**(8.254)**	**(11.158)**	**(24.944)**
Profit (loss) from financial management	(1.290)	(2.000)	(2.094)
Profit (loss) from trading of financial assets	(88)	4.661	5.357
Profit (loss) before taxes	**(9.631)**	**(8.497)**	**(21.682)**
Taxes	1.050	(148)	(1.524)
Profit (loss) from continuing operations	**(8.581)**	**(8.645)**	**(23.205)**
Profit (loss) pertainig to non-controlling interests	430	625	887
Profit (loss) pertainig to the Group	**(8.151)**	**(8.021)**	**(22.318)**

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

- **Revenue**: the item includes revenue, other income and the variations in property inventories and amounted to EUR 4,4 million, compared to EUR 14,5 million as at 31 March 2015, marking a decrease of EUR 10,1 million due mainly to there no longer being a contribution from the outlet sector. Net of this effect, the revenue remains essentially stable;

- **Purchases, provision of services, sundry costs**: these amounted to EUR 8,7 million compared to EUR 15,5 million as at 31 March 2015, marking a decrease of EUR 6,8 million (of which EUR 4,8 million attributable to the decrease resulting from the lower contribution of the outlet sector). They comprise costs for purchases of EUR 1,6 million, costs for services of EUR 5,2 million and sundry costs of EUR 1,9 million;

- **Personnel costs**: this item amounted to EUR 3,8 million, posting a decrease of EUR 0,7 million compared to the corresponding period of the previous year, due to the decreased contribution from the outlet sector;

- **Gains (losses) from investments**: the item, a positive EUR 1,1 million, suffered a decrease of EUR 1,0 million compared to the same figure in the corresponding period of the previous year. This is mainly composed, for an amount of EUR 1,1 million, of gains deriving from the partial disposal of UBI Banca S.p.A. and Intesa Sanpaolo S.p.A. shares held by Mittel Partecipazioni Stabili S.r.l., compared to EUR 1,5 million in the same period of the previous year, added to which were dividends for EUR 0,6 million from available-for-sale financial assets;

- **Operating margin (EBITDA)**: a negative EUR 7,0 million, compared to EUR 3,4 million as at 31 March 2015, marking a decrease of EUR 3,6 million compared to the same period of the previous year, due to the combined effect of the above;

- **Amortization/depreciation, allocations and adjustments to non-current assets**: EUR 0,3 million, compared to EUR 3,3 million as at 31 March 2015. The balance for the corresponding period of the previous year included EUR 3,0 million as the provision for contractual disputes, allocated in that period by the Parent Company Mittel S.p.A.;

- **Adjustments to financial assets,loans and receivables**: amounting to EUR 0,3 million (EUR 3,7 million at 31 March 2015) largely refer to the value adjustments performed by Earchimede S.p.A. for EUR 0,2 million and by Mittel S.p.A. for EUR 0,1 million;

- **Share of income (loss) of investments**: this item, amounting to a negative EUR 0,6 million compares to a negative EUR 0,5 million in the previous period, marking a decrease of EUR 0,1 million. The item comprises the profit (loss) of companies valued using the equity method;

- **Operating result (EBIT)**: the result was a negative EUR 8,3 million, compared to a negative EUR 11,2 million in the corresponding period of the previous year, marking an improvement of EUR 2,9 million;

- **Profit (loss) from financial management**: amounting to a loss of EUR 1,3 million compared to a loss of EUR 2,0 million in the previous period, marking an improvement of EUR 0,7 million affected mainly by the negative contribution of the Parent Company Mittel S.p.A.;

- **Profit (loss) from trading of financial assets**: a loss of EUR 0,1 million, compared to income of EUR 4,7 million in corresponding period of the previous year, marking a decrease of EUR 4,8 million. The item is composed of income from the trading of securities in the portfolio for EUR 0,2 million, EUR 0,5 million as the negative impact of the change in fair value of trading securities in the portfolio and EUR 0,2 million as the income from derivative instruments;

- **Taxes**: amounting to a positive EUR 1,1 million compared to a negative EUR 0,2 million in the corresponding period of the previous year, marking a EUR 1,3 million improvement, mainly influenced by the effect of reversal to the income statement of deferred taxes on capital gains realised by the outlet sector.

Main financial and equity figures of the Group

(Thousands of Euro)	**31.03.2016**	**30.09.2015**	**31.03.2015**
Intangible assets	104	147	201
Property, plant and equipment	704	854	1.016
Investments	64.653	87.968	109.317
Non-current financial assets	208.424	207.969	228.165
Non-current assets (liabilities) held for sale	-	-	245
Provisions for risks, employee severance indemnity and employee benefits	(5.023)	(7.148)	(14.206)
Other non-current assets (liabilities)	(368)	(475)	(563)
Tax assets (liabilities)	(347)	139	3.215
Net working capital (*)	112.970	114.337	123.915
Net invested capital	**381.116**	**403.791**	**451.306**
Equity	(254.695)	(283.805)	(330.128)
Non-controlling interests	(27.182)	(38.483)	(38.069)
Total equity	**(281.877)**	**(322.288)**	**(368.197)**
Net financial position	**(99.238)**	**(81.504)**	**(83.109)**

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

Intangible assets amounted to EUR 0,1 million, almost unchanged with respect to the figure as at 30 September 2015;

Property, plant and equipment totalled EUR 0,7 million compared to EUR 0,9 million in 2014-2015, representing a decrease of EUR 0,2 million, attributable mostly to depreciation for the period;

Investments (valued using the equity method) totalled EUR 64,7 million, compared to EUR 88,0 million in 2014-2015, marking a decrease of EUR 23,3 million. The decrease is mainly due to the lower value of the investee Livanova Plc held through the vehicles Bios S.p.A. which recorded a decrease of EUR 17,2 million (from EUR 49,9 million to EUR 32,7 million) and Tower 6 Bis S.a.r.l. which decreased by EUR 5,5 million (from EUR 29,2 million to EUR 23,7 million);

Non-current financial assets amounted to EUR 208,4 million, almost unchanged compared to the year ended 30 September 2015 when the total was EUR 208,0 million;

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 5,0 million, compared to EUR 7,1 million in 2014-2015, marking a decrease of EUR 2,1 million. In particular, as at 31 March 2016, this item is composed, for EUR 1,4 million, of *Provisions for personnel* (EUR 1,7 million as at 30 September 2015) and, for EUR 3,6 million, of *Provisions for risks and charges* (EUR 5,4 million as at 30 September 2015). The decrease was due to the use of restructuring provisions and to the use of provisions for personnel associated with the discontinuation of business activities of Fashion District Group S.r.l. (in liquidation);

The item **other non-current liabilities** amounted to EUR 0,4 million, compared to EUR 0,5 million for the year ended 30 September 2015;

The item **tax liabilities** amounted to EUR 0,3 million, compared to tax assets of EUR 0,1 million as at 30 September 2015, marking a decrease of EUR 0,4 million;

Net working capital amounted to EUR 113,0 million, compared to EUR 114,3 million as at 30 September 2015. The item net working capital is composed of the value of Property inventories of EUR 110,5 million (EUR 109,8 million in the financial statements of the previous year), Sundry receivables and other current assets totalling EUR 12,6 million (EUR 16,1 million in the financial statements of the previous year) and Sundry payables and other current liabilities amounting to EUR 10,1 million (EUR 11,6 million in last year's financial statements);

Net invested capital, amounting to EUR 381,1 million, fell by EUR 22,7 million, financed by equity for EUR 281,9 million and by the net financial position for EUR 99,2 million;

Equity pertaining to the Group amounted to EUR 254,7 million, compared to EUR 283,8 million as at 30 September 2015, marking a decrease of EUR 29,1 million, while non-controlling interests came to EUR 27,2 million, compared to EUR 38,5 million in the financial statements of the previous year. Total equity amounted to EUR 281,9 million, compared to EUR 322,3 million in the previous year, marking a decrease of EUR 40,4 million. This significant decrease is attributable primarily to the lower value of the valuation reserve of the vehicles through which Mittel S.p.A. holds an interest in Livanova Plc, i.e. Bios S.p.A. and Tower 6 bis S.à.r.l., valued at equity and which recorded a total decrease in the value of the reserve in the period of EUR 22,5 million, added to which is the effect of the loss for the first half of the year of EUR 8,6 million;

The **net financial position** came to a negative EUR 99,2 million, compared to a negative EUR 81,5 million as at 30 September 2015, a decline totalling EUR 17,7 million. In addition to the cash flows absorbed by ordinary management, this decline is mainly attributable (for EUR 7,5 million) to the effect of non-controlling interests following the distribution of liquidity by the subsidiary Earchimede S.p.A. in March for a total of EUR 50 million and to the change in the prices of listed shares (primarily UBI Banca S.p.A. and Intesa Sanpaolo S.p.A.) for approximately EUR 5,0 million.

Statement relating to the net financial position

(Thousands of Euro)	31.03.2016	30.09.2015	Variation
Cash	24	15	9
Other cash equivalents	69.569	100.583	(31.014)
Securities held for trading (*)	13.072	20.074	(7.002)
Current liquidity	**82.665**	**120.672**	**(38.007)**
Current financial receivables	**514**	**911**	**(397)**
Bank loans and borrowings	(80.829)	(96.870)	16.041
Bonds	(98.842)	(98.552)	(290)
Other loans and borrowings	(2.746)	(7.665)	4.919
Financial debt	**(182.417)**	**(203.087)**	**20.670**
Net financial position	**(99.238)**	**(81.504)**	**(17.734)**

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

INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

31 March 2016

Figures in millions of Euro	**31 March 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	2,6	(3,0)	0,0	(0,2)	0,0	(1,7)	0,0	0,0	0,1	(0,2)	(2,0)
Advisory Sector	1,0	(1,7)	0,0	(0,0)	0,0	(0,0)	0,0	0,0	0,1	0,0	(0,7)
Investments and PE Sector	0,7	(6,0)	1,1	(0,4)	(0,6)	0,2	(0,1)	0,0	0,4	0,2	(4,8)
Outlet/Entertainment Sector	0,4	(2,1)	0,0	(0,0)	0,0	0,2	0,0	0,0	0,4	(0,4)	(0,6)
IC ELIMINATION	(0,3)	0,3	0,0	0,0	0,0	(0,0)	0,0	0,0			
CONSOLIDATED TOTAL	**4,4**	**(12,5)**	**1,1**	**(0,6)**	**(0,6)**	**(1,3)**	**(0,1)**	**0,0**	**1,1**	**(0,4)**	**(8,2)**

31 March 2015

Figures in millions of Euro	**31 March 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	4,6	(4,4)	0,6	(0,1)	0,0	(2,2)	0,0	0,0	(0,3)	(0,2)	(1,5)
Advisory Sector	1,5	(1,8)	0,0	(0,1)	0,0	(0,1)	0,0	0,0	0,1	0,0	(0,3)
Investments and PE Sector	0,7	(6,3)	1,5	(5,4)	(0,5)	0,6	4,7	0,0	(0,1)	0,4	(5,1)
Outlet/Entertainment Sector	7,9	(7,8)	0,0	(1,4)	0,0	(0,3)	0,0	(0,3)	0,1	(0,8)	(1,0)
IC ELIMINATION	(0,27)	0,27	0,0	0,0	0,0	0,0	0,0	0,0			
CONSOLIDATED TOTAL	**14,5**	**(20,0)**	**2,1**	**(7,0)**	**(0,5)**	**(2,0)**	**4,7**	**(0,3)**	**(0,1)**	**(0,6)**	**(8,0)**

STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

31 March 2016

Figures in millions of Euro	**31 March 2016**										
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**Assets (liabilities) held for sale (*)**	**Invested capital**	**Financed by**	**Net financial position (*)**	**Shareholders' equity**	**of which**	**Equity pertaining to non-controlling interests**	**Equity pertaining to the Group**
Real Estate Sector	111,0	18,2	(0,5)	0,0	128,8		(95,5)	33,3		1,8	31,5
Advisory Sector	1,6	0,1	1,1	0,0	2,7		(0,0)	2,7		0,0	2,7
Investments and PE Sector	0,3	243,8	(1,2)	0,0	242,8		(20,5)	222,4		15,2	207,2
Outlet/Entertainment Sector	0,1	11,8	(5,1)	0,0	6,8		16,7	23,5		10,2	13,3
IC ELIMINATION	0,0	0,0	0,0	0,0	0,0		0,0				
CONSOLIDATED TOTAL	**113,0**	**273,9**	**(5,7)**	**0,0**	**381,1**		**(99,2)**	**281,9**		**27,2**	**254,7**

30 September 2015

Figures in millions of Euro	**30 September 2015**										
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**Assets (liabilities) held for sale (*)**	**Invested capital**	**Financed by**	**Net financial position (*)**	**Shareholders' equity**	**of which**	**Equity pertaining to-non controlling interests**	**Equity pertaining to the Group**
Real Estate Sector	112,0	18,4	(1,0)	0,0	129,4		(93,7)	35,6		2,0	33,6
Advisory Sector	2,8	0,1	0,2	0,0	3,1		0,3	3,5		0,0	3,5
Investments and PE Sector	(1,8)	266,7	2,0)	0,0	266,9		(17,8)	249,1		21,7	227,4
Outlet Sector	1,4)	11,7	(8,7)	0,0	4,4		29,7	34,1		14,8	19,3
IC ELIMINATION	0,0	0,0	0,0	0,0	0,0		0,0				
CONSOLIDATED TOTAL	**114,3**	**296,9**	**(7,5)**	**0,0**	**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.

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 use 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.

The Mittel Group's activities as at 31 March 2016, focused on preliminary plan development activities, break down into the following operating sectors:

- **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:

- <u>Private Equity and Investments Sector</u>: Mittel S.p.A.; Bios S.p.A; Ghea S.r.l.; Earchimede S.p.A.; Mittel Partecipazioni Stabili S.r.l.; Mittel Portfolio Management S.r.l. and 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.

Performance of the Private Equity and Investments sector

Figures in EUR/000		
Investments and PE Sector	**mar-16**	**Sep-15**
Fixed assets	243.755	266.726
Equity	222.360	249.091
Net financial position	(20.477)	(17.815)

As at 31 March 2016 this sector, at the heart of the new Group strategic plan, includes the Parent Company Mittel S.p.A. and the current portfolio of equity investments and investment vehicles.
Over the next few months the strategy will focus on strongly reducing the holding costs, to be implemented through a structure simplification process and by concentrating investment activities with the Parent Company, as well as a streamlining of the portfolio by analysing opportunities for the disposal of non-core and/or non-performing assets.
At the same time, the Group will undertake new investment activities which will hinge a contributions of risk capital in Italian small and medium enterprises with high cash-flow generation. As long-term investors and with an industrial approach, the Mittel Group will partner businesses in the growth process with a view to investing with no preset exit data and with active management of the investee companies. On this basis, preference will be given to majority stakes in which the Group will play an active role in the value creation process. Exploiting the major deal flow generated by the Group, the Mittel Group will also assess asset management opportunities in areas where it has no direct investments, such as NPLs, Debt and Venture Capital/Growth Finance.

In the figures reported for the half-year as at 31 March 2016, the effects are not yet visible of the ongoing rationalisation process which, already in the first six months of 2016, involved a number of changes both in terms of corporate streamlining through the triple merger of Mittel S.p.A., Mittel Partecipazioni Stabili S.r.l. and Mittel Portfolio Management S.r.l. (resolution approving the merger plan entered in the Register of Companies on 3 May 2016) and in terms of governance, with removal of the role of General Manager (3 February 2016), considered no longer necessary in the new model adopted by the company.

At equity level, the performance of the Private Equity and Investments sector in the first six months of the year was characterised by a significant drop in the share price of Livanova Plc, in which the Mittel Group has an 11,7% interest in partnership with the private equity fund Equinox Two S.c.a., due mainly to the weak reference market scenario. This decrease (listed price as at 31 March of USD 54 per share) led to a EUR 22,5 million reduction in the valuation reserve and an equal impact on the value of equity. A further negative effect was generated by the change in the price of shares held through the 100% subsidiary Mittel Partecipazioni Stabili S.r.l. (mainly UBI Banca S.p.A. and Intesa Sanpaolo S.p.A.), offset by the positive change attributable to the disposal of treasury shares in November 2015 at the time of appointment of Rosario Bifulco as Chief Executive Officer of the Company (EUR 9,2 million).
It should be remembered that Livanova Plc is currently involved in the integration process between the two entities merged, i.e. Sorin S.p.A. and the US company Cyberonics Inc. This merger entered into force on 19 October 2015, the potential of which was appreciated by the market both in terms of cost synergies and as regards the development of revenue thanks to the almost perfect complementary nature of the two groups.

At income statement level, the Private Equity and Investments sector posted a loss of EUR 4,6 million (Group and Non-controlling interests) deriving from the positive contribution of (i) revenue of EUR 0,7 million (unchanged), (ii) income from investments and financial assets of EUR 1,1 million (from EUR 1,5 million), (iii) from net financial income for EUR 0,2 million (from income of EUR 0,6 million) and (iv) from taxes of EUR 0,4 million (from a negative EUR 0,1 million), compared to primarily (i) operating costs of EUR 6,0 million (from

EUR 6,3 million), (ii) amortization/depreciation and impairment of EUR 0,4 million (from EUR 5,4 million), (iii) the share of the loss from investments at equity of EUR 0,6 million (from EUR 0,5 million) and (iv) the loss from the trading of financial assets of EUR 0,1 million (from a gain of EUR 4,7 million).

Operating costs, including service, personnel and other costs, saw a decrease from EUR 6,3 million to EUR 5,9 million in the first six months of the year. This total includes the one-off amount of EUR 0,7 million paid as early settlement of the employment relationship with the former General Manager, as disclosed to the public on 3 February 2016.
The item amortization/depreciation and impairment came to EUR 0,4 million in the half year (EUR 5,4 million) and includes amortization/depreciation of EUR 0,1 million and provisions and adjustments totalling EUR 0,3 million. Income from investments and financial assets for a positive EUR 1,1 million includes the positive effect of the partial disposal of the long-established portfolio of listed investments held by Mittel Partecipazioni Stabili S.r.l.

Performance of the Advisory Services and Grants Finance sector

Figures in EUR/000

Advisory Sector	**mar-16**	*%*	**mar-15**	*%*
Mittel Advisory	307	*32%*	433	*30%*
Mittel Avisory Debt & Grant	659	*68%*	1.031	*70%*
NET REVENUE	**965**		**1.464**	

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..

Considered to be in synergy with the investment activities the Group plans to develop over the next few years, in the first half of 2016 this sector saw a decline in total revenue from EUR 1,5 million in the same period of last year to EUR 1,0 million for the six months ended at 31 March 2016, affected by a market environment characterised by a decline in the M&A segment (according to a Willis Towers Watson study, the number of M&A deals completed in the first quarter of 2016 was the lowest in the last two years) and by the weakness of the Debt & Grant Advisory segment due to a market scenario that continues to be driven by an exceptional quantity of liquidity and interest rates close to zero, resulting in less appetite for alternative structured debt instruments.
The overall decline in sector revenue, combined with the non-recurring costs of EUR 0,1 million, led to a loss of EUR 0,7 million.

Performance of the Real Estate sector

Figures in EUR/000

Real Estate Sector	**mar-16**	**mar-15**
Revenue	2.556	4.648
Sales and other revenue	*1.690*	*3.441*
Variations in property inventories	*865*	*1.207*
Gross Operating Margin	(486)	858
Income (loss) before taxes	(2.302)	(1.453)
Net profit (Group + non-controlling interest)	(2.193)	(1.741)

As regards the Real Estate sector, not considered strategic to the Group, options 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 2015 confirmed the positive trend (+6,5%) seen in the previous year (OMI Report - Bank of Italy, May 2016).

In relation to ordinary operations in the first half of the year, sales and other revenue in the real estate sector totalled EUR 1,7 million (from EUR 3,4 million) which a positive change in inventories for EUR 0,9 million referring to the completion of initiatives already in portfolio (Santarosa S.r.l.).
Sales and other revenue were generated mainly by the following initiatives: (i) Lucianita S.r.l. (EUR 0,8 million) in relation to the property located in Milan, Via Lomellina no. 12; (ii) CAD Immobiliare S.r.l. (EUR 0,4 million) with reference to the property complex in the Municipality of Paderno Dugnano, and (iii) Mittel Investimenti Immobiliari (EUR 0,4 million) relating to a residential complex in the Municipality of Arluno (MI).

The invested capital of the Group in the real estate area amounted, as at 31 March 2016, to EUR 128,8 million (EUR 129,4 million as at 30 September 2015), with property inventories standing at EUR 110,5 million as at 31 March 2016 (EUR 109,9 million as at 30 September 2015) and fixed assets, referring to shares held in the closed-end real estate funds Augusto and Cosimo I, managed by the investee Castello SGR S.p.A., stable at EUR 18,3 million.

Performance of the Outlet/Entertainment Sector

Figures in EUR/000		
Outlet/Entertainment Sector	**mar-16**	**sep-15**
Invested capital	6.785	4.401
Financed by		
Equity	23.492	34.138
Net financial position	16.707	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. In the previous year, on 31 December 2014, the management contract for the Valmontone outlet also expired.

Fashion District Group S.r.l., in liquidation since March 2016, is now simply an investment holding with an 18,4% interest in the share capital of 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., currently managing 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.). In the next few months, the company - which currently has a positive financial position of EUR 16,7 million - will, in a manner compatible with the guarantees given on transfer of the properties in Mantova and Molfetta and on which, to date, no protests have been received, arrange the distribution of additional liquidity to its quotaholders.

Significant events in the first half of the year

Governance

On 9 November 2015, Stefano Gianotti resigned from the office of Board Director of Mittel S.p.A. , due to the fulfilment 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 duties. 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 23 February 2016, with opinion in favour from the Remuneration and Appointments Committee, the Mittel S.p.A. Board of Directors approved the proposal for submission to the Shareholders' Meeting, pursuant to art. 114-bis, paragraph 1 of Italian Legislative Decree 58/1998 (Consolidated Law on Finance -TUF), of a medium/long-term incentive plan - Stock Appreciation Rights (SARs) - reserved for the Chief Executive Officer and other managerial staff, including managers and executives, playing a key role in the Group's organisation (the 2016 SARs Plan), and the assignment of powers to the Board of Directors for its implementation.
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.

Results 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 3.979.735 Mittel S.p.A. shares (the "*withdrawn shares*") for a total value of EUR 6.307.879,98, 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 shares withdrawn represent approximately 4,5272% 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 Rights Offer period began on 22 February 2016 and closed on 23 March 2016. At the end of the period of the rights offer and pre-emption of Mittel S.p.A. shares withdrawn, statements of intent had been expressed for the purchase of 1.631.489 Mittel shares at the unit price of EUR 1,585. The *withdrawn shares* not purchased following exercise of the option right and pre-emption right can be offered on the MTA market organised and operated by Borsa Italiana S.p.A. in compliance with legal and regulatory provisions in force. All information necessary in relation to the stock exchange offer will be disclosed promptly, also through specific advertisements in at least one national daily newspaper as well as on the website www.mittel.it. In accordance with art. 2437-quater, paragraph 5 of the Italian Civil Code, if all *withdrawn shares* are not placed within one hundred and eighty days from the withdrawal notice, the remaining shares will be redeemed through purchase by Mittel S.p.A. from retained earnings and available reserves, also as an exception to the quantity limits envisaged in art. 2357, paragraph 3 of the Italian Civil

Code. Mittel S.p.A. will disclose significant information regarding the liquidation procedure for *withdrawn shares* in accordance with the deadlines and methods prescribed by applicable laws and regulations in force.

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 9.628.346 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 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, the following were appointed: Prof. Riccardo Perotta as Chairman, Fabrizio Colombo and Maria Teresa Bernelli as Standing Auditors, Giulio Tedeschi and Aida Ruffini as Alternate Auditors.

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. Streamlining 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.

Main ongoing legal proceedings and disputes

There are no new developments in ongoing legal proceedings to note with respect to that illustrated in the section "Main ongoing legal proceedings and disputes" of the Directors' Report on Operations in the draft financial statements as at 30 September 2015, to which reference is made, except for the following updates:

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

On 10 February 2016 in the Business Law Chambers of the Court of Milan, proceedings no. 5463/2012, Investigating Judge Perozziello rejected all claims filed against Mittel S.p.A. by the extraordinary administration of SNIA S.p.A. 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 the extraordinary administration of SNIA for all claims filed against Mittel S.p.A. SNIA's extraordinary administration and the Environment Ministry challenged the decision in question.

With regard to the formal notice of 24 July 2015 by which the Environment Ministry attempted to impose reclamation of the Caffaro site upon Mittel S.p.A. 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 S.p.A. as case no. 11216/2015, cancelled the order by decision no. 3449 of 21 March 2016. The Environment Ministry could file an appeal against the aforementioned decision before the State Council, by the short deadline of 60 days from the notification date of the decision which was 8 April 2016.

In relation to proceedings brought by the Environment Ministry and the Economy and Finance Ministry against the Extraordinary Administration for exclusion from the list of SNIA creditors, 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. also intervened by filing its own statement of intervention, at the hearing of 12 January 2016 the Court merely adjourned the case to 3 May 2016 and later to 8 November 2016, reserving all rights to interim measures.

So.Fi.Mar S.A. and Mr. Alfio Marchini

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 an investment purchase contract 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 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. However, the Court of Arbitration declared that Alfio Marchini, was not liable to fulfil the obligation. He had been the controlling entity of So.Fi.Mar 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.

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

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

Risks connected to the general conditions in the economy

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

- *Private Equity and Investments sector*: the ongoing weakness of the global economies and, in particular, of the financial sector in which the Group mainly operates, could adversely impact the activities carried out by the Group; in particular, the liquidity crisis in the markets and the general and widespread slowdown in industrial development could lead to a deterioration in the Group's assets across the board, and/or lack of adequate financial support, or the need to dispose of those assets with a low valuation. With specific reference to investments in corporate holdings (including listed) - owing to their nature investments characterised by a high level of risk, especially in the current period of volatility in the financial markets - the process of disinvestment could require longer than expected times and/or be carried out using methods that are not entirely satisfactory or under conditions that do generate a sufficient return for the Group.
  Therefore, there is no guarantee that the Group will be able to identify and realise valid opportunities for investment and liquidate the investments made by reaching the profit objectives established beforehand from time to time, i.e. reaching these objectives within the expected timeframe or, within a reasonable period of time;

- *Real estate sector*: 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 in demand have brought down the property prices on the market).
  Subsequently, real estate assets (including land) are subject to market trends, whose changes may affect the time and sale value of the real estate assets.

Risks connected with the obtainment of financial resources

The Group has obtained significant credit lines, granted by numerous leading banks and successfully finalised the issue of the Mittel S.p.A. 2013 - 2019 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, in consideration of the major ongoing financial crisis, obtaining financial resources outside the Group represents a factor of criticality for maintaining the Group's investment growth strategy.
Consequently, any worsening in the economic terms and conditions of new loans and any future reduction in the banking system's credit capacity could have negative effects on the Group's economic and financial situation and/or limit its growth capacity.
The Group's ability to cover payments will depend on its capacity to generate sufficient liquidity, also through disposals and/or divestments, and/or to refinance its debt. This capacity depends to a certain extent on the economic, financial and market situations, laws and regulations applicable at each time, competition with other operators and other factors, many of which are outside of the Mittel Group's control.
In relation to potential payments that the Group may have to cover, the Group has signed investment commitments for its units held in private equity funds and in foreign investment vehicles. The amount of these commitments is set at the time of subscription, while the time frame for the actual payments, to be made in the event the investments are called, cannot be predicted, as it mainly depends on the investments made by the funds/investment vehicles, which in turn cannot be predicted, and is only residually linked to the costs and expenses incurred by the funds/investment vehicles, which, on the contrary, have scheduled due dates.
It should be noted that the potential misalignment between due dates of the sources of financing and the life of the invested asset improved with finalisation of the Mittel 2013-2019 bond issue. The Group should be able to meet the due dates resulting from payment commitments by the prescribed deadlines as regards the existence of sufficient cash and cash equivalents and through the sale of available assets or by obtaining new funding.

Risk of default and debt covenants

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

Bank loans and borrowings as at 31 March 2016, totalling EUR 80,8 million, are made up of the bank loans and borrowings of Mittel S.p.A. (EUR 70,0 million), Mittel Investimenti Immobiliari S.r.l (EUR 7,4 million) and Mittel Partecipazioni Stabili S.r.l. (EUR 3,4 million).

As regards the Parent Company Mittel S.p.A., it should be noted that a Revolving Credit Facility is in place with Banca Monte dei Paschi di Siena S.p.A. for a nominal EUR 25 million, expired 7 December 2015. For Mittel S.p.A. this transaction involved a covenant on equity for the entire duration of the facility, i.e. a minimum equity pertaining to the Group of EUR 220 million was established. On expiry, the Revolving Credit Facility transaction was replaced with a credit line of an equal amount, valid until revocation, effectively eliminating the covenant.

In December 2015, Mittel took out a medium/long-term unsecured loan with Banco Popolare Soc. Coop for EUR 8 million, with a half-yearly repayment plan that envisages the final instalment on 31 December 2017. This loan makes provision for a covenant (Net Debt/Equity ≤1) to be verified annually by 30 April of each year on the basis of the Mittel S.p.A. 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 net financial debt to equity in the separate financial statements, (iii) a negative pledge on future bond issues by Mittel or by Significant Subsidiaries within the limits and save for the exceptions set out in the Regulations. In the event of breach that is not remedied, of said obligations set out in Loan Regulations, Mittel could be held to the mandatory early redemption of the Loan, which in turn, could result in the obligation of early repayment, or application of the acceleration clause, termination of or withdrawal from the other loans contracted by Mittel. As at verification date 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 involve major increases/decreases in the cost of financing or in margins deriving from financial services. In order to mitigate these risks, Group deposits and loans are mainly at a variable rate.
As at 31 March 2016, the Group's entire bank loans and borrowings, amounting to EUR 80,8 million, are at variable rates (based on the Euribor) (69% as at 30 September 2015).
As at 31 March 2016, the Group had a bond issue in place maturing in July 2019 for EUR 98,8 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 31 March 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 the non-fulfilment of the obligations assumed by the counterparties (both financial and commercial transactions), with specific reference to the following phenomena:

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

As at 31 March 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. 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 set up in order to ensure a remuneration structure capable of recognising the value and contributions of its managers, the loss of this personnel or the inability to attract, train and retain other qualified staff could lead to a reduction in the Group's competitive capacity, affect the forecast growth objectives and have an adverse impact on the Group's business prospects, and on the economic results and/or the financial position of the Group itself. In this respect, it should be noted that on 24 March 2016 the Mittel S.p.A. shareholders resolved to approve the "2016 Stock Appreciation Rights (SARs) Plan" as indicated in the Prospectus prepared in accordance with art. 84-bis of the Issuers' Regulation, reserved for the Chief Executive Officer and other Group employees.

Risks connected to legal disputes and judicial proceedings

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

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

In this case, the Group may be required to liquidate some non-recurring liabilities, with subsequent economic and financial effects and further damageto its reputation.

In its consolidated financial statements as at 31 March 2016, the Group allocated a specific provision for risks and charges totalling EUR 3,6 million (EUR 5,4 million as at 30 September 2015), to cover, inter alia, the liabilities that could result from the legal proceedings and other pending disputes.

The total amount of this provision for risks and charges and the amount of 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 risks and charges, as envisaged by IAS 37. It is considered that the company has allocated a provision sufficient to meet any payment obligations that could arise in the future.

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

Risks connected with the market value of property inventories

In the last few years, the Italian real estate 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 purchase cost and measures them at the lower between the cost and the market value; in support of these values, when drafting the consolidated financial statements for the year ended as at 30 September 2015, the Group requested third-party professionals with the necessary skills and qualifications for an appraisal of the main property assets at market values based on the measurement criteria normally used in the practice. The Group impaired the properties in its portfolio in the cases in which the appraisals of the main properties assets showed their net realisable values to be lower than their book values in the consolidated financial statements (EUR 5,9 million as at 30 September 2015 compared to EUR 10,8 million as at 30 September 2014).

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.

Significant events after 31 March 2016

On 2 May 2016 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 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 apply to any objection raised by creditors. If the deadline indicated in art. 2503 of the Italian Civil Code is reached with no objection from creditors, the merger will be implemented on signing the merger deed.

Business outlook for the year

On 30 March 2016 the Mittel S.p.A. Board of Directors approved the 2016-2019 Strategic Plan, whose guidelines focus on the development of private equity with a view to permanent capital, investing resources to be generated from the enhancement of non-core assets in the portfolio (exit from real estate and lending activities). The Strategic Plan's objective is to transform Mittel S.p.A. into an Investment-Merchant Bank, shifting the centre of gravity towards high prospective income activities and creating value for shareholders, through a process which, on the one hand, frees up resources for new investments and, on the other, allows the Group to achieve current economic balance through a significant reduction in holding costs.

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 period 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 period.

Information on the environmental impact
With regard to real estate activities, the parent company focuses in particular on the environmental impact of owned real estate initiatives.

Human resources
Personnel are suited to meeting the needs of companies belonging to the sector in which the Group operates.
Training activities were focused on updating staff on the changes in the legislation and regulations that apply to the Group and on training courses regarding IT tools for supporting the organisation of work.

Transactions with related parties of the Group
In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, in the first half of the year 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;
- to intercompany loan relationships and surety obligations;
- to the intercompany transfer of IRES (corporate income tax)/VAT receivables;
- to the issuing of guarantees from Group companies to investees.

On 29 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 2018/2019, of the Group tax consolidation option for Mittel Advisory Debt & 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
During the first half of the year 2015-2016, 5.300.000 treasury shares were sold at the price of EUR 1,73 per share, equal to the average book value of treasury shares in the portfolio, for a total of EUR 9.169.000. As at 31 March 2016 the Company held 10.008.706 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

There are no share-based payment plans except for the option for the payment in Mittel S.p.A. shares against the issue of the "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 first half of the year", to which reference should be made.

As part of the medium/long-term incentive plans for senior managers, payment arrangements are envisaged for the Chief Executive Officer and selected senior managers, employees or similar persons, as payment for employment service or other services/assets received based 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 this consolidated financial report, the Stock Appreciation Rights plan led to the recognition of a total cost of EUR 42 thousand, calculated on the component vested by the Chief Executive Officer on the - most likely - assumption that all the objectives assigned to him will be achieved.

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 Group 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.

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

The reconciliation between equity and profit(loss) for the period of the Parent Company, as shown in the interim report as at 31 March 2016, and the equity and profit (loss) for the period of the Group, as reported in the consolidated condensed half-yearly financial statements as at the same date, is as follows:

(amounts in thousands of Euro)	**31 March 2016**		**30 September 2015**	
	Equity	Profit (loss) for the period	Equity	Profit (loss) for the year
Equity and profit (loss) of the Parent Company	**208.850**	**(5.475)**	**205.759**	**(20.410)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(111.638)		(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	107.776		157.102	
Results achieved by fully consolidated companies		(6.129)		(9.285)
Cancellation of write-downs of investments	55	42.735	4.567	1.933
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets	655	3.873	3.062	6.078
Investments valued according to the equity method:				
Adjustments for pro-rata results of investments valued according to the equity method	48.997		72.287	
Income (loss) from Investments valued according to the equity method		(648)		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				
Dividends distributed by associates		(42.507)		(1.002)
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and income (loss) for the year pertaining to the Group	**254.695**	**(8.151)**	**283.805**	**(22.318)**
Non-controlling interests	27.182	(430)	38.483	(887)
Consolidated equity and income (loss)	**281.877**	**(8.581)**	**322.288**	**(23.205)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

Amounts in thousands of Euro

	Notes	31.03.2016	30.09.2015
Non-current assets			
Intangible assets	5	104	147
Property, plant and equipment	6	704	854
Investments accounted for using the equity method	7	64.653	87.968
Financial receivables	8	165.873	163.546
Other financial assets	9	42.552	44.424
Sundry receivables and other assets	10	325	244
Deferred tax assets	11	3.425	4.608
Total non-current assets		**277.636**	**301.791**
Current assets			
Property inventories	12	110.539	109.830
Financial receivables	13	514	911
Other financial assets	14	13.072	20.074
Current tax assets	15	11.650	14.721
Sundry receivables and other assets	16	12.574	16.136
Cash and cash equivalents	17	69.593	100.598
Total current assets		**217.942**	**262.269**
Total assets		**495.578**	**564.060**
Equity			
Share capital		87.907	87.907
Share premium		53.716	53.716
Treasury shares		(17.335)	(26.515)
Reserves		138.558	191.015
Profit (loss) for the period		(8.151)	(22.318)
Equity pertaining to the Group	18	**254.695**	**283.805**
Non-controlling interests	19	27.182	38.483
Total Equity		**281.877**	**322.288**
Non-current liabilities			
Bond issue	20	97.538	97.239
Financial payables	21	6.697	2.919
Provisions for personnel	22	1.369	1.751
Deferred tax liabilities	23	15.417	17.698
Provisions for risks and charges	24	3.655	5.397
Sundry payables and other liabilities	25	693	719
Total non-current liabilities		**125.369**	**125.722**
Current liabilities			
Bond issue	26	1.304	1.313
Financial payables	27	76.791	101.370
Other financial liabilities	28	87	246
Current tax liabilities	29	6	1.492
Sundry payables and other liabilities	30	10.144	11.628
Total current liabilities		**88.332**	**116.050**
Total equity and liabilities		**495.578**	**564.060**

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

CONSOLIDATED INCOME STATEMENT (*)

Amounts in thousands of Euro

		31.03.2016	31.03.2015	30.09.2015
Revenue	31	3.096	12.672	18.740
Other income	32	415	575	1.538
Variations in property inventories	33	865	1.207	(3.298)
Costs for purchases	34	(1.648)	(3.110)	(6.342)
Costs for services	35	(5.158)	(10.355)	(17.006)
Personnel costs	36	(3.829)	(4.506)	(9.363)
Other costs	37	(1.904)	(2.005)	(5.738)
Dividends	38	21	595	1.958
Profit (loss) from management of financial activities and investments	39	1.109	1.520	2.589
Gross operating margin (EBITDA)		**(7.033)**	**(3.408)**	**(16.923)**
Amortization and value adjustments to intangible assets	40	(155)	(314)	(705)
Allocations to the provision for risks	41	(150)	(2.992)	(2.373)
Value adjustments to financial assets and receivables	42	(267)	(3.692)	(3.757)
Share of income (loss) of investments accounted for using the equity method	43	(649)	(465)	(1.362)
Profit (loss) from non-recurring transactions	44	-	(288)	176
Operating result (EBIT)		**(8.254)**	**(11.158)**	**(24.944)**
Financial income	45	3.327	4.483	9.600
Financial expenses	46	(4.616)	(6.483)	(11.694)
Profit (loss) from trading of financial assets	47	(88)	4.661	5.357
Income (loss) before taxes		**(9.631)**	**(8.497)**	**(21.682)**
Income taxes	48	1.050	(148)	(1.524)
Profit (loss) for the period		**(8.581)**	**(8.645)**	**(23.205)**
Attributable to:				
Income (loss) pertaining to non-controlling interests	49	(430)	(625)	(887)
Income (loss) pertaining to the Group		**(8.151)**	**(8.021)**	**(22.318)**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro

	Notes	01.10.2015 31.03.2016	01.10.2014 31.03.2015
Profit (loss) for the period (A)		**(8.581)**	**(8.646)**
Other profit/(loss) that will be subsequently reclassified to profit (loss) for the period (B1)			
Profits/(losses) from the redetermination of available-for-sale financial assets	18	(6.845)	6.598
Profits/(losses) from the transfer of available-for-sale financial assets	18	(1.037)	(927)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	18	-	-
Profits/(losses) of companies valued using the equity method	18	(22.511)	53.163
Tax effect relating to other profits/(losses)	-	(1)	(2)
Total other profit/(loss) that will be subsequently reclassified to profit (loss) for the period, net of taxes (B1)		**(30.394)**	**58.832**
Other profit/(loss) that will not be subsequently reclassified to profit (loss) for the period (B2)			
Profits/(losses) from remeasurement of defined benefit plans		4	(77)
Tax effect relating to Other profits/(losses)		(1)	21
Total other profit/(loss) that will not be subsequently reclassified under profit (loss) for the period, net of taxes (B2)		**3**	**(56)**
Total other profit/(loss) net of taxes (B) = (B1) + (B2)		**(30.391)**	**58.776**
Total comprehensive profit/(loss) (A) + (B)		**(38.972)**	**50.130**
Total comprehensive income/(loss) attributable to:			
Non-controlling interests		(571)	(523)
Income (loss) pertaining to the Group		(38.400)	50.654

Statement of changes in consolidated equity for the half-year ended 31 March 2016

Amounts in thousands of Euro

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**	**(26.515)**	**53.716**	**112.751**	**(135)**	**-**	**18.553**	**34.328**	**39.015**	**319.620**
Change in the consolidation scope	-	-	-	(1.577)	-	-	-	-	1.577	**-**
Other changes	-	-	-	445	-	-	-	-	-	**445**
Dividends distributed	-	-	-	-	-	-	-	-	(2.000)	**(2.000)**
Total comprehensive profit/(loss)	-	-	-	(8.021)	(39)	-	5.551	53.163	(523)	**50.131**
Balance as at 31 March 2015	**87.907**	**(26.515)**	**53.716**	**103.598**	**(174)**	**-**	**24.104**	**87.491**	**38.069**	**368.196**
Balance as at 1 October 2015	**87.907**	**(26.515)**	**53.716**	**88.772**	**(87)**	**-**	**11.771**	**68.241**	**38.438**	**322.288**
Changes in the consolidation scope	-	-	-	-	-	-	-	-	-	**-**
Sale of treasury shares	-	9.180	-	(11)	-	-	-	-	-	**9.169**
Other changes	-	-	-	120	-	-	-	-	97	**217**
Dividends distributed	-	-	-	-	-	-	-	-	(10.827)	**(10.827)**
Total comprehensive profit/(loss)	-	-	-	(8.151)	(1)	-	(7.737)	(22.510)	(571)	**(38.971)**
Balance as at 31 March 2016	**87.907**	**(17.335)**	**53.716**	**80.730**	**(88)**	**-**	**4.034**	**45.731**	**27.182**	**281.877**

Consolidated cash flow statement

Amounts in thousands of Euro

	Notes	31.03.2016	31.03.2015
OPERATING ACTIVITIES			
Net income (loss) for the period pertaining to the Parent Company and non-controlling interests		**(8.151)**	**(8.646)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		82	1.304
Deferred taxes		(1.132)	(1.155)
Amortization of property, plant and equipment		97	185
Amortization of intangible assets and write-downs		55	129
Dividends received		(21)	(595)
Financial income		(3.327)	(4.483)
Financial expenses		4.616	6.483
Allocations to provisions for risks and charges		150	2.992
Provisions for employee severance indemnity		108	189
Expenses for incentive plan with settlement option through equity instruments		42	-
Net capital loss from disposal group		-	288
Profits/(losses) of investments valued according to the equity method		378	465
Write-downs (write-backs) of receivables		266	2.715
Capital gains (losses) from transfer of investments		(994)	(1.523)
Write-downs (write-backs) of available-for-sale financial assets		39	975
Profits/(losses) from trading of financial assets		115	(4.661)
Cash flows from operating activities before changes in working capital		**(8.107)**	**(5.338)**
(Increase)/decrease in property inventories		(709)	(878)
(Increase)/decrease in other current assets		3.463	2.132
Increase/(decrease) in trade payables and other current liabilities		(1.509)	(13.642)
Cash and cash equivalents generated (absorbed) by operating activities		**(6.862)**	**(17.726)**
Uses of provisions for risks and charges		(1.893)	(2.473)
Payments of employee severance indemnity		(461)	(554)
Change in deferred taxes		3.071	246
Change in current taxes		(1.194)	
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(7.339)**	**(20.507)**
INVESTING ACTIVITIES			
Dividends received from subsidiaries and associates		270	
Dividends received on financial assets		21	595
Equity investments			
Investments			
Recapitalization of subsidiaries			
Recapitalization of associated companies, net of specific loans			
Increase in available-for-sale financial assets		(344)	(1.255)
Other investments (property, plant and equipment and intangible assets)		(124)	(138)
Realisation from disposal of:			
Equity instruments available for sale		1.608	4.774
Net cash flow connected with disposal group		-	62.956
Other non-current assets (property, plant and equipment, intangible assets and other)		165	586
Collections/payments deriving from derivative financial instruments held for trading		128	858
(Increase) decrease in financial receivables due from customers and financial institutions		(1.561)	12.321
Interest collected		2.959	3.853
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		**3.122**	**84.550**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(20.802)	(15.434)
Interest paid		(4.326)	(5.767)
Sale of treasury shares		9.167	-
Payment of dividends to non-controlling intrest		(10.827)	(2.000)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(26.788)**	**(23.201)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(31.005)**	**40.841**
OPENING CASH AND CASH EQUIVALENTS (E)		100.598	32.424
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)		**69.593**	**73.265**

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

Amounts in thousands of Euro

	Notes	31.03.2016	*of which related parties*	*% incidence*	30.09.2015	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	5	104	-		147	-	
Property, plant and equipment	6	704	-		854	-	
Investments accounted for using the equity method	7	64.653	-		87.968	-	
Financial receivables	8	165.873	126.279	76,1%	163.546	124.158	75,9%
Other financial assets	9	42.552	-		44.424	-	
Sundry receivables and other assets	10	325	-		244	-	
Deferred tax assets	11	3.425	-		4.608	-	
		277.636	**126.279**	**45,5%**	**301.791**	**124.158**	**41,1%**
Current assets							
Property inventories	12	110.539	-		109.830	-	
Financial receivables	13	514	190	37,0%	911	193	21,2%
Other financial assets	14	13.072	-		20.074	-	
Current tax assets	15	11.650	-		14.721	-	
Sundry receivables and other assets	16	12.574			16.136	6	0,0%
Cash and cash equivalents	17	69.593	-		100.598	-	
Total current assets		**217.942**	**190**	**0,1%**	**262.269**	**199**	**0,1%**
Total assets		**495.578**	**126.469**	**25,5%**	**564.060**	**124.357**	**22,0%**
Equity							
Share capital		87.907	-		87.907	-	
Share premium		53.716	-		53.716	-	
Treasury shares		(17.335)	-		(26.515)	-	
Reserves		138.558	-		191.015	-	
Profit (loss) for the period		(8.151)	-		(22.318)	-	
Equity pertaining to the Group	18	**254.695**	**-**		**283.805**	**-**	
Non-controlling interests	19	27.182	-		38.483	-	
Total Equity		**281.877**	**-**		**322.288**	**-**	
Non-current liabilities							
Bond issue	20	97.538	-		97.239	-	
Financial payables	21	6.697	-		2.919	-	
Provisions for personnel	22	1.369	-		1.751	-	
Deferred tax liabilities	23	15.417	-		17.698	-	
Provisions for risks and charges	24	3.655	-		5.397	-	
Sundry payables and other liabilities	25	693	-		719	-	
Total non-current liabilities		**125.369**	**-**	**0,0%**	**125.722**	**-**	**0,0%**
Current liabilities		-					
Bond issue	26	1.304	-		1.313	-	
Financial payables	27	76.791			101.370	4.500	4,4%
Other financial liabilities	28	87	-		246	-	
Current tax liabilities	29	6	-		1.492	-	
Sundry payables and other liabilities	30	10.144	937	9,2%	11.628	652	5,6%
Total current liabilities		**88.332**	**937**	**1,1%**	**116.050**	**5.152**	**4,4%**
Total equity and liabilities		**495.578**	**937**	**0,2%**	**564.060**	**5.152**	**0,9%**

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

Amounts in thousands of Euro

		31.03.2016	*of which related parties*	*% incidence*	31.03.2015	*of which related parties*	*% incidence*	30.09.2015	*of which related parties*	*% incidence*
Revenue	31	3.096	145	4,7%	12.672	271	2,1%	18.740	418	2,2%
Other income	32	415	-		575	22	3,8%	1.538	28	1,8%
Variations in property inventories	33	865			1.207	-		(3.298)	-	
Costs for purchases	34	(1.648)			(3.110)	-		(6.342)	-	
Costs for services	35	(5.158)	(2.531)	49,1%	(10.355)	(1.479)	14,3%	(17.006)	(2.466)	14,5%
Personnel costs	36	(3.829)	(154)	4,0%	(4.506)	(424)	9,4%	(9.363)	(1.482)	15,8%
Other costs	37	(1.904)			(2.005)	-		(5.738)	(1.050)	18,3%
Dividends	38	21	-		595	587	98,7%	1.958	1.589	81,2%
Profit (loss) from management of financial activities and investments	39	1.109			1.520			2.589	(6.000)	(231,7%)
Gross operating margin (EBITDA)		**(7.033)**			**(3.408)**			**(16.923)**		
Amortization and value adjustments to intangible assets	40	(155)			(314)	-		(705)	-	
Allocations to the provision for risks	41	(150)			(2.992)	-		(2.373)	-	
Value adjustments to financial assets and receivables	42	(267)			(3.692)	-		(3.757)	-	
Share of income (loss) of investments accounted for using the equity method	43	(649)			(465)	-		(1.362)	-	
Income (loss) from non-recurring transactions	44	-			(288)	-		176	-	
Operating result (EBIT)		**(8.254)**			**(11.158)**			**(24.944)**		
Financial income	45	3.327	2.320	69,7%	4.483	1.181	26,3%	9.600	6.961	72,5%
Financial expenses	46	(4.616)	(15)	0,3%	(6.483)	(20)	0,3%	(11.694)	(22)	0,2%
Profit (loss) from trading of financial assets	47	(88)			4.661	-		5.357		
Income (loss) before taxes		**(9.631)**			**(8.497)**	**-**		**(21.682)**		
Income taxes	48	1.050			(148)			(1.524)		
					-					
Income (loss) from continuing operations		**(8.581)**			**(8.645)**			**(23.205)**		
Income (loss) from assets held for sale		-			-	-		-		
Profit (loss) for the period		**(8.581)**			**(8.645)**	**-**		**(23.205)**		
Attributable to:										
Income (loss) pertaining to non-controlling interests	49	(430)			(625)			(887)		
Income (loss) pertaining to the Group		**(8.151)**			**(8.021)**			**(22.318)**		

Explanatory notes

1. Form and content of the financial statements

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

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

2. Significant accounting standards and basis of preparation

2.1 General principles

The condensed half-yearly consolidated financial statements as at 31 March 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 31 March 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 half-yearly financial statements for the 1 October 2015 - 31 March 2016 period were drafted according to IAS 34 Interim financial reporting. The half-yearly financial statements as at 31 March 2016 do not include all the additional information required in the annual financial statements and should be read together with the annual financial statements of the Group as at 30 September 2015. The explanatory notes are also presented in accordance with the minimum information required by IAS 34 and the additions deemed useful for a better understanding of the half-yearly financial report as at 31 March 2016.

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

This section illustrates the general principles adopted in the drafting of the condensed half-yearly consolidated financial statements as at 31 March 2016, as required by IAS.

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 Aaggregation
Each materialclass 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 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 condensed half-yearly consolidated 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;
- profits/(losses) from remeasurement of defined benefit plans.

Other profits (losses) that will or will not be subsequently reclassified to profit (loss) for the period 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 period (statement of comprehensive income and losses) or in two separate statements: a table that shows the components of profit (loss) for the period (income statement) and a second table that starts from profit (loss) for the period and shows the items of the table of other comprehensive income (statement of comprehensive income).

These changes generated by transactions with non-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 period, 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, assets held for trading, or those that are expected to be realised within twelve months from the closing date of the reporting period;

- current liabilities are those that are expected to be extinguished during the normal operating cycle of the company or within twelve months from the reporting date, liabilities held for trading or those that do not have an unconditional right to deferment of their extinguishment after twelve months. All other liabilities must be classified as non-current liabilities.

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

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

The figures of these consolidated condensed half-yearly financial statements are compared with:
- the statement of financial position: 30 September 2015;
- the income statement: 31 March 2015 and 30 September 2015;
- Statement of comprehensive income: 31 March 2015;
- Changes in equity: 31 March 2015;
- Cash flow statement: 31 March 2015.

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

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

This half-yearly consolidated financial report was authorised for publication by the Board of Directors on 26 May 2016, in accordance with IAS 10. Reference should be made to the information in the Report on Operations for a description of the significant events after the reporting period as at 31 March 2016. From 31 March 2016 to 26 May 2016 no events arose that would result in an adjustment to the figures presented in the condensed half-yearly consolidated financial statements.

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 inthe 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.
Any impaiment 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 Groupas 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.

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 period.

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 - IFRS 11)

<u>Associates</u>

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 (in any case, above 10%) ensure influence over governance are considered associates.
- jointly controlled companies, also recorded according to the equity method;
- other minor investments, maintained at cost.

Investments in associates are 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.

<u>Companies subject to joint control</u>

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.
The fair value is determined using the same process illustrated below for financial assets held for trading.
If the fair value cannot be determined reliably available-for-sale financial assets are maintained at cost.
Testing is carried out to check for any objective evidence of impairment at 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 in which the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to verify whether said fair value can be considered second or third level.
3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with

particular focus on the different types of risk associated to it and simultaneously use values not taken from the market and involve estimates and assumptions.

Financial assets are derecognised when the contractual rights 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 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 losscan 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 taken from 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 presumed 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 in which the 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 imparment 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 and expiry, 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.

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 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 variation in the fair value of the financial liabilities are recorded in the income statement in the item Net income (loss) from trading activity.

Provisions for personnel (IAS 19)
The employee severance indemnity (TFR) is considered a defined benefit plan. Benefits guaranteed to employees are recognised monthly on an accrual basis and disbursed at the time of termination of employment.
The severance indemnity is 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 for senior managers, payment arrangements are envisaged for the Chief Executive Officer of Mittel S.p.A. and selected senior managers, employees or similar persons, as payment for employment service or other services/assets received based 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 the right to obtain the cash equivalent or, at the discretion of the Board of Directors, the equivalent in parent’s 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 share-based payments made against employment service or other services provided is recognised on an accruals basis 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.
Until the liability is settled, the fair value will be calculated at each reporting date up to the date of settlement, recognising all changes in fair value in the income statement.

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 or IFRS 11 - Interests in Joint Ventures, is treated as if it had been sold and re-acquired on the date on which control was acquired. This investment is therefore measured at its fair value at the "transfer" date and the profits and losses resulting from the 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 amountof 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 exerce 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 constructivet) as a result of a past event;
- it is probable that an outflow of resurces 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

Revenues from services are only recognised when the results of the transaction can be reliably estimated, with reference to the stage of completion of the transaction at the reporting date.

The results of a transaction can be reliably estimated when all the following conditions are met:

- the amount of 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.

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 periodattributable 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 condensed consolidated half-yearly 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 said period, or also in subsequent periods if the revision has an effect on both the current period and future periods

The main items in the financial statements affected by this estimate process are goodwill, deferred taxes, the fair value of financial instruments and the provision for risks and charges.
Moreover, in compliance with the provisions of IAS 34, income taxes are recognised based on the best estimate of the expected average weighted rate.
Please refer to the specific areas for more details.

Main sources of uncertainty in making financial statement estimates
The critical valuation processes and key assumptions used by the Group in the 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 to impairment situations. These losses are compared with the negative difference between the current market value (or, for unlisted instruments, the present value - at current rates of return on investments with similar levels of risk - of expected cash flows) of impaired assets and their book value.

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

Impairment of debt securities
Objective evidence that a debt security has suffered impairment can be traced to the list of loss events shown in IAS 39.59.
In the event of bonds with a rating, the deterioration of the creditworthiness of the issuer is evaluated; in this regard, it is deemed that bonds that 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 informations 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 the 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 request said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has 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.

As at 31 March 2016 no impairment losses were recognised on non-current assets with the exception of available-for-sale assets.

Realisability of deferred tax assets

As at 31 March 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.

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

Changes in IFRS , amendments and interpretations

Standards, amendments and interpretations in force from 1 October 2015

The following standards, amendments and interpretations apply for the year ending 30 September 2016 and are irrelevant for the Group:

- On 20 May 2013, IFRIC 21 interpretation - *Levies* was published, providing clarification on a liability on levies (other than income taxes) imposed by a government entity. The principle applies both to liabilities for levies included in the scope of application of IAS 37 - *Provisions, contingent liabilities and contingent assets* and those for levies for which the timing and amount are certain.
  The interpretation applies retrospectively for annual periods beginning on or after 17 June 2014.
  The adoption of this new interpretation had no effect on the Group's condensed half-yearly consolidated financial statements.
- On 12 December 2013, the IASB published the document *Annual Improvements to IFRSs: 2011-2013 Cycle*, which incorporates amendments to a number of standards as part of the annual improvements process. The main amendments refer to:
  - IFRS 3 *Business Combinations – Scope exception for joint ventures*.
    This amendment clarifies that the formation of all types of joint arrangements, as defined by IFRS 11, are excluded from the scope of application of the standard;
  - IFRS 13 *Fair Value Measurement – Scope of portfolio exception*.
    This amendment clarifies that the portfolio exception applies to all contracts within the scope of application of IAS 39, regardless of whether they satisfy the definition of financial assets or liabilities indicated in IAS 32;
  - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*.

This amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether a property purchase qualifies for IFRS 3 or IAS 40, reference has to be made to the specific instructions provided in IFRS 3 or IAS 40, respectively.

The amendments apply from annual periods beginning on or after 1 January 2015.

The adoption of these amendments had no effect on the Group's condensed half-yearly consolidated financial statements.

- On 21 November 2013, the IASB published an amendment to IAS 19 *Defined Benefit Plans: Employee Contributions*, which proposes the recognition of contributions (relating only to service provided by the employee during the year) made by employees or third parties to defined benefit plans as a reduction in service cost for the year in which the contribution is paid. The need for this proposal arose on the introduction of the new IAS 19 (2011), where it is considered that these contributions can be interpreted as part of a post-employment benefit rather than a short-term benefit, and consequently that the contribution should be spread over the employee's years of service.

  This amendment applies at the latest from annual periods beginning on or after 1 February 2015.

  The adoption of this new amendment had no effect on the Group's condensed half-yearly consolidated financial statements.
- On 12 December 2013 the document *Annual Improvements to IFRSs: 2010-2012 Cycle* was published, which incorporates amendments to a number of standards as part of the annual improvements process. The main amendments refer to:
  - IFRS 2 *Share-based Payments - Definition of vesting condition*. Amendments were made to the definitions of "vesting condition" and "market condition" and additional definitions were added for "performance condition" and "service condition" (previously included in the definition of "vesting condition");
  - IFRS 3 *Business Combinations - Accounting for contingent consideration*. This amendment clarifies that a variable price component (or contingent consideration) as part of a business combination classed as a financial asset or liability (other than as envisaged for that classed as an equity instrument) must be remeasured at fair value at each reporting date and any changes in fair value must be recognised in the income statement or as comprehensive income items based on the requirements of IAS 39 (or IFRS 9);
  - IFRS 8 *Operating segments – Aggregation of operating segments*. The amendment requires that an entity reports the judgements made by management in the application of the aggregation criteria to operating segments, including a description of the aggregated operating segments and the income ratios considered in determining whether those operating segments have income characteristics sufficiently similar to allow their aggregation;
  - IFRS 8 *Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets*. This amendment clarifies that reconciliation of the total assets of the operating segments and the total assets of the entity overall must be presented only if the total of the operating segments is regularly reviewed by the entity's highest level of operational decision-making;
  - IFRS 13 *Fair Value Measurement - Short-term receivables and payables*. The *Basis for Conclusions* of this standard has been amended to clarify that with the issue of IFRS 13 and resulting amendments to IAS 39 and IFRS 9, the option of recognising current trade receivables and payables without recognition of the discounting effects remains valid if such effects prove immaterial;
  - IAS 16 *Property, plant and equipment* and IAS 38 *Intangible Assets - Revaluation method: proportionate restatement of accumulated depreciated/amortization*. These amendments eliminated the inconsistencies in the recognition of accumulated amortization/depreciation when an item of property,plant and equipment or intangible asset is subject to revaluation. The requirements envisaged in this amendment clarifies that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that the accumulated amortization/depreciation is the difference between the gross carrying amount and the carrying amount net of recognised impairment losses;
  - IAS 24 *Related Parties Disclosures – Key management personnel*. This clarifies that if the services of key managers are provided by an entity (and not by a natural person), that entity should in any event be considered a related party.

  These amendments apply at the latest from annual periods beninning on or after 1 February 2015.

  The adoption of these new amendments had no effect on the Group's condensed half-yearly consolidated financial statements.

Standards, amendments and interpretations endoesed by the European Union, but not yet compulsorily applicable and not adopted early as at 31 March 2016:

- On 6 May 2014, the IASB published an amendment to IFRS 11 *Joint Arrangements - Accounting for acquisitions of interests in joint operations*, where the activity acquired constitutes a business as defined by IFRS 3. The amendment requires that in such cases the principles of IFRS 3 relating to recognition of the effects of a business combination apply.
  The amendment applies from 1 January 2016 but early application is permitted.
  The directors do not expect the adoption of this amendment to have any effect on the Group's condensed half-yearly consolidated financial statements.
- On 30 June 2014, the IASB issued a number of amendments to IAS 16 *Property, plant and equipment* and IAS 41 *Agriculture - Bearer Plants*.
  The amendments apply from 1 January 2016 but early application is permitted.
  The directors do not expect the adoption of these amendments to have any effect on the Group's condensed half-yearly consolidated financial statements.
- On 12 May 2014, the IASB issued a number of amendments to IAS 16 *Property, plant and equipment* and IAS 38 *Intangible Assets - Clarification of acceptable methods of depreciation and amortization*. The amendments to IAS 16 establish that the criteria for revenue-based depreciation are inappropriate in that, according to the amendment, revenue generated by an activity that includes the use of assets subject to depreciation normally reflect factors different from mere consumption of the economic benefits of that activity, a requirement which is instead necessary for depreciation.
  The amendments apply from 1 January 2016 but early adoption is permitted.
  The directors do not expect the adoption of these amendments to have a significant effect on the Group's condensed half-yearly consolidated financial statements.
- On 25 September 2014, the IASB published the document *Annual Improvements to IFRSs: 2012-2014 Cycle*. The amendments introduced by this document must be applied from annual periods beginning on or after 1 January 2016.
  The document introduces amendments to the following standards:
  - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The amendment to this standard introduces specific guidance for the case in which an entity reclassifies an asset (or disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classification of an asset as held for distribution no longer apply.
  - IFRS 7 – *Financial Instruments: Disclosure*. The amendments govern the introduction of additional guidance to clarify whether a servicing contract constitutes a residual involvement in an asset transferred for the purpose of the disclosure required in relation to the transferred assets.
  - IAS 19 – *Employee Benefits*. The document introduces amendments to IAS 19 in order to clarify that high quality corporate bonds used to determine the discount rate for post-employment benefits should be in the same currency used to pay the benefits.
  - IAS 34 – *Interim Financial Reporting*. The document introduces amendments to clarify the requirements to be met in the case in which the required disclosure is presented in the interim financial report but outside the scope of the interim financial statements.

  The directors do not expect the adoption of these amendments to have a significant effect on the Group's condensed half-yearly consolidated financial statements.
- On 18 December 2014, the IASB issued the amendment to IAS 1 - *Disclosure Initiative*. The aim of the amendment is to provide clarification on elements of the disclosure that could be perceived as inhibiting the clear, intelligible preparation of financial statements. The amendments introduced are as follows:
  - Materiality and aggregation: it is clarified that an entity must not conceal information by aggregating or disaggregating it, and that considerations regarding materiality apply to the financial statements, notes and specific IFRS disclosure requirements. The document emphasises that the disclosures specifically required by IFRSs must only be provided if the information is material;
  - Statement of financial position and statement of comprehensive income: it is clarified that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as necessary. Guidance is also provided on the use of subtotals in the statements;

- Presentation of elements of Other Comprehensive Income (OCI): it is clarified that the OCI portions of associates and joint ventures measured at equity must be presented in aggregate format in a single line item, in turn subdivided into components subject and not subject to future reclassification to the income statement;
- Notes: it is clarified that the entities are permitted a flexible approach to defining the structure of the notes and guidance is provided on how to impose a systematic order to the notes. For example:
  i. Giving prominence to those that are more material to allow a better understanding of the financial position (e.g. grouping information on particular activities);
  ii. Grouping elements measured according to the same criterion (e.g. assets measured at fair value);
  iii. Following the order of elements presented in the financial statements.

The amendments introduced by this document must be applied 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 condensed half-yearly consolidated financial statements.

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

As at the reporting date of these condensed half-yearly 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.

- On 28 May 2014, the IASB published IFRS 15 - *Revenue from Contracts with Customers* 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. The directors expect that the adoption of IFRS 15 could have a significant impact on amounts recognised as revenue and on the related disclosures in the Group's consolidated financial statements. However, a reasonable estimate of the effects cannot be provided until the Group completes a detailed analysis of the existing trade contracts.
- On 24 July 2014, the IASB published the final version of **IFRS 9 - *Financial instruments***. The document incorporates the results of phases relating to Classification and Measurement, Impairment and Hedge Accounting of the IASB project to replace IAS 39. The new standard, which replaces previous versions of IFRS 9, must be applied to financial statements of annual periods beginning on or after 1 January 2018.

  The standard introduces some new criteria for the classification and measurement of financial assets and liabilities. In particular, as regards financial assets, the new standard applies a single approach based on the management criteria of financial instruments and the contractual cash flow characteristics of financial assets in order to determine a measurement standard that replaces the different rules envisaged by IAS 39. As regards financial liabilities, by contrast, the main change applied refers to the accounting of the fair value differences of a financial liability recognised as a financial liability valued at fair value through profit or loss in the case in which these changes are due to a variation in the creditworthiness of the liability's issuer. According to the new standard, such variations must be recognised in the statement of *Other comprehensive income* and no longer in the income statement.

  With regard to impairment, 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 historic, current and

forecast data. The standard envisages that the impairment model applies to all financial instruments, i.e. to financial assets measured at amortized cost, those measured at fair value through other comprehensive income, receivables from leases and trade receivables.
Lastly, the standard introduces a new hedge accounting model with the aim of adapting the requirements of the current IAS 39, at times considered too stringent and not suitable for reflecting a company's risk management policies. The new principles covered in the document concern:

- the increase in the type of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities eligible for management under hedge accounting rules;
- the change in the accounting method for forward and option contracts when included in a hedge accounting relationship, with a view to reducing income statement volatility;
- the amendments to hedge effectiveness testing through replacement of the current methods based on the 80%-125% parameter with the principle of "economic relationship" between the hedged item and the hedging instrument. In addition retrospective effectiveness testing of the hedging relationship will no longer be required.

The greater flexibility of the new accounting rules is counterbalanced by additional disclosure requirements on the company's risk management activities.
The directors expect that the adoption of IFRS 9 cannot have a significant impact on amounts and on disclosures provided in the Group's consolidated financial statements. However, a reasonable estimate of the effects cannot be provided until the Group completes a detailed analysis.

- 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*.
  The directors do not expect that the adoption of IFRS 16 can have a significant impact on lease contract accounting and on the related disclosure in the Group's consolidated financial statements.
- On 11 September 2014, the IASB published an amendment to IFRS 10 and to IAS 28 *Sales or Contribution 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 recording 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.
  The directors do not expect the adoption of these amendments to have any effect on the Group's consolidated financial statements.
- 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.
  The directors do not expect the adoption of these amendments to have any effect on the Group's consolidated financial statements as the parent company does not satisfy the definition of "investment entity".

3. Consolidation scope

The condensed half-yearly 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 changes were recorded in the consolidation scope, as regards companies consolidated on a line-by-line basis or those subject to joint control. As regards associates, the interest in Castello SGR S.p.A. was increased following the purchase of treasury shares finalised by the company during the reporting period.

The table below indicates the investments included in the scope of full consolidation of the consolidated financial statements as at 31 March 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 Partecipazioni Stabili S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
2	Mittel Advisory S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
3	Mittel Advisory Debt and Grant S.p.A.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
4	Mittel Investimenti Immobiliari S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
5	Ghea S.r.l.	Milan	(1)	Full	Mittel S.p.A.	51,00%	51,00%	51,00%
6	Earchimede S.p.A.	Milan	(1)	Full	Mittel S.p.A.	85,01%	85,01%	85,01%
7	Locaeffe S.r.l. in liquidation	Brescia	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
8	Markfactor S.r.l. in liquidation	Brescia	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
9	Mittel Portfolio Management S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
10	CAD Immobiliare S.r.l.	Milan	(1)	Full	Mittel S.p.A. - MII S.r.l.	100,00%	100,00%	100,00%
Indirect subsidiaries:								
11	Esse Ventuno S.r.l. in liquidation	Milan	(1)	Full	MII S.r.l.	90,00%	90,00%	90,00%
12	Gamma Tre S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
13	Breme S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
14	Santarosa S.r.l.	Milan	(1)	Full	MII S.r.l.	60,00%	60,00%	60,00%
15	Fede S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
16	Immobiliare Volta Marconi S.r.l. in liq.	Milan	(1)	Full	MII S.r.l.	51,00%	51,00%	51,00%
17	Cerca S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
18	Lucianita S.r.l.	Milan	(1)	Full	MII S.r.l.	51,00%	51,00%	51,00%
19	MiVa S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
20	Regina S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
21	Iniziative Nord Milano S.r.l.	Milan	(1)	Full	MII S.r.l.	75,00%	75,00%	75,00%
22	FD33 S.r.l.	Brescia	(1)	Full	Earchimede S.p.A.	100,00%	100,00%	85,01%
23	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%
24	Fashion District Roma S.r.l. in liquidation	Brescia	(1)	Full	Fashion District Group	100,00%	100,00%	56,67%
25	Parco Mediterraneo S.r.l.	Brescia	(1)	Full	FD33 – Fashion District G.	100,00%	100,00%	59,50%
26	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.	19,67%	20,90%	20,90%
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 such rights as such to allow the unidirectional management of the investee's relevant activities.
Under subsidiaries, no "structured entities" are identified in which the voting rights do not represent key elements for the evaluation of control, including therein vehicle companies (SPE/SPV) and investment funds.

As at 31 March 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.

The investment funds managed by management companies subject to a significant influence of the Group are considered subsidiaries if the Group is significantly exposed to the variability of returns and in the event in which third party investors do not have the rights to remove the asset management company.
In this regard, it is presumed, unless there is evidence to the contrary, that the exposure to the variability of returns is significant if the Group is exposed to the same for at least 30% due to the subscription of 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., a company subject to significant influence of the Group and 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.
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).
A significant influence is presumed to exist when the investor:

- owns, directly or indirectly, at least 20% of the capital of another company, or
  is able, also through shareholder agreements, to exercise a significant influence through:
- representation in the company's governing body;
- participation in the policy definition 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.

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

For each of the subsidiaries with significant non-controlling interests a summary is provided below of the economic and financial data of the subsidiary and the information relating to the share of the interests held by non-controlling shareholders and the percentage of voting rights.

Subsidiaries:	Ghea S.r.l.	Iniziative Nord Milano S.r.l.	Immobiliare Volta Marconi S.r.l. (in liq.)	Lucianita S.r.l.	Esse Ventuno S.r.l. (in liq.)	Santarosa S.r.l.	Earchimede S.p.A.	FD 33 S.r.l.	Fashion District Group S.r.l. (in liq.)	Loft S.r.l	Fashion District Roma (in liq) S.r.l.	Parco Meditterraneo S.r.l.
Gross operating margin (EBITDA)	**(26)**	**(21)**	**(10)**	**83**	**10**	**334**	**(44)**	**(9)**	**(1.542)**	**(328)**	**204**	**(112)**
of which:												
Revenue	-	*20*	-	*697*	*14*	-	-	-	*241*	*162*	-	-
Variations in property inventories	-	-	-	*(436)*	-	*1.379*	-	-	-	-	-	-
Costs for purchases	-	-	-	*(130)*	-	*(954)*	-	-	-	*(88)*	-	-
Costs for services	*(22)*	*(37)*	*(3)*	*(86)*	*(3)*	*(80)*	*(68)*	*(7)*	*(487)*	*(320)*	*(120)*	*(51)*
Personnel costs	-	-	-	-	-	-	-	-	*(472)*	*(70)*	-	-
Operating result (EBIT)	**(26)**	**(21)**	**(10)**	**83**	**10**	**334**	**(217)**	**(9)**	**(1.561)**	**(330)**	**204**	**(112)**
of which:												
Amortizations	-	-	-	-	-	-	-	-	*(18)*	*(2)*	-	-
Allocations	-	-	-	-	-	-	-	-	-	-	-	-
Value adjustments to financial assets	-	-	-	-	-	-	*(173)*	-	-	-	-	-
Income (loss) from non-recurring transactions	-	-	-	-	-	-	-	-	-	-	-	-
Financial income	1.202	-	-	-	5	-	164	9	240	-	12	-
Financial expenses	(572)	(169)	(0)	(71)	(0)	(451)	(9)	-	(9)	(7)	-	(81)
Income (loss) before taxes	**605**	**(190)**	**(10)**	**12**	**15**	**(117)**	**(62)**	**1**	**(1.330)**	**(337)**	**217**	**(194)**
Income taxes	(213)	-	-	(17)	(5)	7	(12)	(3)	390	39	12	7
Profit (loss) for the period	**392**	**(190)**	**(10)**	**(5)**	**10**	**(110)**	**(74)**	**(3)**	**(940)**	**(298)**	**229**	**(187)**
of which Income (loss) pertaining to non-controlling interests	(192)	47	5	2	(1)	44	11	-	407	129	(99)	76
Non-current assets	**54.714**	**1**	**-**	**3**	**-**	**1**	**9.828**	**-**	**19.866**	**19**	**1.319**	**-**
of which:												
Financial receivables	54.714	-	-	-	-	-	-	-	16.569	-	-	-
Other financial assets	-	-	-	-	-	-	9.373	-	-	-	1.124	-
Current assets	**17**	**7.615**	**18**	**5.892**	**304**	**20.499**	**18.534**	**2.226**	**12.650**	**780**	**3.334**	**7.888**
of which:												
Property inventories	-	7.500	-	4.347	-	19.790	-	-	-	-	-	7.700
Financial receivables	-	-	-	-	270	-	-	2.170	-	-	-	-
Cash and cash equivalents	10	54	12	145	30	252	17.895	51	10.002	178	848	17
Total assets	**54.731**	**7.615**	**18**	**5.895**	**304**	**20.501**	**28.362**	**2.226**	**32.516**	**799**	**4.654**	**7.888**
Non-current liabilities	**9.365**	**424**	**-**	**270**	**-**	**80**	**7**	**-**	**6.794**	**29**	**1.302**	**-**
of which:												
Financial payables	-	379	-	270	-	80	-	-	-	-	-	-
Current liabilities	**23.525**	**6.845**	**-**	**3.237**	**84**	**20.299**	**433**	**11**	**3.303**	**759**	**1.997**	**6.736**
of which:												
Financial payables	23.482	6.811	-	2.869	-	18.585	-	-	-	450	-	5.678
Equity	**21.841**	**346**	**18**	**2.388**	**220**	**122**	**27.922**	**2.215**	**22.419**	**11**	**1.355**	**1.152**
of which attributable to non-controlling interests	***10.702***	***86***	***9***	***1.170***	***22***	***49***	***4.166***	***332***	***9.587***	***5***	***587***	***466***

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

	Interests in capital of non-controlling interests	Availability of votes of non-controlling interests % (1)	Income (loss) pertaining to non-controlling interests	Equity pertaining to non-controlling interests	Dividends distributed to non-controlling interests
Ghea S.r.l.	49,00%	49,00%	192	10.702	-
Iniziative Nord Milano S.r.l.	25,00%	25,00%	(47)	86	-
Immobiliare Volta Marconi S.r.l. in liquidation	49,00%	49,00%	(5)	9	-
Lucianita S.r.l.	49,00%	49,00%	(2)	1.170	-
Esse Ventuno S.r.l. in liquidation	10,00%	10,00%	1	22	-
Santarosa S.r.l.	40,00%	40,00%	(44)	49	-
Earchimede S.p.A.	14,99%	14,99%	(11)	4.166	7.493
FD 33 S.r.l.	14,99%	0,00%	(0)	332	-
Fashion District Group S.r.l. in liquidation	43,33%	33,34%	(407)	9.587	3.333
Fashion District Roma S.r.l. in liquidation	43,33%	0,00%	99	587	-
Loft Srl	43,33%	0,00%	(129)	5	-
Parco Mediterraneo S.r.l.	40,50%	0,00%	(76)	466	-
			(430)	**27.182**	**10.826**

(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 31 March 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 consolidated statement of financial position - Assets

Non-current assets

5. Intangible assets

This item totalled EUR 104 thousand, a decrease of EUR 43 thousand over 30 September 2015.
The item saw the following changes:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2015	**-**	**-**	**-**	**53**	**94**	**147**
Changes in the year:						
- acquisitions	-	-	-	6	8	14
- change in scope of consolidation	-	-	-	-	-	-
- disposals	-	-	-	(3)	-	(3)
- reclassifications	-	-	-	-	-	-
- amortization	-	-	-	(25)	(30)	(54)
- other changes	-	-	-	20	(20)	-
Total changes	**-**	**-**	**-**	**(2)**	**(42)**	**(43)**
Values as at 31.03.2016	**-**	**-**	**-**	**52**	**52**	**104**

This item decreases mainly due to the legal amortization attributable to Mittel S.p.A. (EUR 47 thousand), Fashion District Group S.r.l. (EUR 4 thousand) and Mittel Advisory Debt and Grant S.p.A. (EUR 3 thousand).

6. Property, plant and equipment

This item totalled EUR 704 thousand, a decrease of EUR 150 thousand compared to the 30 September 2015.
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**	**60**	**4**	**449**	**189**	**854**
Changes in the year:						
- acquisitions	-	-	-	25	85	**110**
- change in scope of consolidation	-	-	-	-	-	**-**
- disposals	-	(60)	-	(41)	(62)	**(163)**
- reclassifications	-	-	-	-	-	**-**
- amortization	(6)	-	-	(57)	(34)	**(97)**
- other changes	-	-	(3)	20	(18)	**-**
Total changes	**(6)**	**(60)**	**(3)**	**(54)**	**(29)**	**(151)**
Values as at 31.03.2016	**148**	**-**	**1**	**395**	**160**	**704**

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

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

7. Investments accounted for using the equity method

These totalled EUR 64,7 million, down by EUR 23,3 million.

	31.03.2016	30.09.2015
Chase Mittel Capital Holding II NV in liquidation	6	6
Tower 6 bis S.a.r.l.	23.726	29.195
Liberata S.p.A.	4.893	5.343
Bios S.p.A.	32.681	49.917
Castello SGR S.p.A.	2.719	2.844
Mit.Fin S.p.A.	148	186
Superpartes S.p.A.	479	477
	64.653	87.968

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 31.03.2016
Direct associates									
Liberata S.p.A./Mittel Generale Investimenti S.P.A.	27,00%	5.343	-	-	(175)	(4)	-	(270)	4.893
Tower 6 bis S.a.r.l.	49,00%	29.195	-	-	(191)	(5.278)	-	-	23.726
Chase Mittel Capital Holding II NV	27,55%	6	-	-	-	-	-	-	6
Castello SGR S.p.A.	20,90%	2.844	-	-	25	3	(152)	-	2.719
Bios S.p.A.	50,00%	49.917	-	-	-	(17.236)	-	-	32.681
Mit.Fin Compagnia Finanziara S.p.A.	30,00%	186	-	-	(39)	-	-	-	148
Via Earchimede S.p.A.									
Superpartes S.p.A.	11,89%	477	-	-	2	-	-	-	479
		87.968	**-**	**-**	**(379)**	**(22.515)**	**(152)**	**(270)**	**64.653**

The main changes refer to:

- EUR 17,2 million to the lower value of the investee Bios S.p.A. as a result of the adjustment in the valuation reserve to the fair value of the equity investment it holds in Livanova Plc (formerly Sorin S.p.A.);
- EUR 5,3 million to the lower value of the investee Tower 6 Bis S.a.r.l. as a result of the adjustment in the valuation reserve to the fair value of the equity investment it holds in Livanova Plc.

Information on companies subject to joint control and associates:

The companies Bios S.p.A. and Tower 6 Bis Sarl, 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.
The income statement and statement of financial position figures deriving from the financial statements of the jointly controlled companies, adjusted in compliance with IFRS for the purposes of application of the equity method and the reconciliation between the summary of the economic-financial data presented and the book value of the joint interests, are detailed below:

	Bios S.p.A.	**Tower 6 bis S.a.r.l.**
Jointly controlled companies (thousands of Euro)		
Non-current assets	**202.178**	**70.460**
Available-for-sale financial assets – Equity investments	202.178	89.732
Current assets	**2.048**	**45**
Cash and cash equivalents	2.037	27
Total Assets	**204.226**	**70.505**
Equity	**65.363**	**48.421**
Non-current liabilities	**-**	**-**
Current liabilities	**138.864**	**22.084**
	204.226	**70.505**
Gross operating margin	**2.549**	**(18)**
Costs for services	(472)	(18)
Operating result	**2.545**	**(18)**
Amortization/depreciation	(4)	-
Financial income	2	-
Financial expense	(2.547)	(355)
Income (loss) before taxes	**-**	**(373)**
Income taxes	-	(17)
Profit/(Loss) for the period (1)	**-**	**(390)**
Other profit/(loss) components after taxes (2)	(33.832)	(10.771)
Comprehensive profit (loss) (3) = (1) + (2)	**(33.832)**	**(11.161)**
% Interest	*50%*	*49%*
Pro-rata comprehensive profit (loss)	**(16.916)**	**(5.469)**

In terms of significant restrictions on the capacities of investees subject to joint control or a significant influence to transfer funds to the investor, it should be noted with respect to Bios SpA and Tower 6 Bis Sarl, companies subject to joint control, the loan agreements in place with two banks provide that the they can distribute dividends subject to the transfer of investments in Sorin SpA and limited to the available resources after the fulfilment of the obligations with repayment priorities based on the contractual agreements.

The income statement and statement of financial position figures deriving from the financial statements of the associates, adjusted in compliance with IFRS for the purposes of application of the equity method and the reconciliation between the summary of the economic-financial data presented and the book value of the Group's investments in 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	**15.512**	**11**	**597**	**67.849**	**146.348**
Financial receivables	8.176	-	-	-	139.353
Other financial assets	5.713	-	-	-	3.087
Current assets	**2.265**	**667**	**585**	**449**	**656**
Cash and cash equivalents	-	586	107	409	1
Total assets	**17.776**	**678**	**1.182**	**68.298**	**147.004**
Equity	**13.436**	**497**	**966**	**19.181**	**82.937**
Non-current liabilities	**370**	**26**	**5**	**35.905**	**686**
Non-current financial payables	-	-	-	35.905	-
Current liabilities	**3.970**	**155**	**211**	**13.212**	**63.381**
Current financial payables	-	-	-	13.104	61.068
Total equity and liabilities	**17.776**	**678**	**1.182**	**68.298**	**147.004**
Gross operating margin	**(271)**	**79**	**10**	**(115)**	**(501)**
Costs for services	(471)	(1.015)	(123)	(54)	(402)
Operating result	**(306)**	**77**	**19**	**(115)**	**(830)**
Amortizations	(111)	(2)	-	-	(49)
Impairment on financial assets	-	-	14	-	(281)
Financial income	5	-	(1)	1.000	2.713
Financial expenses	(1)	-	-	(1.207)	(518)
Profit (loss) from trading of financial assets	-	-	-	-	(1.837)
Income (loss) before taxes	**(302)**	**77**	**18**	**(322)**	**(472)**
Income taxes	424	(30)	-	-	(2)
Profit (loss) for the period (1)	**122**	**47**	**18**	**(322)**	**(474)**
Other income net of taxes (2)	379	-	-	-	-
Total profit(loss) (3) = (1) + (2)	**501**	**47**	**18**	**(322)**	**(474)**

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.	65.363	32.681	-	-	-	**32.681**
Tower 6 bis S.a.r.l.	48.421	23.726	-	-	-	**23.726**
	113.784	**56.408**	**-**	**-**	**-**	**56.408**
Companies subject to significant influence:						
Liberata S.p.A./Mittel Generale Investimenti S.p.A. (*)	34.269	9.252	-	(2.267)	(2.092)	**4.893**
Chase Mittel Capital Honding II NV	-	-	-	-	-	**6**
Castello SGR S.p.A.	13.436	2.719	-	-	-	**2.719**
Mit.Fin Compagnia Finanziara S.p.A.	497	148	-	-	-	**148**
Superparters S.p.A.	966	115	364	-	-	**479**
	49.168	**12.234**	**364**	**(2.267)**	**(2.092)**	**8.245**
	162.952	**68.642**	**364**	**(2.267)**	**(2.092)**	**64.653**

(*) 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

8. Financial receivables

These totalled EUR 165,9 million, up by EUR 2,3 million.

	31.03.2016	30.09.2015
Loans	160.598	157.832
Other receivables	5.275	5.714
Security deposits	-	-
	165.873	**163.546**

The item Loans is composed as follows:

	31.03.2016	30.09.2015
- Loans - financial institutions	30.000	30.000
- Loans - customers	130.598	127.832
	160.598	**157.832**

The item “Loans” mainly includes:

- the receivable of EUR 54,7 million due to Ghea S.r.l. from Bios S.p.A.;
- loans of EUR 35,9 million, in place between Mittel S.p.A. and Liberata S.p.A., taken out on the transfer of the Mittel Generale Investimenti S.p.A. investment;
- the mortgage loan of EUR 30,0 million due from Fondo Augusto acquired at the time of the transfer of the Mittel Generale Investimenti S.p.A. investment;
- the loan in place between Mittel S.p.A. and Montini S.p.A. amounting to EUR 17,3 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 13,8 million due from Sofimar SA, deemed to be fully recoverable, also given the favourable outcome of the arbitration proceedings instigated with the counterparty;
- the receivable of EUR 5,6 million due to Fashion District Group S.r.l. (in liquidation) for loans granted to the investee Alfa Park;
- 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 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.

9. Other financial assets

These totalled EUR 42,6 million, down by EUR 1,8 million.
The item is composed as follows:

	31.03.2016	30.09.2015
Available-for-sale financial assets		
Equities and shares of funds	41.474	43.313
Bonds	1.078	1.110
Derivative financial instruments	-	-
Financial assets at fair value	-	-
	42.552	**44.423**

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:

	31.03.2016	30.09.2015
Available-for-sale financial assets		
Equities and units fund:		
Fondo Augusto	14.276	14.258
Equinox Two S.c.a.	9.458	10.818
Credit Access Asia NV	4.089	4.089
Fondo Cosimo I	3.895	4.041
Istituto Atesino di Sviluppo S.p.A.	3.313	3.313
SIA - SSB S.p.A.	1.400	1.400
Opera 2 Partecipations S.C.A.	1.128	1.301
Medinvest International S.A.	1.265	1.265
Pioneer - Fondo comune di investimento	1.124	1.124
Investitori Associati II S.A.	876	891
Fondo Progressio Investimenti	193	286
Lu-Ve S.p.A.	176	184
Mc Link	107	121
Nomisma S.p.A.	100	100
Frendy Energy	44	77
Warrant Lu-Ve S.p.A.	21	31
Società Editoriale Vita S.p.A.	6	11
Isfor 2000 S.c.p.a.	3	3
Inn. Tec S.r.l.	1	1
	-	-
Bonds:	-	-
Credit Acess 6,50% (bonds)	1.027	1.059
Editoriale Vita S.p.A. 4%(bonds)	51	51
	42.552	**44.423**

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

Name/company name	Value as at 01/10/2015	Changes in the period Purchases and subscriptions	(Drawdowns) Reimbursements	Transfers	Capital gains (losses)	Impairment losses	Fair value adjustments	Reclassification on current and other charges	Value as at 31/03/2016
Equities and units fund:									
Fondo Augusto	14.258	-	-	-	-	-	19	-	14.277
Equinox Two S.c.a.	10.818	86	-	-	-	-	(1.447)	-	9.457
Credit Access Asia NV	4.089	-	-	-	-	-	-	-	4.089
Fondo Cosimo I	4.041	-	-	-	-	-	(146)	-	3.895
Istituto Atesino di Sviluppo S.p.A.	3.313	-	-	-	-	-	-	-	3.313
SIA - SSB S.p.A.	1.400	-	-	-	-	-	-	-	1.400
Opera 2 Partecipations S.C.A.	1.301	-	-	-	-	(173)	-	-	1.128
Medinvest International S.A.	1.265	-	-	-	-	-	-	-	1.265
Pioneer - Fondo comune di investimento	1.124	-	-	-	-	-	-	-	1.124
Investitori Associati II S.A.	891	-	-	-	-	-	(16)	-	875
Fondo Progressio Investimenti	286	-	(73)	-	-	(20)	-	-	193
Lu-Ve S.p.A.	184	-	-	-	-	(6)	(2)	-	176
Mc Link	121	-	-	-	-	(14)	-	-	107
Nomisma S.p.A.	100	-	-	-	-	-	-	-	100
Frendy Energy	77	-	-	-	-	(33)	-	-	44
Warrant Lu-Ve S.p.A.	31	-	-	-	-	-	(10)	-	21
Società Editoriale Vita S.p.A.	11	-	-	-	-	(3)	(1)	-	7
Isfor 2000 S.c.p.a.	3	-	-	-	-	-	-	-	3
Inn. Tec S.r.l.	1	-	-	-	-	-	-	-	1
		-	-	-	-	-	-	-	
Bonds:	-	-	-	-	-	-	-	-	
Credit Acess 6,50% (bonds)	1.059	-	-	-	-	-	-	(32)	1.027
Editoriale Vita S.p.A. 4%(bonds)	51	-	-	-	-	-	-	-	51
									-
	44.424	86	**(73)**	**-**	**-**	**(249)**	**(1.603)**	**(32)**	**42.552**
Current available-for-sale financial assets:									
Intesa San Paolo S.p.A. (current)	3.945			(1.535)	(43)		(541)		1.826
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)	9.470	250					(4.700)		5.020
RCS Media Group S.p.A.	79	8		-	-	(39)	-		47
	13.494	**258**	**-**	**(1.535)**	**(43)**	**(39)**	**(5.241)**	**-**	**6.893**
	57.918	**344**	**(73)**	**(1.535)**	**(43)**	**(288)**	**(6.844)**	**(32)**	**49.445**

Some information on the main changes in equity investments classified as “Available-for-sale financial assets” is provided below: As regards the increases of EUR 0,3 million, these are due mainly to drawdowns made during the year by the private equity funds of whichg the Group has units and, in particular, by commitments subscribed for EUR 0,1 million in the Equinox Two fund and for quoted share purchases made during the half year.

The decreases due to impairment losses of EUR 0,3 million and the fair value adjustments totalling EUR 6,8 million refer to the impairment losses recognised by the Parent Company and Earchimede S.p.A. on their equity investments.

Losses due to reductions in the recoverable value of equities and fund units

Impairment testing of available-for-sale financial assets represented by equity instruments and fund units is targeted at establishing whether the variation between the acquisition cost and the present fair value of the financial asset is temporary or if, on the contrary, an impairment of the asset must be recorded. For equity instruments, impairment losses are recorded when there is objective evidence of impairment of the financial asset as a result of the loss events specifically indicated by IAS 39.59. Mittel S.p.A.’s company policy on reducing the recoverable value of equity instruments and fund units establishes that, when these events occur, if the fair value of the security is 30% lower than the book value or the time period of a situation of fair value lower than the book value is above 12 months, the parent company will conduct an analysis of the fundamental economic values of the investments and, in general, of the conditions that negatively impacted the market performance of the investment so as to keep the investment closely monitored. Moreover, impairment is automatically recognised in the event of a significant or prolonged decline in the fair value of the investment below its cost, supported by one of the following two parameters:

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

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

As regards the investment in Opera 2 Participations S.C.A., as at 31 March 2016, this security showed a reduction in its current recoverable amounts estimated based on criteria that reflect its current fundamental economic value, considered unrecoverable, with the corresponding recognition of an impairment loss of EUR 0,2 million in the income statement.

10. Sundry receivables and other assets

The item “Sundry receivables and other non-current assets” totalled EUR 325 thousand (EUR 244 thousand as at 30 September 2015) and is composed as follows:

	31.03.2016	**30.09.2015**
Tax receivables	124	35
Other receivables	145	188
Other assets	56	21
	325	**244**

11. Deferred **taxes assets**

This item totalled EUR 3,4 million, marking a decrease of EUR 1,2 million over 30 September 2015.

The item is mainly attributable to the Fashion District Group, which contributed to the tax consolidation by recognising deferred taxes assets amounting to EUR 2,9 million. The Advisory sector contributed EUR 0,5 million. The composition of the item tax assets is as follows:

	31.03.2016	**30.09.2015**
Tax assets recognised in Profit or loss	3.404	4.596
Tax assets recognised in Equity	20	13
	3.425	**4.608**

	31.03.2016	**30.09.2015**
Deferred tax assets		
Assets/liabilities held for trading	-	-
Investments	-	-
Property, plant and equipment/intangible assets	8	-
Allocations	-	-
Other assets/liabilities	228	50
Receivables	547	833
Losses carried forward	2.641	3.717
Other	-	8
	3.425	**4.608**

Changes in the item tax assets recognised in profit and loss are as follows:

	31.03.2016	30.09.2015
Opening Balance	**4.596**	**5.483**
Increases	**7**	**2.310**
Deferred tax assets recorded in the period:	**3**	**285**
- relating to previous years	-	-
- other	3	285
Increases in tax rates	-	25
Other increases	3	2.000
Decreases	**(1.198)**	**(3.197)**
Deferred tax assets cancelled in the period:	**(1.165)**	**(3.175)**
- reversals	(1.165)	(3.175)
Decreases in tax rates	-	-
Other reductions	(33)	(23)
	3.404	**4.596**

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

	31.03.2016	30.09.2015
Opening Balance	**13**	**22**
Increases	**15**	**13**
Deferred tax assets recorded in the period::	**-**	**2**
- relating to previous years	-	-
- other	-	2
Increases in tax rates	-	-
Other increases	15	10
Decreases	**(8)**	**(22)**
Deferred tax assets cancelled in the period:	**-**	**(22)**
- reversals	-	(22)
Decreases in tax rates	-	-
Other reductions	(8)	-
	20	**13**

Deferred tax assets are recognised to the extent that it is deemed likely that taxable profit will be generated to allow the use of the amount recognised as at 31 March 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 the Mittel S.p.A. tax consolidation as at 31 March 2016 amounted to EUR 49,0 million, compared to EUR 43,2 million as at 30 September 2015.

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

12. Property inventories

As at 31 March 2016, the item amounted to EUR 110,5 million, an increase of EUR 0,7 million compared to 30 September 2015. In particular, the item is composed as follows:

	31.03.2016	30.09.2015
Properties under construction	102.839	102.130
Properties under development	7.700	7.700
Properties held for trading	0	0
	110.539	**109.830**

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

The "properties under construction" relate to the following companies:

	31.03.2016	30.09.2015
Breme S.r.l.	11.442	11.400
CAD Immobiliare S.r.l.	17.689	17.974
Fede S.r.l.	7.582	7.582
Gamma Tre S.r.l.	5.802	5.720
Iniziative Nord Milano S.r.l.	7.500	7.500
Lucianita S.r.l.	4.347	4.783
Mittel Investimenti Immobiliari S.r.l.	12.822	12.938
MiVa S.r.l.	14.144	14.000
Regina S.r.l.	1.721	1.690
Santarosa S.r.l.	19.790	18.543
Totale	**102.839**	**102.130**

	30.09.2015	Initiative transfer/other	increase for capitalisation of cost	Decreases for sales	Impairment	Changes in advances	31.03.2016
Breme S.r.l.	11.400	-	42	-	-	-	11.442
CAD Immobiliare S.r.l.	17.974	-	6	(291)	-	-	17.689
Fede S.r.l.	7.582	-	-	-	-	-	7.582
Gamma Tre Srl	5.720	-	82	-	-	-	5.802
Iniziative Nord Milano SRL	7.500	-	-	-	-	-	7.500
Lucianita S.r.l.	4.783	-	130	(566)	-	-	4.347
Mittel Investimenti Immobiliari S.r.l.	12.938	-	279	(372)	-	(23)	12.822
MiVa S.r.l.	14.000	-	144	-	-	-	14.144
Regina S.r.l.	1.690	-	32	-	-	-	1.721
Santarosa S.r.l.	18.543	-	1.379	-	-	(132)	19.790
Total	**102.130**	**-**	**2.094**	**(1.229)**	**-**	**(155)**	**102.839**

13. Financial receivables

As at 31 March 2016, the item amounted to EUR 0,5 million, a decrease of EUR 0,4 million, and is composed as follows:

	31.03.2016	30.09.2015
Loans	246	233
Other receivables	268	677
Security deposits	-	-
	514	**910**

The item Loans is composed as follows:

	31.03.2016	30.09.2015
Loans - financial institutions	190	233
Loans - customers	56	-
	246	**233**

“Loans” include EUR 0,2 thousand of interest accrued, still not collected, on the mortgage loan due from Fondo Augusto to the parent. The item “Other receivables” relates to liquidity held with a financial intermediary for the trading transactions of Mittel S.p.A.

14. Other financial assets

As at 31 March 2016, the item refers mainly to the valuation of the securities held by Mittel S.p.A. for EUR 2,2 million and by Mittel Partecipazioni Stabili S.r.l. (EUR 10,8 million), reclassified under current assets as a result of the planned disposal of said securities during the year.
The item is composed as follows:

	31.03.2016	30.09.2015
Bonds	2.478	3.010
Equity instruments	10.566	17.043
Derivative financial instruments	28	22
	13.072	**20.075**

15. Current tax assets

As at 31 March 2016, the item amounted to EUR 11,6 million, a decrease of EUR 3,1 million compared to 30 September 2015.

	31.03.2016	30.09.2015
IRES (corporate income tax)	10.378	12.729
IRAP (regional business tax)	1.272	1.304
Other taxes	-	688
	11.650	**14.721**

The item showed the following changes:

	31.03.2016	30.09.2015
Opening balance	**14.721**	**17.492**
Increases	**353**	**670**
Current tax assets recorded in the period:	**56**	**272**
- relating to previous years	-	-
- other	56	272
Other increases	297	398
Decreases	**(3.423)**	**(3.442)**
Current tax assets cancelled in the period:	**-**	**(264)**
- reimbursements	-	(264)
- Other decreases	(3.423)	(3.177)
	11.650	**14.721**

16. Sundry receivables and other assets

As at 31 March 2016, the item amounted to EUR 12,6 million, a decrease of EUR 3,6 million, and was composed as follows:

	31.03.2016	30.09.2015
Trade receivables	2.772	3.914
Receivables from leases	-	514
Other tax receivables	4.183	4.969
Other receivables	5.096	6.118
Accrued income and prepaid expenses	523	621
	12.574	**16.136**

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, for EUR 3,9 million to VAT receivables.
The item “other receivables” mainly refers to EUR 3,8 million for other receivables and for advances to suppliers booked by companies in the real estate sector.

17. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 69,6 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:

	31.03.2016	30.09.2015
Cash	24	15
Bank and postal deposits	69.569	100.583
	69.593	**100.598**

As regards changes in the item, please refer to the consolidated cash flow statement. Cash and cash equivalents are mainly held in the accounts of the Parent Company Mittel for EUR 32,5 million, the subsidiaries Earchimede S.p.A. for EUR 17,9 million and Fashion District Group S.r.l. (in liquidation) for EUR 10,0 million, and Mittel Partecipazioni Stabili S.r.l. for EUR 5,9 million.

Equity

18. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 254,7 million, a decrease of EUR 29,1 million over 30 September 2015.

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

	31.03.2016	30.09.2015
Share capital	87.907	87.907
Legal reserve	16.760	16.760
Treasury shares	(17.335)	(26.515)
Share/holding premium reserve	53.716	53.716
Valuation reserves	49.677	79.925
Other reserves	72.332	92.711
Profit (loss) of previous years	(211)	1.619
Profit (loss) for the period	(8.151)	(22.318)
Equity	**254.695**	**283.805**

Changes in equity during the period 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 31 March 2016 the Parent Company held 10.008.706 treasury shares.

Valuation reserve

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

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

Fair value 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 31.03.2016	Share pertaining to non-controlling interests as at 31.03.2016	Total valuation reserve as at 31.03.2016
			Increases	Decreases					
Available-for-sale financial assets:									
Ubi Banca Scpa	5.268	-	-	(4.700)	-	-	568		568
Intesa San Paolo SpA	2.595	-	-	(542)	(1.038)	-	1.015		1.015
Isa SpA	969	-	-	-	-	-	969		969
Fondo Cosimo I	747	-	-	(146)	-	-	601		601
Fondo Augusto	-	-	19	-	-	-	19		19
Editoriale Vita SpA	1	-	-	-	(1)	-	-		-
Frendy Energy SpA	-	-	-	-	-	-	-		-
SIA - SSB SpA	1.168	-	-	-	-	-	1.168		1.168
Equinox SCA (quota di Mittel)	179	-	-	(491)	-	-	(312)		(312)
Equinox SCA (quota di Earchimede)	310	-	-	(956)	-	-	(646)	98	(548)
Lu-ve SpA	2	-	-	-	(2)	-	-	-	-
Warrant Lu-ve SpA	30	-	-	(9)	-	-	21	-	21
Investitori Associati II SA (in liquidation)	522	-	-	(16)	-	-	506	(75)	431
Fondo Pioneer	182	-	-	-	-	-	182	(79)	103
Total	**11.973**	**-**	**19**	**(6.860)**	**(1.041)**	**-**	**4.090**	**(56)**	**4.034**
							-		-
Investments measured using the equity method:									-
Tower 6 bis S.a.r.l.	27.574	-	-	(5.277)	-		22.297		22.297
Bios SpA	40.719	-	-	(17.235)	-		23.484		23.484
Castello SGR SpA	(53)	-	3	-	-		(50)		(50)
Total	**68.241**	**-**	**3**	**(22.512)**	**-**	**-**	**45.731**		**45.731**
									-
Financial instruments for the hedging of cash flows:									-
Derivative instruments for interest rate hedges	-		-			-	-		-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Employee defined benefit plans (IAS 19 revised):									-
Actuarial reserve	(95)	-	4	-	-		(91)	3	(88)
Total	(95)	**-**	4	-	**-**	**-**	**(91)**	3	(88)
	80.119	**-**	**26**	**(29.372)**	**(1.041)**	**-**	**49.730**	**(53)**	**49.677**

Other comprehensive income/(expense)

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

			Non-controlling interests		Income (expense) pertaining to the Group	
	01.10.2015 31.03.2016	**01.10.2014 31.03.2015**	**01.10.2015 31.03.2016**	**01.10.2014 31.03.2015**	**01.10.2015 31.03.2016**	**01.10.2014 31.03.2015**
Profit (loss) for the period (A)	**(8.581)**	**(8.646)**	**(430)**	**(625)**	**(8.151)**	**(8.021)**
Effective part of the profits/(losses) on cash flow hedges		-		-	-	-
Profits/(losses) from the redetermination of available-for-sale financial assets	(6.845)	6.598	(147)	118	(6.698)	6.480
Profits/(losses) from the transfer of available-for-sale financial assets	(1.037)	(927)	-	-	(1.037)	(927)
Release to the income statement of losses for fair value on available-for-sale financial assets	-	-	-	-	-	-
Profits/(losses) of companies valued using the equity method	(22.511)	53.163	-	-	(22.511)	53.163
Profits/(losses) from remeasurement of defined benefit plans	4	(77)	6	(23)	(2)	(54)
Tax effect relating to other profits/(losses)	(2)	19	(1)	6	(1)	13
Total other income/(expence), net of taxes (B)	**(30.391)**	**58.776**	**(141)**	**102**	**(30.249)**	**58.675**
Total comprehensive income/(expence) (A) + (B)	**(38.972)**	**50.130**	**(571)**	**(523)**	**(38.400)**	**50.654**

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

	01.10.2015 31.03.2016			01.10.2014 31.03.2015		
	Gross value	Tax expense/benefit	Net value	Gross value	Tax expense/benefit	Net value
Effective part of the profits/(losses) on cash flow hedges	-		-	-	-	-
Profits/(losses) from the redetermination of available-for-sale financial assets	(6.845)	(1)	(6.846)	6.598	(2)	6.596
Profits/(losses) from the transfer of available-for-sale financial assets	(1.037)		(1.037)	(927)	-	(927)
Release to the income statement of losses for fair value on available-for-sale financial assets	-		-	-	-	-
Profits/(losses) of companies valued using the equity method	(22.511)		(22.511)	53.163	-	53.163
Profits/(losses) from remeasurement of defined benefit plans	4	(1)	3	(77)	21	(56)
Other components of the statement of comprehensive income reclassified to the income statement						-
Total other income/(expence)	**(30.389)**	**(2)**	**(30.391)**	**58.757**	**19**	**58.777**

19. Non-controlling interests

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

	31.03.2016	30.09.2015
Share capital pertaining to non-controlling interests	7.050	6.231
Other reserves pertaining to non-controlling interests	20.508	32.944
Non-controlling interests - Reserve from available-for-sale financial assets	58	204
Non-controlling interests - Cash flow hedge reserve	-	-
Non-controlling interests – Actuarial reserve (IAS 19)	(4)	(9)
Profit (loss) for the period pertaining to non-controlling interests	(430)	(887)
Equity pertaining to non-controlling interests	**27.182**	**38.483**

Non-current liabilities

20. Bond issue

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

	31.03.2016	30.09.2015
"Mittel S.p.A. 2013-2019" TF 6% bonds		
Current portion	1.304	1.313
Non-current portion	97.538	97.239
	98.842	**98.553**

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

	31.03.2016	30.09.2015
Current portion		
"Mittel S.p.A. 2013-2019" TF 6% bonds	1.304	1.313
Non-current portion		
"Mittel S.p.A. 2013-2019" TF 6% bonds	99.854	99.854
Total nominal repayment	**101.158**	**101.167**
Measurement at amortized cost	(2.316)	(2.614)
Total book value	**98.842**	**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 31 March 2016 were as follows:

	Bonds issued to the OPSO	Bonds issued to 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)
"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**
"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 condensed half-yearly consolidated 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.

21. Financial payables

As at 31 March 2016, the item amounted to EUR 6,7 million, an increase of EUR 3,8 million over 30 September 2015.

The item is composed as follows:

	31.03.2016	30.09.2015
Bank loans	4.038	-
Other loans	-	-
Financial lease payables	-	-
Other financial payables	2.659	2.919
	6.697	**2.919**

The increase in "bank loans" is attributable to the non-current portion of the loan granted to the Parent Company on 16 December 2015 by Banco Popolare Soc. Coop. for a total of EUR 8,0 million. This credit line qualifies as a medium/long-term loan with duration of two years, a half-yearly repayment plan with 1 grace period instalment on 31 December 2015 and 4 instalments payable at the end of each calendar half-year. The balance recorded is equal to the instalments falling due after twelve months.

22. Provisions for personnel

As at 31 March 2016, the item amounted to EUR 1,4 million, a decrease of EUR 0,4 million, and was composed as follows:

	31.03.2016	30.09.2015
Employee severance indemnity	1.369	1.750
Other allowances	-	-
	1.369	**1.750**

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

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

	31.03.2016	30.09.2015
Opening balances	**1.750**	**2.275**
Increases:		
- Allocation for the period	105	373
- Increase due to business combination	-	-
- Other increases	90	26
Decreases:		
- Utilisations	(494)	(870)
- Other decreases	(83)	(53)
	1.369	**1.750**

The decreases due to the utilisations refer mainly to settlement of the amount accrued as due to employees of Fashion District Group S.r.l. (in liquidation) following termination of their employment on 18 November 2015.

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 and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.

For revaluation purposes, employee severance indemnity is increased, with the exclusion of the portion accrued in the year, each year through the application of a rate with a fixed component of 1,50%, on a fixed basis, and a variable component of 75% of the projected inflation rate. Substitute income tax of 17% is applied on annual returns (this rate was raised from 11% to 17% due to the legislative amendment pursuant to paragraph 623, art. 1 of Law no. 190 of 23 December 2014 – 'Stability Law').

23. Deferred tax liabilities

These amounted to EUR 15,4 million and include deferred taxes calculated on the basis of temporary differences which emerge between the carrying amounts of assets and liabilities in the financial statements and the tax bases.

The item is composed as follows:

	31.03.2016	**30.09.2015**
Tax liabilities recognised in profit or loss	10.485	10.995
Tax liabilities recognised in Equity	4.932	6.703
	15.417	**17.698**

	31.03.2016	**30.09.2015**
Deferred liabilities		
Receivables	9.365	9.152
Assets/liabilities held for sale	297	297
Investments	-	-
Property, plant and equipment/intangibles assets	5.750	8.211
Other assets/liabilities	5	38
Other	-	-
	15.417	**17.698**

This item primarily included EUR 9,5 million in deferred taxes calculated on the adjustment to the receivable due to Ghea from Bios and EUR 5,7 million from the contribution to the consolidation scheme of the Outlet sector. The contribution to the consolidation scheme of the Fashion District Group is mainly determined, for EUR 4,5 million, by deferred taxes calculated for the sale to IDEA Fimit Sgr of the Mantua and Molfetta outlets and the two subsidiaries Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l. finalised on 18 November 2014, and for EUR 1,2 million to the tax effect deriving from the allocation of deferred taxes calculated on the collection of the deferred price ('earn-out') on the sale of ownership of the business unit to RREEF Inv. Gmbh, including trading licences for the Valmontone outlet (Rome) by the subsidiary Fashion District Roma S.r.l.

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

	31.03.2016	30.09.2015
Opening balance	**10.995**	**11.891**
Increases	**213**	**3.458**
Deferred taxes recorded in the year:	**-**	**3.458**
- relating to previous years	-	-
- other	-	3.458
Increases in tax rates	-	-
Other increases	213	-
Decreases	**(723)**	**(4.354)**
Deferred taxes cancelled in the year:	**(641)**	**(4.354)**
- reversals	(641)	(4.354)
Decreases in tax rates	(82)	-
Other reductions	-	-
	10.485	**10.995**

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

	31.03.2016	30.09.2015
Opening balance	**6.703**	**8.661**
Increases	**-**	**329**
Deferred taxes recorded in the year:	**-**	**4**
- relating to previous years	-	-
- other	-	4
Increases in tax rates	-	-
Other increases	-	325
Decreases	**(1.771)**	**(2.287)**
Deferred taxes cancelled in the year:	**(1.572)**	**(2.287)**
- reversals	(1.572)	(2.287)
Decreases in tax rates	(200)	-
Other reductions	1	-
	4.931	**6.703**

24. Provisions for risks and charges

As at 31 March 2016, the item amounted to EUR 3,7 million, a decrease of EUR 1,7 million, and was composed as follows:

	31.03.2016	30.09.2015
Provision for risks:		
Legal disputes	-	-
Disputes with personnel	383	41
Contractual disputes	617	617
Other disputes	4	443
Other provisions:		
Expenses for personnel	-	-
Other expenses	2.651	4.296
	3.655	**5.397**

The item saw the following changes:

	31.03.2016	30.09.2015
Opening balance	**5.397**	**11.722**
increases:		
Allocation for the period	150	2.749
Other increases	-	16
Decreases:		
Utilisations	(1.876)	(8.202)
Other decreases	(16)	(888)
	3.655	**5.397**

The item Provision for risks and charges is composed mostly of allocations made by Fashion District Group S.r.l. (in liquidation) of EUR 2,2 million, by the Parent Company Mittel S.p.A. for EUR 0,8 million and by the real estate sector for EUR 0,7 million.
Of the decrease, EUR 1,3 million is due to use of the provision for restructuring expenses allocated by Fashion District Group S.r.l. (in liquidation), whilst the residual contribution records the current obligation on an existing lease agreement of the subsidiary Loft S.r.l.
The allocation made by the Parent company Mittel is mainly composed, for EUR 0,4 million, of the allocation for ongoing and potential legal disputes and, for EUR 0,2 million, of the allocation for contractual risks.

25. Sundry payables and other non-current liabilities

These amounted to EUR 0,7 million, in line with the value of EUR 0,7 million recorded as at 30 September 2015. The item mainly refers to advances and earnest money received as a result of the sale of the residential units of the real estate sector.

Current liabilities

26. Bond issue

These amount to EUR 1,3 million and refer to the interest accrued in the period from 12 January 2016, the coupon registration date of the bond loan, to the date of these condensed half-yearly consolidated financial statements.

27. Financial payables

The item totalled EUR 76,8 million, down by EUR 24,6 million.
The item mainly comprises the contribution to the consolidated total by the parent company Mittel S.p.A. amounting to EUR 66,0 million (EUR 84,2 million as at 30 September 2015), the contribution of EUR 7,4 million by the real estate sector (EUR 11,7 million as at 30 September 2015) and the EUR 3,4 million contribution of Mittel Partecipazioni Stabili S.r.l. (EUR 5,5 million as at 30 September 2015).

The item is composed as follows:

	31.03.2016	30.09.2015
Bank loans	72.791	66.983
Current portion of medium/long-term bank loans	4.000	29.887
Other loans	-	-
Other financial payables	-	4.500
	76.791	**101.370**

Bank loans are composed, for EUR 46,9 million, of hot money granted by leading banks, regulated at rates indexed to the 1-3 month Euribor with short-term expiry, of which EUR 39,5 million relating to Mittel and EUR 7,4 million relating to Mittel Investimenti Immobiliari S.r.l.; for EUR 3,4 million, by a partially used credit line, totalling EUR 20 million (in respect of which listed securities are pledged) at the 1-month Eonia overnight rate plus 125 basis points, granted to Mittel Partecipazioni Stabili S.r.l. by JP Morgan.

The current portion of medium/long-term bank loans comprises the contribution of Mittel S.p.A. and is attributable to the current portion of the loan granted on 16 December 2015 by Banco Popolare Soc. Coop. for a total of EUR 8,0 million. This credit line qualifies as a medium/long-term loan with duration of two years, a half-yearly repayment plan with 1 grace period instalment on 31 December 2015 and 4 instalments payable at the end of each calendar half-year. The balance recorded is equal to the instalments falling due within twelve months.

28. Other financial liabilities

Other financial liabilities totalled EUR 0,1 million, down by EUR 0,1 million. The item is composed as follows:

	31.03.2016	30.09.2015
Derivative financial instruments	87	246
Other financial liabilities	-	-
	87	**246**

The item Other liabilities refers to the valuation of the negative fair values of the options subscribed by Mittel S.p.A..

29. Current tax liabilities

As at 31 March 2016, the item amounted to EUR 6 thousand, a decrease of EUR 1,5 million compared to the previous year. The payable as at 30 September 2015 referred to the contribution of the outlet sector and was related to the taxable profit generated by both the transfer of the Mantua and Molfetta property complexes and the collection of the deferred price (earn-out) provided for the definitive transfer of management of the Valmontone outlet (Rome), collected in the period and totalling EUR 12,4 million. The outstanding tax liabilities break down as follows:

	31.03.2016	30.09.2015
IRES (corporate income tax)	-	-
IRAP (regional business tax)	6	1.447
Other	-	45
	6	**1.492**

The item showed the following changes:

Opening balance	**1.492**	**1.017**
Increases	**6**	**1.709**
Current tax liabilities recorded in the year:	**6**	**1.664**
- relating to previous years	-	-
- other	6	1.664
Other increases	-	45
Decreases	**(1.492)**	**(1.234)**
Current tax liabilities cancelled in the year:	**-**	**(697)**
- reimbursements	-	(697)
Other decreases	(1.492)	(537)
	6	**1.492**

30. Sundry payables and other liabilities

This item amounted to EUR 10,1 million, down by EUR 1,5 million compared to the previous year. The item is composed as follows:

	31.03.2016	**30.09.2015**
Trade payables	4.130	5.213
Tax payables	280	456
Payables relating to employees	610	844
Payables relating to other personnel	25	25
Payables due to directors and statutory auditors	451	471
Payables due to social security institutions	205	278
Disputes	-	-
Other payables	4.159	4.111
Accrued expenses and deferred income	284	230
	10.144	**11.628**

The item “Trade payables” mainly includes the payables recorded by parent company Mittel for invoices received and to be received (EUR 2,3 million), the payables of real estate companies for the respective property projects in place (EUR 0,7 million), the payables of the Fashion District Group (EUR 0,5 million) and, lastly, the payables of the advisory sector (EUR 0,2 million).

The item “other payables” mainly includes, for EUR 1,6 million, the advances and earnest money received from the real estate companies in relation to their sale activities and, for EUR 1,8 million, the distributions received from the Equinox SCA Fund still not formally distributed definitively to its subscribers.

Information on the Consolidated Income Statement

31. Revenue

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

	31.03.2016	31.03.2015	30.09.2015
Revenue from property sales	1.499	3.254	6.179
Revenue from rent	173	6.997	7.201
Revenue from provision of services	343	787	1.776
Revenue from fund management commission	-	-	-
Revenue from commission from finance leases	-	-	-
Other revenue	1.081	1.634	3.584
	3.096	**12.672**	**18.740**

The item revenue from property sales is composed of revenue from sales of properties. In particular, the item is composed of the contribution made by Lucianita S.r.l. for EUR 0,7 million (EUR 2,3 million as at 31 March 2015), Cad Immobiliare S.r.l. for EUR 0,4 million (EUR 0,7 million as at 31 March 2015) and Fede S.r.l. for EUR 0,4 million.

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 to Breme S.r.l. The decrease compared to the previous year is due to lack of the EUR 6,6 million contribution from the outlet sector to the Mittel Group consolidated result.

Revenue from the provision of services relate to services provided by the parent company Mittel S.p.A. (EUR 0,1 million) and Fashion District Group S.r.l. (in liquidation) (EUR 0,2 million) for chargebacks for outsourced direct debit, administrative and IT services.

Other revenue mainly comprises EUR 0,3 million in revenue from advisory services performed by Mittel Advisory S.r.l., EUR 0,6 million for the activities performed by Mittel Advisory Debt & Grant S.p.A. and EUR 0,2 million to the revenue achieved by the Loft S.r.l. point of sale at the Molfetta outlet.

32. Other income

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

	31.03.2016	31.03.2015	30.09.2015
Recoveries of various expenses	-	26	1
Prior year income	297	67	940
Income from elimination of assets	-	131	-
Other revenue and income	118	351	597
	415	**575**	**1.538**

The item “prior year income” refers to EUR 0,2 million as the contribution of the Parent Company and EUR 0,1 million as the amount collected as earnest money due to non-finalisation of the real estate sector sales contracts. Of the Mittel S.p.A. contribution, EUR 0,1 million was due to the Italian Revenue Agency’s settlement of the IRES reimbursement for the deductibility of IRAP tax relating to personnel expense for employees and similar.

33. Variations in property inventories

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

	31.03.2016	31.03.2015	30.09.2015
Increases in property inventories	2.094	3.786	7.085
Decreases in property inventories	(1.229)	(2.579)	(4.712)
Impairment losses in property inventories	-	-	(5.671)
	865	**1.207**	**(3.298)**

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

34. Costs for purchases

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

	31.03.2016	31.03.2015	30.09.2015
Purchases and property increases	(1.501)	(2.664)	(5.472)
Provision of services and consultancy	(78)	(228)	(544)
Urbanisation expenses	(17)	-	-
Registration tax	-	-	-
Insurance	(14)	(16)	(28)
Maintenance	(12)	(1)	(43)
Other	(26)	(201)	(255)
	(1.648)	**(3.110)**	**(6.342)**

The item costs for purchases includes the contribution relating to the property initiative headed by Santarosa S.r.l. (EUR 0,9 million) and, to a lesser extent, the other initiatives relating to the vehicles Mittel Investimenti Immobiliari S.r.l. (EUR 0,3 million), Lucianita S.r.l. (EUR 0,1 million), MiVa S.r.l. (EUR 0,1 million) and the contribution of Loft S.r.l. (EUR 0,1 million).

35. Costs for services

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

	31.03.2016	31.03.2015	30.09.2015
Legal consultancy	(955)	(676)	(1.400)
Notary consultancy	(76)	(73)	(89)
Other consultancy	(947)	(1.868)	(4.284)
Commission and advisory expenses	-	-	-
General services and maintenance	(731)	(965)	(2.370)
Administrative, organisational and audit services	(1)	(231)	(292)
Cost of temporary workers	(12)	(16)	(37)
Directors' fees	(694)	(544)	(1.209)
Board of Statutory Auditors' fees	(136)	(216)	(397)
Supervisory Body's fees	(68)	(82)	(153)
Fees for prosecutors and Manager in charge	(8)	(8)	(16)
Rentals	(1.088)	(4.794)	(4.941)
Leases	(9)	(63)	(168)
Insurance	(239)	(331)	(596)
Utilities	(126)	(322)	(462)
Advertising	(27)	(145)	(264)
Others	(41)	(21)	(328)
	(5.158)	**(10.355)**	**(17.006)**

The total for this item halved compared to the previous year, marking a decrease of EUR 5,2 million. This change was mainly determined for EUR 3,7 million by the decrease recorded in the item “Leases” as a result of the definitive transfer of the business unit of the Valmontone (RM) outlet by the subsidiary Fashion District Roma S.r.l. (in liquidation) and for EUR 0,6 million by the decrease in “Consultancy” (legal, notary and other consultancy fees) from EUR 2,6 million to EUR 2,0 million.

36. Personnel costs

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

	31.03.2016	31.03.2015	30.09.2015
Wages and salaries	(2.237)	(3.271)	(5.866)
Social security costs	(821)	(986)	(1.832)
Pension costs	-	(8)	(16)
Allocation to employee severance indemnity	(108)	(175)	(377)
Payments to external supplementary pension funds	(10)	(14)	(35)
Other personnel costs	(653)	(52)	(1.237)
	(3.829)	**(4.506)**	**(9.363)**

Personnel costs registered a drop of EUR 0,7 million, mainly due to the lower contribution from the Fashion District Group which decreased from EUR 1,5 million in the previous half year to the present EUR 0,5 million. The decrease is the result of the collective dismissal procedure for the discontinuation of company business activities which involved all employees and which concluded with an agreement signed on 2 September 2015 with the employee trade union representatives and on 22 September 2015 with the two company managers. In this regard, it should be noted that, after these agreements were signed, the company informed employees of the termination of the employment relationship, with the termination date set for 18 November 2015.
In this respect , as at 30 September 2015, Fashion District Group S.r.l. (in liquidation) had 41 employees.

With regard to the item “Other personnel costs” this mainly comprises the amount associated with the agreement signed with the former general manager as part of the mutual termination of the employment relationship.

Average number of Group employees broken down by category:

	Exact number 31 march 2016	Average in the period 2015/2016	Average in the year 2014/2015
Managers	7	8	10
Officials	16	17	21
Employees	36	48	71
Total	**59**	**73**	**102**

37. Other costs

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

	31.03.2016	31.03.2015	30.09.2015
Taxes and duties	(995)	(1.466)	(3.008)
Capital losses from transfer of receivables	-	-	-
Impairment losses on receivables	-	-	-
Losses on receivables	(1)	(37)	(508)
Capital losses from transfer of property, plant and equipment	(71)	-	(60)
Prior year expenses	(613)	(220)	(514)
Other sundry operating expenses	(224)	(282)	(1.648)
	(1.904)	**(2.005)**	**(5.738)**

The item taxes and duties registered a decrease of EUR 0,1 million, and is mainly composed of the EUR 0,7 million contribution to the consolidation of the Parent Company and from the Real Estate sector.

The item “prior year expenses” includes EUR 0,3 million as the contribution of Fashion District Group S.r.l. (in liquidation). Specifically, 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. During the first half of the year 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.

38. Dividends

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

	31.03.2016	31.03.2015	30.09.2015
Dividends from financial assets held for trading	7	8	189
Dividends from available-for-sale financial assets	14	587	1.769
Dividends from financial assets at fair value	-	-	-
Dividends from investments	-	-	-
Other	-	-	-
	21	**595**	**1.958**

The item is composed of dividends received by Mittel S.p.A. and Mittel Partecipazioni Stabili S.r.l.

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

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

	31.03.2016	31.03.2015	30.09.2015
Available-for-sale financial assets			
Capital gains	1.109	1.533	11.661
Profits from fair value measurement	-	-	27
Other income	-	47	453
Capital losses	-	(5)	(4.214)
Losses from fair value measurement	-	-	(16)
Other	-	-	-
Capital gains (losses) from transfer of receivables	**-**	**(48)**	**(48)**
Capital gains (losses) from transfer of investments	**-**	**(8)**	**(5.274)**
Capital gains (losses) from change in equity interest	**-**	**-**	**-**
Reversals/impairment losses on equity	**-**	**-**	**-**
	1.109	**1.520**	**2.589**

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

40. Amortization

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

	31.03.2016	31.03.2015	30.09.2015
Intangible assets			
Amortization	(54)	(93)	(205)
Impairment losses	(3)	(36)	(38)
Reversals of impairment losses	-	-	-
Property, plant and equipment			
Amortization of investment property	-	(47)	(55)
Amortization of other assets owned	(97)	(139)	(407)
Amortization - finance leases	-	-	-
Impairment losses	-	-	-
Reversals of impairment losses	-	-	-
Assets relating to finance leases	**-**	**-**	**-**
	(154)	**(314)**	**(705)**

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

41. Allocations to the provision for risks

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

	31.03.2016	31.03.2015	30.09.2015
Provisions for ongoing disputes:			
for legal disputes	-	(261)	-
for expenses for personnel	-	-	-
Provision for contractual disputes	(150)	(2.730)	(354)
Provision for restructuring expenses	-	-	(1.799)
Other provisions	-	-	(220)
	(150)	**(2.992)**	**(2.373)**

The allocation during the first half of the year for contractual disputes refers to that made by MiVa S.r.l. to cover potential losses to which the company is exposed due to the delay in completing works to finalise property development.

42. Value adjustments to financial assets and receivables

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

	31.03.2016	31.03.2015	30.09.2015
Impairment losses on financial receivables	-	(2.291)	(1.979)
Impairment losses on other receivables	(18)	(424)	(1.118)
Impairment losses on available-for-sale financial assets	(249)	(977)	(660)
Impairment losses on non-current assets held for sale	-	-	-
Reversals of impairment losses on financial assets	-	-	-
	(267)	**(3.692)**	**(3.757)**

The impairment losses on available-for-sale financial assets relate, for EUR 76 thousand, to the value adjustments recorded by the Parent Company Mittel S.p.A., and for EUR 173 thousand to the value adjustments recorded by Earchimede S.p.A. In particular, these adjustments refer to those made to investments in private equity funds and in foreign investment vehicles.

43. 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:

	31.03.2016	31.03.2015	30.09.2015
Pro-rata profits			
Brands Partners 2 S.p.A. in liquidation		-	72
Castello SGR S.p.A.	25	-	386
Mit-Fin S.p.A.		-	30
Superpartes S.p.A.	2	-	-
Mittel Generale Investimenti (through Liberata S.p.A.)		292	-
			-
	27	**292**	**487**
			-
Pro-rata losses			**-**
Castello SGR S.p.A.	-	(88)	-
Brands Partners 2 S.p.A. in liquidation	-	(54)	-
Mit-Fin S.p.A.	(39)	(26)	-
Superpartes S.p.A.	-	(5)	(23)
Tower 6 Bis Sarl	(191)	(213)	(406)
Liberata S.p.A.	(318)	(372)	(1.420)
Mittel Generale Investimenti (through Liberata S.p.A.)	(128)	-	-
	(676)	**(757)**	**(1.849)**
	(649)	**(465)**	**(1.362)**

44. Profit (loss) from non-recurring transactions

This item, which has a zero balance for the current period, amounted to EUR 0,3 million in the corresponding period of the previous year and referred to the disposal of the group of assets associated with the Mantua and Molfetta outlet centre property complexes and with the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.

45. Financial income

The item is composed as follows:

	31.03.2016	31.03.2015	30.09.2015
Bank interest income	63	87	201
Interest income on financial receivables	3.044	3.887	8.520
Other interest income	178	317	517
Other financial income	36	43	90
	-	-	-
Hedging activities	-	-	-
Fair value hedging derivatives	-	149	272
Assets hedged (fair value hedges)	-	-	-
Liabilities hedged (fair value hedges)	-	-	-
Cash flow hedging derivatives	-	-	-
Other	-	-	-
Exchange rate gains	6	-	-
	3.327	**4.483**	**9.600**

Interest income on financial receivables relates mainly to Ghea S.r.l.'s loan to Bios S.p.A. (EUR 1,2 million), the contribution of the parent company Mittel S.p.A. for loans it granted (EUR 1,7 million) and the contribution of the subsidiary Fashion District Group S.r.l. (in liquidation) (EUR 0,1 million), primarily for interest accrued on the loan to Alfa Park S.r.l.

46. Financial expenses

The item is composed as follows:

	31.03.2016	31.03.2015	30.09.2015
Interest expense on bonds	(3.285)	(3.247)	(6.570)
Interest expense on bank current accounts	(29)	(31)	(77)
Interest expense on bank loans	(1.075)	(2.247)	(3.670)
Interest expense on other loans	-	(20)	(2)
Other interest expenses	(10)	(33)	(64)
Other financial expenses	(217)	(469)	(866)
Hedging activities			
Fair value hedging derivatives	-	(436)	(436)
Assets hedged (Fair value hedges)	-	-	-
Liabilities hedged (Fair value hedges)	-	-	-
Cash flow hedging derivatives	-	-	-
Other	-	-	-
Exchange rate losses	-	-	(9)
	(4.616)	**(6.483)**	**(11.694)**

47. Profit (loss) from trading of financial assets

The item is composed of the contribution from Mittel S.p.A as a result of profit realised on the listed securities held by said entity as well as the higher value of said securities based on the differential between the purchase value and their value as at 31 March 2016.

	31.03.2016	31.03.2015	30.09.2015
Gains/Losses on disposal of securities (current)	237	969	4.936
Capital gains/losses on securities valuation (current)	(511)	3.679	(337)
Derivative financial instruments	186	13	759
	(88)	**4.661**	**5.357**

48. Income taxes

The amount is composed as follows:

	31.03.2016	31.03.2015	30.09.2015
IRES (corporate income tax)	(3)	(4)	(109)
IRAP (regional business tax)	(78)	(1.299)	(1.815)
Taxes of previous years	(1)	(1)	(38)
Total current taxes	**(82)**	**(1.304)**	**(1.963)**
Deferred tax liabilities	2.278	3.267	3.077
Deferred tax assets	(1.146)	(2.112)	(2.777)
Total deferred taxes	**1.132**	**1.156**	**300**
Other taxes	-	-	139
Total income taxes	**1.050**	**(148)**	**(1.524)**

The reversal to the income statement of deferred tax liabilities was determined for EUR 1,6 million to the release of tax assets by Fashion District Group S.r.l. (in liquidation) following the major disposal of the Mantua and Molfetta outlets and the related real estate capital gains realised, and for EUR 0,6 million to the release of deferred taxes by Fashion District Roma S.r.l. (in liquidation) for the capital gain on definitive disposal of business unit of the Valmontone (RM) outlet.

49. Income (loss) pertaining to minority interests

The item is composed as follows:

	31.03.2016	31.03.2015	30.09.2015
Profit (loss) for the period pertaining to non-controlling interests	(430)	(625)	(887)
	(430)	**(625)**	**(887)**

50. Basic and diluted earnings (loss) per share

As set forth in IAS 33, the Mittel Group shows basic earnings per share calculated as net income for the period attributable to the Parent Company divided by the weighted average number of shares outstanding in the period; diluted earnings are calculated by adjusting 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 (losses) per share were calculated as follows:

- *Basic earnings or loss per share:*

Basic earnings or loss per share is 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, therefore excluding treasury shares held by the Group from the denominator.

- *Diluted earnings or loss per share:*

As required by IAS 33, diluted earnings (loss) per share takes into account the effects of all potential ordinary shares with a dilutive effect in the calculation of shares outstanding.

Basic and diluted earnings or loss per share attributable to the Parent Company as at 31 March 2016, compared with the first half of the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	**31.03.2016**	**31.03.2015**
From income statement:		
- Basic	(0,103)	(0,110)
- Diluted	(0,103)	(0,110)
From comprehensive income:		
- Basic	(0,485)	0,698
- Diluted	(0,485)	0,698

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 31 March 2016, compared with the corresponding period of the previous year, is as follows:

Basic earnings or loss per share

During the half year ended 31 March 2016, the number of shares outstanding changed as follows:

Basic earnings/(loss) per share attributable to the Parent Company	**31.03.2016**	**31.03.2015**
(no. ordinary shares)		
No. of shares at start of the period	87.907.017	87.907.017
Average weighted number of ordinary shares subscribed in the period	-	-
No. of treasury shares at start of the period	(15.308.706)	(15.308.706)
Average weighted number of treasury shares acquired in the period	-	-
Average weighted number of treasury shares sold in the period	6.598.305	-
Average weighted number of shares outstanding at the end of the period	**79.196.616**	**72.598.311**

During the half year ended 31 March 2016, 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 consolidated basic earnings or loss per share attributable to the Parent Company as at 31 March 2016, compared with the first half of the previous year, are as follows:

Thousands of Euro		
Net profit/(loss) attributable to the Parent Company	**(8.151)**	**(8.021)**
Euro		
Basic earnings/(loss) per share attributable to the Parent Company	**(0,103)**	**(0,110)**

The consolidated comprehensive basic earnings or loss per share attributable to the Parent Company as at 31 March 2016, compared with the first half of the previous year, are as follows:

Thousands of Euro		
Total net profit/(loss) comprehensive attributable to the Parent Company	**(38.400)**	**50.654**
Euro		
Total basic earnings/(loss) per share attributable to the Parent Company	**(0,485)**	**0,698**

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 31 March 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.

During the half year ended 31 March 2016, the number of shares outstanding, including the effects of all potentially issuable ordinary shares, changed as follows:

	31.03.2016	**31.03.2015**
(no. ordinary shares)		
Average weighted number of shares outstanding at the end of the period	79.196.616	72.598.311
plus average weighted number of shares necessary at the incentive plan based on stock	24.076	-
Potential dilution of ordinary shares	24.076	-
Average weighted number of shares at the end of the period	**79.220.692**	**72.598.311**

In order to calculate the diluted earnings per shares for the half year, the average number of shares outstanding was increased by 24.076 ordinary shares to also take into account the average number of potentially dilutive ordinary shares that could derive from the potential exercise of SARs.

For the half year ended as at 31 March 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 31 March 2016 was not adjusted to take into account the dilutive effects from theoretical exercise of the inventive plan based on the assignment of SARs on owned equities as, for the half 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 half year as at 31 March 2016 which would have significantly changed the number of ordinary or potential ordinary shares outstanding at period end.

51. Consolidated net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with the Recommendation of CESR dated 10 February 2005 “Recommendations for the consistent implementation of the regulation of the European Commission on prospectuses”, it should be noted that the net position of the Mittel Group as at 31 March 2016 was a negative EUR 99,2 million, as shown in the table below:

(Thousands of Euro)	**31.03.2016**	**30.09.2015**	**Variation**
Cash	24	15	8
Other cash equivalents	69.569	100.583	(31.014)
Securities held for trading (*)	13.072	20.074	(7.002)
Current liquidity	**82.665**	**120.672**	**(38.007)**
Current financial receivables	**514**	**911**	**(397)**
Current bank payables	(72.791)	(66.983)	(5.808)
Current portion of medium/long-term bank loans	(4.000)	(29.887)	25.887
Bonds	(1.304)	(1.313)	9
Other current financial payables	(87)	(4.746)	4.659
Current financial debt	**(78.182)**	**(102.929)**	**24.747**
Net current financial debt	**4.997**	**18.654**	**(13.657)**
Non-current bank payables	(4.038)	-	(4.038)
- Bank payables expiring in the medium-term	(4.038)	-	(4.038)
- Bank payables expiring in the long-term	-	-	-
Bonds issued	(97.538)	(97.239)	(299)
Other financial payables	(2.659)	(2.919)	260
Non-current financial debt	**(104.235)**	**(100.158)**	**(4.077)**
Net financial position	**(99.238)**	**(81.504)**	**(17.734)**

(*) 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.

52. Commitments and guarantees

As at 31 March 2016, guarantees were given, summarised in the following table:

	31.03.2016	30.09.2015
Guarantees:		
financial	-	-
commercial	10.617	8.334
assets pledged as collateral for third party bonds	1.731	2.128
Commitments:		
disbursement of funds	6.094	6.180
other irrevocable commitments	3.380	4.136
	21.822	**20.778**

The commercial guarantees refer for EUR 6,1 million to the contribution of the real estate sector, EUR 3,9 million to the Parent Company Mittel S.p.A. and EUR 0,6 million to Fashion District Group S.r.l. (in liquidation). In particular, the real estate sector contribution includes EUR 4,3 million in sureties for primary urbanisation works requested by the Municipalities of Milan and Como, and EUR 1,8 million in sureties given by Mittel Generale Investimenti S.p.A. on behalf of Santarosa S.r.l. and Mi.Va. S.r.l. as earnest money to guarantee their obligations in relation to preliminary purchase contracts signed. The Mittel S.p.A. contribution of EUR 3,9 million includes EUR 3,5 million in sureties in favour of the Italian Revenue Agency for VAT on which a refund was requested and/or offset, and EUR 0,4 million as the surety issued for the rental of its own offices. Fashion District Group S.r.l. (in liquidation) contributes EUR 0,6 million in guarantees requested against VAT reimbursements.

The assets pledged as collateral for third party bonds are composed of shares owned by Mittel Partecipazioni Stabili S.r.l, represented by 500.000 ordinary shares of Intesa Sanpaolo S.p.A. with a nominal value of EUR 0.52 each, 1.031.763 shares of UBI Banca ScpA with a nominal value of EUR 1 each, 20.000 JP Morgan Chase shares with a nominal value of USD 25 each, to secure a credit facility of EUR 20 million, of which approximately EUR 3,4 million was used as at 31 March 2016.

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

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

It should also be pointed out that, as part of the agreements which led to the sale of the assets held by Fashion District Group S.p.A. 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 Fashion District Group 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 (EUR 5 million) and Fashion District Group S.p.A.'s non-fulfilment of its payment obligations.

53. Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, during the half-year 1 October 2015 to 31 March 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	-	96.279	30.000	**126.279**
Current assets				
Financial receivables	-	-	190	**190**
Current liabilities				
Sundry payables and other liabilities	922	15	-	**937**
Income statement				
Revenue	-	145	-	**145**
Other income	(2.444)	(87)	-	**(2.531)**
Personnel costs	(154)	-	-	**(154)**
Financial income	-	1.937	383	**2.320**
Financial expenses	-	(15)	-	**(15)**

- Non-current financial receivables refer to loans granted by Ghea S.r.l. to Bios S.p.A. (EUR 54,7 million), by Mittel S.p.A. to Liberata S.p.A. (EUR 35,9 million) and to the loan granted by Fashion District Group S.p.A. to the investee Alfa Park (EUR 5,6 million). Receivables due from other related parties (EUR 30 million) relate to the loan in place with "Fondo Augusto", a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by investee Castello SGR S.p.A..

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

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

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

- The item costs for services refers to EUR 1,9 million in directors' fees, EUR 0,5 million in fees to the Board of Statutory Auditors and 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 company's key managers. For further details, please refer to the "Report on Remuneration" which will be available on www.mittel.it, "investor relations" section, according to the legal terms.

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

- The item financial expenses refers to commissions on sureties given by Mittel Generale Investimenti S.p.A. to Santarosa S.r.l. and Mi.Va. S.r.l.

54. Additional disclosures on financial instruments and risk management policies

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

54.1 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 31 March 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:

(thousands of Euro)	31 March 2016			30 September 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Available-for sale assets at fair value:						
Investments at fair value with a contra-entry in Other comprehensive profit/(loss)	8.364	20.175	19.828	15.030	20.491	21.286
Investments at fair value with a contra-entry in the Income Statement	-	-	-	-	-	-
Other non-current securities	-	-	1.078	-	-	1.110
Financial assets at fair value held for trading:						
Trading derivatives	28	-	-	22	-	-
Current securities held for trading	6.151	-	-	6.558	-	-
Total assets	**14.543**	**20.175**	**20.906**	**21.610**	**20.491**	**22.396**
Other financial liabilities:						
Hedging derivatives	-	-	-	-	-	-
Trading derivatives	(87)	-	-	(246)	-	-
Total liabilities	**(87)**	**-**	**-**	**(246)**	**-**	**-**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 31 March 2016 are shown, 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 period.

Situation as at 31 March 2016

(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: *Income statement*	*Equity in Other comprehensive profit (loss)*	Total Fair Value (A)	Fair Value Hierarchy: Level 1	Level 2	Level 3	Financial instruments at amortized cost (B)	Unlisted investments measured at cost (C)	Financial statement total as at 31 March 2016 (A+B+C)	Fair value as at 31 March 2016: 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)	-	39.462	**39.462**	8.365	20.175	10.922	**-**	**-**	**39.462**	8.365	20.175	10.922
Available-for-sale debt securities (a) (d)	-	1.078	**1.078**	-	-	1.078	**-**	**-**	**1.078**	-	-	1.078
Non-current financial receivables (b)	-	-	**-**	-	-	-	**165.873**	**-**	**165.873**	-	-	164.795
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**145**	**-**	**145**	-	-	145
Other assets (*)	-	-	**-**	-	-	-	**55**	**-**	**55**	-	-	55
Current financial receivables (b)	-	-	**-**	-	-	-	**514**	**-**	**514**	-	-	514
Investments held for trading (d)	3.895	-	**3.895**	3.895	-	-	**-**	**-**	**3.895**	3.895	-	-
Held for trading debt securities (d)	2.255	-	**2.255**	2.255	-	-	**-**	**-**	**2.255**	2.255	-	-
Trading derivatives (d)	28	-	**28**	28	-	-	**-**	**-**	**28**	28	-	-
Trade receivables (*) (b)	-	-	**-**	-	-	-	**2.772**	**-**	**2.772**	-	-	2.772
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**5.046**	**-**	**5.046**	-	-	5.046
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**69.593**	**-**	**69.593**	-	-	69.593
	6.178	**49.445**	**55.623**	**14.543**	**20.175**	**12.000**	**243.998**	**8.906**	**299.621**	14.543	20.175	254.919
LIABILITIES												
Bonds (current and non-current) (b)	-	-	**-**			-	**(98.842)**	**-**	**(98.842)**	(106.134)	-	-
Financial payables (current and non-current) (*) (b) (e)	-	-	**-**	-	-	-	**(83.488)**	**-**	**(83.488)**	-	-	(83.594)
Other non-urrent liabilities (b)	-	-	**-**	-	-	-	**(693)**	**-**	**(693)**	-	-	nd
Other financial liabilities (d)	-	(87)	**(87)**	(87)	-	-	**-**	**-**	**(87)**	(87)	-	-
Trade payables (*) (b)	-	-	**-**	-	-	-	**(4.130)**	**-**	**(4.130)**	-	-	(4.130)
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(4.159)**	**-**	**(4.159)**	-	-	(4.159)
	-	**(87)**	**(87)**	**(87)**	**-**	**-**	**(191.312)**	**-**	**(191.399)**	(106.221)	-	(91.883)

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: *Income statement*	*Equity in Other comprehensive profit (loss)*	Total Fair Value (A)	Fair Value Hierarchy: Level 1	Level 2	Level 3	Financial instruments at amortized cost (B)	Unlisted investments measured at cost	Financial statement total as at 30 September 2015 (A+B)	Fair value as at 30 September 2015: 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 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 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 31 March 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.

As at 31 March 2016, 42,2% of non-controlling interests recorded in the statement of financial position under available-for-sale assets was valued according to methods using the fundamental analysis of the company (level 3).
As at 31 March 2016, no use was made of valuation methods that consider transactions involving the share over a period deemed reasonable with respect to the moment of the valuation or methods involving stock market multiples of comparable companies (level 2).

Fair value measurement of financial derivatives

Variations to financial assets at fair value level 3

As at 31 March 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 31 March 2016, including profits/(losses) booked to the income statement, are shown below:

(thousands of EUR)	Financial assets	Financial liabilities
As at 30 September 2015	**13.490**	**0**
(Profit) losses recognised in profit or loss	(23)	0
(Profit) losses recognised in other comprehensive income	(1.480)	0
Issues/extinctions	13	0
As at 31 March 2016	**12.000**	**0**

54.2 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 31 March 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	-	-	-	41.474	**41.474**
Bonds	-	-	-	1.078	**1.078**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	165.873	-	**165.873**
Sundry receivables	-	-	200	-	**200**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	7.819	-	**7.819**
Current financial assets:					
Financial receivables	-	-	246	-	**246**
Sundry receivables	-	-	268	-	**268**
Other financial assets	6.151	-	6.893	-	**13.044**
Hedging derivatives	-	-	-	-	**-**
Non-hedging derivatives	28	-	-	-	**28**
Cash and cash equivalents					
Bank and postal deposits	-	-	69.569	-	**69.569**
TOTAL FINANCIAL ASSETS	**6.179**	**-**	**250.868**	**42.552**	**299.599**

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	**43.313**
Bonds	-	-	-	1.110	**1.110**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	163.546	-	**163.546**
Sundry receivables	-	-	208	-	**208**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	10.508	-	**10.508**
Current financial assets:					
Financial receivables	-	-	233	-	**233**
Sundry receivables	-	-	677	-	**677**
Other financial assets	6.558	-	-	13.494	**20.052**
Hedging derivatives	-	-	-	-	**-**
Non-hedge derivatives	22	-	-	-	**22**
Cash and cash equivalents					
Bank and postal deposits	-	-	100.583	-	**100.583**
TOTAL FINANCIAL ASSETS	**6.580**	**-**	**275.755**	**57.918**	**340.253**

Financial liabilities as at 31 March 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	-	4.038	**4.038**
Other financial liabilities	-	2.659	**2.659**
Sundry payables and other liabilities	-	693	**693**
Bonds	-	97.538	**97.538**
Current liabilities:			
Loans and borriwings from banks and other lenders	-	76.791	**76.791**
Trade payables	-	4.130	**4.130**
Sundry payables	-	4.159	**4.159**
Bonds	-	1.304	**1.304**
Other financial liabilities:			
Hedging derivatives	87	-	**-**
Non-hedging derivatives	-	-	**87**
TOTAL FINANCIAL LIABILITIES	**87**	**191.312**	**191.399**

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	-	2.919	**2.919**
Sundry payables and other liabilities	-	719	**719**
Bonds	-	97.239	**97.239**
Current liabilities:			
Loans and borriwings from banks and other lenders	-	101.370	**101.370**
Trade payables	-	5.213	**5.213**
Sundry payables	-	4.111	**4.111**
Bonds	-	1.313	**1.313**
Other financial liabilities:			
Hedging derivatives	246	-	**246**
Non-hedging derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**246**	**212.884**	**213.130**

54.3 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, whilst the money market is entrusted with temporary cash surpluses during the period, the reabsorption of which is expected within the next twelve months.
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.
In particular, as regards individual impairment, receivables due from customers in the company's portfolio do not present significant evidence of impairment.

The Internal Control and Risks Committee and the Control Day Committee constantly monitor risk positions at collectivel 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.

Credit exposures

Credit exposures: gross and net values

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

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Impaired exposures	24.375	(20.734)	-	3.641
- Restructured exposures	-	-	-	-
	24.375	**(20.734)**	**-**	**3.641**
Performing exposures				
- Past due exposures	13.785	-	-	13.785
- Other exposures	222.889	(3.282)	-	219.607
	236.674	**(3.282)**	**-**	**233.392**
Total as at 31 March 2016	**261.049**	**(24.016)**	**-**	**237.033**
Total as at 30 September 2015	**290.165**	**(24.016)**	**-**	**266.149**

The data relating to the previous year are shown below:

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Impaired exposures	24.647	(20.734)	-	3.914
- Restructured exposures	-	-	-	-
	24.647	**(20.734)**	**-**	**3.914**
Performing exposures				
- Past due exposures	13.671	-	-	13.671
- Other exposures	251.847	(3.282)	-	248.565
	265.518	**(3.282)**	**-**	**262.236**
Total as at 30 September 2015	**290.165**	**(24.016)**	**-**	**266.149**
Total as at 30 September 2014	**190.653**	**(20.464)**	**-**	**170.189**

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

Details of trade receivables as at 31 March 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"):

	31.03.2016		
	Nominal value	Impairment losses	Net value
Falling due	809	(4)	805
0-180 days	831	(21)	811
180-360 days	-		-
After 360 days	4.768	(3.612)	1.156
	6.408	**(3.636)**	**2.772**

Positions for which there is an objective condition of partial or total uncollectability are impaired individually. The amount of the impaiment 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 proceed with the evaluation with reference to each receivable when individually significant or when it becomes significant in consideration of the receivables as a whole.
Group companies calculate impairment according to rules which are differentiated by the different credit accounting methods; in particular, the method for calculating the amount of impairment applicable to the loans and receivables recorded at 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 69.593 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 31 March 2016, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given

The carrying amount as at 31 March 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:

	31.03.2016	**30.09.2015**
Financial guarantees issued	1.731	2.128
Commercial guarantees issued	10.617	8.334
Irrevocable commitments to disburse funds	6.094	6.180
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	3.381	4.136
	21.823	**20.778**

It should also be pointed out that, as part of the agreements which led to the sale of the assets held by Fashion District Group S.p.A. 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 Fashion District Group 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 (EUR 5 million) and Fashion District Group S.p.A.'s non-fulfilment of its payment obligations.

2. Market risks

Interest rate risk

General aspects

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

Quantitative information

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

Distribution by residual duration of financial assets and liabilities

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	-	-	129.146	22.859	-	13.868	165.873
Current financial receivables	414	100	-	-	-	-	514
	414	**100**	**129.146**	**22.859**	**-**	**13.868**	**166.387**
Liabilities							
Non-current bank loans	-	-	(4.038)	-	-	-	(4.038)
Current bank loans	(52.394)	(24.397)	-	-	-	-	(76.791)
Other financial payables due to related parties	-	-	-	-	-	(2.659)	(2.659)
Bonds	(1.304)	-	-	(97.538)	-	-	(98.842)
	(53.698)	**(24.397)**	**(4.038)**	**(97.538)**	**-**	**(2.659)**	**(182.330)**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	(53.284)	**(24.297)**	**125.108**	**(74.679)**	**-**	**11.209**	**(15.943)**

The data relating to the previous year are shown below:

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	3.010	-	4.120
Medium/long-term financial receivables	-	-	125.648	22.250	-	15.648	163.546
Current financial receivables	911	-	-	-	-	-	911
	911	**-**	**125.699**	**23.309**	**3.010**	**15.648**	**168.577**
Liabilities							
Non-current bank loans	-	-	-	-	-	-	-
Current bank loans	(96.870)	-	-	-	-	-	(96.870)
Other financial payables due to related parties	(4.500)	-	-	-	-	(2.919)	(7.419)
Bonds	(1.313)	-	-	(97.239)	-	-	(98.552)
	(102.683)	**-**	**-**	**(97.239)**	**-**	**(2.919)**	**(202.841)**
	(101.772)	**-**	**125.699**	**(73.930)**	**3.010**	**12.729**	**(34.264)**

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

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.
In fact, positions are mostly short on the funding side and loans are characterised by indexed rates. These strategic decisions represent an important factor in mitigating risk and involve a moderate impact in respect of unexpected changes in interest rates on the economic value of the Parent Company and of Group companies.

Qualitative information

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
Market risks are composed of position, settlement and concentration risk, with reference to the trading portfolio for supervisory purposes; from currency risk and commodity risk, with reference to the entire financial statements.
The investment process starts with an analytical activity carried out jointly on a daily basis by the Manager of Securities Investments and the Front Office Manager, which together form the Securities Investments Area. This activity consists essentially of an analysis of the market scenario (i.e. the existing macroeconomic context in terms of real variables, monetary conditions, current dominant themes, 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). This analysis is conducted by using IT platform media (mainly Bloomberg and the Internet) and written research distributed via e-mail and the web by the main foreign and Italian intermediaries. Subsequently, via discussions and an exchange of opinions, the “market view” is prepared, which is, in any case, updated constantly during each day of operations. This phase of the process consists of: (i) the preparation/revision of expectations regarding development in the values of the various asset classes (bonds, shares, currencies, etc.); (ii) the identification of the target asset classes for the construction of investment portfolios; (iii) the evaluation of relationships of correlation between the different asset classes.

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

Quantitative information

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

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

Other quantitative information on price risk

Qualitative information

General aspects

Currency risk may be generally defined as the effects of variations in the different pairs of non-Euro currencies on the performances of the Group 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 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 31 March 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 in the value of the financial instruments designated in a cash flow hedging relationship, brought about by variations in interest rates, generate an impact on the level of debt and equity and, therefore, are taken into consideration in this analysis;
- changes of value brought about by variations in interest rates, variable rate financial instruments, other than derivative instruments, which are not part of a cash flow 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 31 March 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 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.

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

Amounts in thousands of Euro	31 March 2016			30 September 2015		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank loans	-	80.829	**80.829**	26.706	70.164	**96.870**
Bonds	98.842	-	**98.842**	98.553	-	**98.553**
Other financial liabilities	2.659	-	**2.659**	7.419	-	**7.419**
Total	**101.501**	**80.829**	**182.330**	**132.678**	**70.164**	**202.842**

Amounts in thousands of Euro	31 March 2016			30 September 2015		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Financial receivables	67.429	98.957	**166.386**	65.971	98.486	**164.457**
Other financial assets	-	-	**-**	4.120		**4.120**
Total	**67.429**	**98.957**	**166.386**	**70.091**	**98.486**	**168.577**

The tables indicated above, relating to financial receivables and payables, 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	31 March 2016		30 September 2015	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	69.593	0,15%	100.598	0,30%
Other financial assets	166.386	3,94%	164.456	5,15%
Other financial assets – related parties			-	
Total	**235.979**	**2,65%**	**265.055**	**3,77%**

Amounts in thousands of Euro	31 March 2016		30 September 2015	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	80.829	(2,90)%	96.870	(3,43)%
Bonds	98.842	(6,90)%	98.553	(6,90)%
Other financial liabilities	2.659	0,00%	7.419	(0,40)%
Total	**182.330**	**(4,87)%**	**202.842**	**(5,06)%**

Currency risk – Sensitivity analysis

As at 31 March 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 to 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.

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-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 31 March 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:**				
	2016	**2017**	**2018**	**After 2018**	**Total**
Bank loans	76.791	4.038	-	-	80.829
Other loans	-	-	-	2.659	2.659
Bonds	2.996	5.992	5.992	105.846	120.826
Derivative financial instruments	-	-	-	-	-
Total	**79.787**	**10.030**	**5.992**	**108.505**	**204.314**

In relation to information on the financial assets used as collateral for liabilities, set forth in paragraph 14 of IFRS 7, the Group pledged a share package comprising 500 thousand ordinary Intesa Sanpaolo S.p.A. shares and 1.031.763 UBI Banca S.c.p.A. shares, classified under available-for-sale financial assets, to secure a credit facility of EUR 20 million, of which around EUR 3,4 million was used as at 31 March 2016.

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.

Milan, 26 May 2016

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

Annexes and supplementary statements

Mittel Group
List of investments

	Registered office		Share capital	Nominal value	% Interest	% Availability votes in shareholders' meeting	Business performed	€/000 Book value	Close of the year	€/000 Assets Statement of financial position	€/000 Liabilities Statement of financial positions	€/000 Equity	€/000 Profit (loss) for the last year	€/000 Revenue
Investments														
Direct														
Chase Mittel Capital Holding II NV in liquidation	Dutch Antilles	€	18.720	-	27,55	27,55	Finanziaria	6	31 Dicembre	-	-	9	-	-
Tower 6 bis S.a.r.l.	Lussembourg	€	4.500.000	10	49,00	49,00	Holding di Investimenti	23.726	31 Dicembre	25.186	21.110	4.076	(871)	-
Liberata S.p.A.	Milan – Italy	€	6.750.000	1	27,00	27,00	Holding di Investimenti	4.893	30 Settembre	74.349	54.993	19.356	(3.083)	44
Bios S.p.A.	Milan – Italy	€	3.000.000	1	34,37	50,00	Holding di Investimenti	32.681	31 Dicembre	227.959	106.185	121.774	27.003	-
Castello SGR S.p.A.	Milan – Italy	€	3.626.163	1	20,90	20,90	Società di gestione risp.	2.719	31 Dicembre	17.776	4.340	13.436	2.463	9.141
Mit.Fin S.p.A.	Milan – Italy	€	200.000	1	30,00	30,00	Finanziaria	148	31 Dicembre	678	181	497	48	1.170
Indirect														
Superpartes S.p.A.	Brescia – Italy	€	331.383		11,89	11,89	Tecnologia	479	31 Dicembre	1.392	263	1.129	(189)	461
Total								**64.653**						

Statement of the condensed half-yearly consolidated financial statements as at 31 March 2016 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, attest to the adequacy of the characteristics of the company and the effective application of administrative and accounting procedures for the preparation of the condensed half-yearly consolidated financial statements as at 31 March 2016.

It is also certified that the consolidated condensed half-yearly financial statements for the period ended as at 31 March 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 performane of the issuer and of the group of consolidated companies.

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

Milan, 26 May 2016

Chief Executive Officer	Manager in charge of financial reporting
Rosario Bifulco	Pietro Santicoli

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

Report on review of Consolidated half-yearly financial report

To the shareholders of
Mittel S.p.A.

Introduction

We have reviewed the accompanying Consolidated half-yearly financial report of the Mittel Group comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto as at and for the six months ended 31 March 2016. The parent's directors are responsible for the preparation of these Consolidated half-yearly financial report in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these Consolidated half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of Consolidated half-yearly financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Consolidated half-yearly financial report.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated half-yearly financial report of the Mittel Group as at and for the six months ended 31 March 2016 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The consolidated financial statements of the previous year and the Consolidated half-yearly financial report as at and for the six months ended 31 March 2016 have been respectively audited and reviewed by another auditor who expressed an unmodified opinion on the consolidated financial statements and an unmodified conclusion on the Consolidated half-yearly financial report on 27 January 2016 and 28 May 2015, respectively.

Milan, 27 May 2016

KPMG S.p.A.

(signed on the original)

Bruno Verona
Director of Audit