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

Half-year financial report

(1 October 2013 - 31 March 2014)

129th company year

Contents

Board of Directors

Chairman

Franco Dalla Sega (b)

Deputy Chairman

Giorgio Franceschi (b)

Directors

Paolo Batocchi (d)

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

Stefano Gianotti (b)

Marco Merler (a) (c)

Giuseppe Pasini (b)

Gianluca Ponzellini (a) (d)

Duccio Regoli (a) (c) (e)

Carla Sora (a) (d)

Michela Zeme (a) (e)

General Manager

Maurizia Squinzi

Manager responsible for preparing the Company's financial reports

Pietro Santicoli

Board of Statutory Auditors

Standing auditors

Giovanni Brondi – Chairman

Maria Teresa Bernelli

Simone Del Bianco

Alternate auditors

Roberta Crespi

Giulio Tedeschi

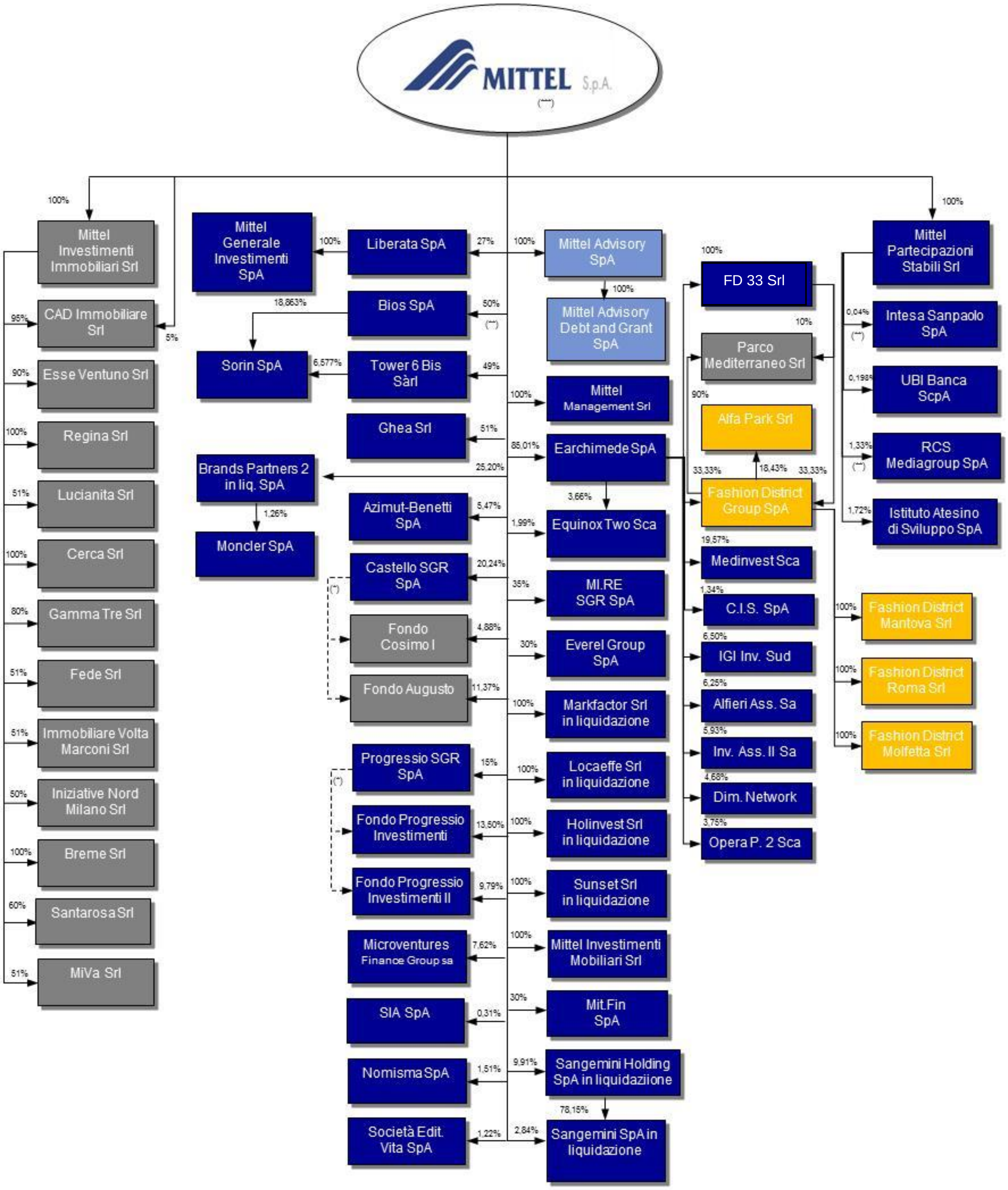
Independent Auditors

Deloitte & Touche S.p.A.

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

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

Group Structure
as at 28 May 2014



Real Estate

Investments and Private Equity

Advisory Services and Grants Finance

Outlet

(*) management relationship

(**) of ordinary share capital

(***) it holds 17.414% of treasury shares

Introduction

Directors' Report on Operations

Group Performance

In terms of the consolidated economic result, in the first half of the year, 1 October 2013 - 30 September 2014 (129th year since the foundation of Mittel S.p.A.), the Mittel Group posted a consolidated profit of EUR 0,2 million, compared to a consolidated loss of EUR 9,2 million in the corresponding period in the previous year and a consolidated loss of EUR 38,1 million recorded as at 30 September 2013.

The consolidated profit posted in the first half of the year 2013-2014 was mainly influenced by profits deriving from the transfer of Moncler S.p.A. shares. (EUR 18,3 million) by the associate Brands Partners 2 S.p.A. (now in liquidation), by value adjustments to financial assets and receivables (EUR 10,8 million), by the partial value adjustment to the goodwill of Mittel Advisory S.p.A. (EUR 4,0 million) and by extraordinary costs (EUR 3,3 million) deriving from the agreement signed with the Chief Executive Officer, Mr. Arnaldo Borghesi, which applied the provisions of the directors' agreement in place between the Company and Mr. Borghesi regarding the possible early termination of the executive position without justified reason, in relation to the positions of Board of Directors Member and Chief Executive Officer of Mittel S.p.A.

Group equity amounted to EUR 334,7 million, marking an increase compared to EUR 327,0 million as at 30 September 2013, mainly due to the increase deriving from the higher value of the asset Sorin, held through investees Tower 6 Bis S.à.r.l and Bios S.p.A.; equity pertaining to non-controlling interests stood at EUR 50,5 million, compared to EUR 56,4 million as at 30 September 2013. Total equity amounted to EUR 385,3 million, compared to EUR 383,4 million as at 30 September 2013.

Financial highlights of the Mittel Group

Economic summary

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

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

Main economic, financial and equity figures of the Group

(Thousands of Euro)	**31.03.2014**	**31.03.2013**	**30.09.2013**
Revenues	**25.742**	**29.558**	**59.036**
Purchases, provision of services, sundry costs	(23.872)	(27.118)	(51.114)
Personnel costs	(5.536)	(4.770)	(11.698)
Operating costs	**(29.409)**	**(31.888)**	**(62.812)**
Income (expenses) from investments	6.586	1.932	4.295
Operating margin (EBITDA)	**2.920**	**(398)**	**518**
EBITDA %	*11,34%*	*(1,35)%*	*0,81%*
Amortisation/depreciation, allocations and adjustments to non-current assets	(13.081)	(7.004)	(19.649)

Value adjustments to financial assets and receivables	(10.819)	(1.723)	(28.836)
Share of income (loss) of investments	18.480	(5)	325
Operating result (EBIT)	**(2.501)**	**(9.131)**	**(47.642)**
EBIT %	*(9,72)%*	*(30,89)%*	*(80,89)%*
Income (loss) from financial management	(6.764)	9	11.399
Income (loss) from trading of financial assets	2.781	(1.462)	(1.178)
Income (loss) before taxes	**(6.484)**	**(10.584)**	**(37.421)**
Taxes	1.314	(297)	(3.747)
Income (loss) from continuing operations	**(5.170)**	**(10.881)**	**(41.168)**
Income (loss) from discontinued operations	-	290	143
Net income (loss) for the year	**(5.170)**	**(10.590)**	**(41.025)**
Income (loss) pertainig to non controlling interests	5.321	1.397	3.013
Income (loss) pertainig to the Group	**151**	**(9.193)**	**(38.012)**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the half-year as at 31 March 2013 and the year ended as at 30 September 2013 were restated as provided by IAS 1.

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

- **Revenues**: these mainly comprise ordinary revenues of EUR 28,9 million (EUR 19,9 million in the previous period), other income of EUR 1,4 million (EUR 1,6 million in the previous period), and the decrease of EUR 4,6 million in property inventories (increase of EUR 8,1 million in the previous period). Ordinary revenues gained a EUR 8,0 million benefit due to the increase in revenues from property sales, which rose from EUR 1,0 million in the previous period to EUR 9,0 million, almost fully attributable to the sales by the subsidiary Lucianita S.r.l. for the property located in Via Lomellina, Milan. The reduction in property inventories was impacted by the decrease due to property sales, not offset by the construction of the several property initiatives by the property subholding Mittel Investimenti Immobiliari S.r.l. and its subsidiaries.

- **Operating costs**: this item is comprised of costs for purchases of EUR 1,2 million (EUR 7,5 million in the previous period), costs for services of EUR 19,6 million (EUR 16,1 million in the previous period) and other costs of EUR 3,0 million (EUR 3,5 million in the previous period). The reduction in costs for purchases is mainly attributable to less construction in the Real Estate sector, due to the substantial completion of several property projects during the current year. The increase in costs for services was significantly impacted (EUR 3,3 million) by the cost of the agreement with the Chief Executive Officer, Mr. Arnaldo Borghesi, mentioned in the introduction. As a result of entering into the agreement, Mittel S.p.A. paid Mr. Borghesi EUR 2.729.000 in addition to EUR 600.000 which will be paid as compensation for the 6-month non-competition obligation, set out in the current directors' agreement. On entering into that agreement, Mr. Borghesi also submitted his resignation with immediate effect from all corporate offices held in the companies in the Mittel Group.

- **Personnel costs**: this item amounted to EUR 5,5 million, posting an increase of EUR 0,7 million compared to the previous year, entirely due to the full contribution from the Advisory sector, which in the previous year was consolidated only from 1 January 2013.

- **Income and expenses from investments**: this item is composed of dividends of EUR 1,1 million (EUR 0,7 million in the previous period) and profit from management of financial activities and investments of EUR 5,5 million (EUR 1,2 million in the previous period). Profit from management of financial activities and investments is mainly attributable to the contribution of EUR 5,4 million from the partial disposal during the first half of the year of listed securities held by the subsidiary Mittel Partecipazioni Stabili S.r.l., such as UBI Banca S.c.p.A. and Intesa Sanpaolo S.p.A.

- **Operating margin (EBITDA):** positive EUR 2,9 million, compared to negative EUR 0,4 million in the previous year, marking an increase of EUR 3,3 million.

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: amounted to EUR 13,1 million compared to EUR 7,0 million in the previous year. The increase of EUR 6,1 million was mainly due (EUR 4,0 million) to the partial value adjustment to goodwill posted in the consolidated financial statements as at 30 September 2013, relating to the initial recognition of the goodwill deriving from the acquisition of full control of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.). The item also includes the EUR 2,0 million allocation for contractual disputes set aside during the period by the parent company Mittel S.p.A to cover potential losses. At the date of this consolidated half-yearly financial report, the amounts and date of occurrence were still undetermined.

- **Value adjustments to financial assets and receivables:** amounted to EUR 10,8 million compared to EUR 1,7 million in the previous period. This item comprises EUR 8,2 million in adjustments in the Outlet/Entertainment sector, due to the write-down of the investment in Alfa Park S.r.l. (EUR 6,5 million) as a result of the continuing negative performance of theme parks, and EUR 1,5 million in value adjustments to receivables. The latter include the EUR 1,1 million decrease in the estimated earn-out for the final transfer of management of the Valmontone Rome outlet. EUR 0,5 million was also recorded by Parent Company Mittel S.p.A. as adjustments to its investments in private equity funds and foreign investment vehicles, and EUR 1,5 million by the subsidiary Earchimede S.p.A. as adjustments to its investments in private equity funds and foreign investment vehicles and, lastly, EUR 0,5 million was recorded by Mittel Advisory S.p.A. as write downs to receivables.

- **Share of income (loss) of investments:** this item, amounting to EUR 18,5 million, is mainly attributable to the pro-rata share of income (loss) of the investee Brands Partners 2 S.p.A. (now in liquidation), following the partial placement of 3,73% of Moncler S.p.A. during the initial public offering in December (as at 30 September 2013 the stake in Moncler S.p.A. held by Brands Partners 2 S.p.A. (now in liquidation) amounted to 4,99% of share capital).

- **Operating result (EBIT):** the loss of EUR 2,5 million, compared to a loss of EUR 9,1 million in the previous period, improved by EUR 6,6 million compared to the loss in the corresponding period of the previous year.

- **Income (loss) from financial management**: the loss of EUR 6,8 million was mainly composed of the negative contributions from the subsidiary Fashion District Group S.p.A. of EUR 3,4 million, from the parent company Mittel S.p.A. of EUR 3,4 million, from Mittel Investimenti Immobiliari of EUR 0,7 million, partially offset by the positive contributions from the subsidiary Earchimede S.p.A. of EUR 0,4 million and from Ghea S.r.l. of EUR 0,5 million.

- **Income (loss) from trading of financial assets**: income of EUR 2,8 million compared to a loss of EUR 1,5 million in the previous period, rising by EUR 4,3 million. This item is comprised of the income (loss) from trading of derivatives by the subsidiary Mittel Partecipazioni Stabili S.r.l. with underlying shares of Intesa Sanpaolo S.p.A. and UBI Banca S.c.p.A., as well as the fair value measurement of the difference between the delivery price of several Moncler S.p.A. securities and the spot price as at 31 March 2014 as per agreements entered into with Brands Partners 2 S.p.A. in liquidation.

Main financial and equity figures of the Group

(Thousands of Euro)	31.03.2014	31.03.2013	30.09.2013
Intangible assets	26.048	29.889	29.943
Property, plant and equipment	130.838	143.613	137.659
Investments	79.697	52.577	77.301
Non-current financial assets	253.152	253.554	274.917
Provisions for risks, employee severance indemnity and employee benefits	(9.832)	(4.465)	(8.095)
Other non-current assets (liabilities)	(3.055)	(1.853)	(2.639)
Tax assets (liabilities)	(12.959)	(9.963)	(14.625)
Net working capital (*)	113.009	112.607	115.377
Net invested capital	**576.898**	**575.959**	**609.838**
Equity	(334.746)	(343.065)	(327.046)
Non controlling interests	(50.545)	(56.584)	(56.389)
Total Equity	**(385.291)**	**(399.649)**	**(383.435)**
Net financial position	**(191.607)**	**(176.310)**	**(226.403)**

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

Intangible assets amounted to EUR 26,0 million, marking a decrease of EUR 4,0 million in the half. The variation is due to the impairment of the value of goodwill posted as a result of the purchase of 100% of the share capital of Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.) in January 2013.

Property, plant and equipment amounted to EUR 130,8 million, marking a decrease of EUR 6,8 million in the half. This variation was attributable primarily to the contribution to the consolidated financial statements of the Fashion District Group and, more specifically, the half-yearly share of depreciation of the properties owned in the Mantua and Molfetta outlets, for EUR 6,8 million net of the purchase of plants and investment properties of EUR 0,2 million.

Investments valued using the equity method totalled EUR 79,7 million, marking a total net increase of EUR 2,4 million in the half. The increase is primarily due to the higher value of the Bios S.p.A. investment (EUR 23,5 million), marking an increase of EUR 13,3 million, and Tower 6 Bis S.à r.l. (EUR 21,0 million), up by EUR 2,6 million; both increases reflect the higher value of the asset Sorin S.p.A. held by the two companies. This was partly offset by the decrease in the value of the Brands Partners 2 S.p.A. investment (now in liquidation) of EUR 14,0 million. The latter decrease reflects the distribution of dividends by the investee as a result of capital gains on the Moncler S.p.A. share on partial placement through initial public offering of 3,73% (as at 30 September 2013 Brands Partners 2 S.p.A. (now in liquidation) held 4,99% of the share capital of Moncler S.p.A.).

Non-current financial assets amounted to EUR 253,1 million, marking a decrease of EUR 21,8 million in the half, comprising EUR 11,1 million due to the decrease in other financial assets and EUR 10,7 million due to the reduction in financial receivables. In this regard, it is noted that as at 30 September 2013, the item non-current financial assets included the loan to Ghea of EUR 50,0 million (EUR 50,5 million as at 31 March 2014), classified under current financial receivables in the financial statement tables based on its natural expiry and here reclassified to financial assets considering the effects of the rescheduling of debt and reorganisation of the equity and corporate structure of the joint subsidiary BIOS S.p.A. finalised in December 2013. Specifically, the decrease in other financial assets is attributable: (i) to the EUR 6,2 million decrease in value of the investee Azimut Benetti as a result of the reduction of the value of the investment, (ii) to the EUR 6,5 million decrease in the value of the non-controlling interest in Alfa Park S.r.l. held by Fashion District Group S.p.A., (iii) to the EUR 5,2 million decreases in value of the financial assets held by the parent company Mittel S.p.A. (EUR 4,1 million) and Earchimede S.p.A. (EUR 1,1 million) following reimbursements,

changes in fair value and impairment recorded on private equity funds and foreign investment vehicles, offset by (iv) the increase of EUR 3,5 million in the value of listed securities held by the subsidiary Mittel Partecipazioni Stabili S.r.l.
The decrease in financial receivables is essentially due to the reclassification, from non-current to current, of a receivable due to Fashion District Group S.p.A. due to the approaching contractual expiry (less than 12 months). The receivable has been posted in the amount of EUR 12,3 million, maturing on 16 January 2015, and derives from the best estimate of contractual integration of the earn-out for the final transfer of management of the Valmontone Rome outlet.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 9,8 million, marking an increase of EUR 1,7 million in the half. Specifically, provisions for risks as at 31 March 2014 included an allocation by the parent company Mittel S.p.A. of an additional EUR 1,7 million, added to the provisions of EUR 5,0 million allocated in the financial statements as at 30 September 2013 to hedge liabilities for contractual guarantees issued by the latter.

The item **other non-current liabilities** totalled EUR 3,1 million, up by EUR 0,4 million in the half. The increase is mainly due to the settlement - in February 2014 - of the dispute over the transfer of land located in the municipality of Naples, which provided the collection of an additional advance on the price of approximately EUR 0,5 million and, at the time of sale, which took place on 19 May 2014, of the balance of the price of EUR 0,1 million.

The item **tax liabilities** amounted to EUR 13,0 million, marking a decrease of EUR 1,7 million in the half.

Net working capital amounted to EUR 113,0 million, marking a decrease of EUR 2,4 million. The item net working capital is composed of the value of property inventories of EUR 117,6 million (EUR 122,0 million in the financial statements as at 30 September 2013), sundry receivables and other current assets totalling EUR 25,0 million (EUR 26,9 million in the financial statements as at 30 September 2013) and sundry payables and other current liabilities amounting to EUR 28,6 million (EUR 33,5 million as at 30 September 2013). The decrease of EUR 1,4 million is due to the EUR 4,4 million decrease in property inventories and the EUR 1,9 million decrease in sundry receivables and other assets, offset by a reduction in sundry payables and other liabilities of EUR 4,9 million.

As a result, **net invested capital** decreased by EUR 32,9 million to EUR 576,9 million, financed by equity for EUR 385,3 million and by the net financial position for EUR 191,6 million.

Equity pertaining to the Group amounted to EUR 334,7 million, marking an increase of EUR 7,7 million in the half, while non-controlling interests, amounting to EUR 50,5 million, decreased by EUR 5,9 million. Consolidated equity thus amounted to EUR 385,3 million, marking an increase of EUR 1,9 million on the EUR 383,4 million as at 30 September 2013.

The negative net financial position amounted to EUR 191,6 million. It thus improved by EUR 34,8 million in the half, due to the net cash flow generated in the period, which benefited from the distribution by Brands Partners 2 S.p.A. (now in liquidation), relating to the Moncler S.p.A. share, deriving from the partial placement of 3,73% during the initial public offering in December 2013 (as at 30 September 2013 Brands Partners 2 S.p.A. (now in liquidation) held 4,99% of share capital of Moncler S.p.A.). This improvement was reflected in the increase in other cash equivalents, which also benefited from the partial sale of securities held for trading, and in the reduction in bank debt.

Statement relating to the net financial position

(Thousands of Euro)	31.03.2014	30.09.2013	Variation
Cash	88	48	40
Other cash equivalents(*) (***)	62.498	48.534	13.964
Securities held for trading(**)	9.206	17.826	(8.620)
Current liquidity	**71.792**	**66.407**	**5.385**
Current financial receivables(***)	**37.721**	**30.575**	**7.146**
Bank payables	(191.184)	(210.677)	19.493
Bonds	(97.666)	(97.424)	(243)
Other financial payables	(12.270)	(15.285)	3.015
Financial debt	**(301.120)**	**(323.386)**	**22.266**
Net financial position	**(191.607)**	**(226.403)**	**34.796**

(*) The item includes EUR 20 million in liquidity invested in certificates of deposit maturing in May 2015, classified under bank deposits to reflect the agreements made with the issuing bank, which state that the certificates can be readily converted with no risk of a change in the value.
(**) Available-for-sale assets posted under current assets were reclassified to this item.
(***) As at 31 March 2014 and 30 September 2013, the item other cash equivalents included EUR 3,0 million in amounts owed classified under current financial receivables in the financial statements, referring to the giro account in place between Earchimede and the investee Mittel Generale Investimenti S.p.A. This inclusion reflects the fact that the receivables can readily be converted to a known amount of cash, with no risk of a change in the value.

INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

31 March 2014

Figures in millions of Euro	31 March 2014										
AGGREGATE / CONSOLIDATED	Net revenues	Operating costs	Income (expenses) from investments	Amortisation/depreciation and write-downs	Share of income (loss) of investments	Income (loss) from financial management	Income (loss) from trading of financial assets	Income (loss) from discontinued operations	Taxes	Income (loss) pertaining to non controlling interests	Income (loss) pertaining to the Group
Real Estate Sector	4,6	(2,3)	0,7	(0,0)	(0,2)	(2,0)	0,0	0,0	(0,7)	0,3	(0,2)
Advisory Sector	2,4	(2,9)	0,0	(4,6)	0,0	(0,1)	0,0	0,0	(0,4)	0,0	(5,5)
Investments and PE Sector	1,2	(10,7)	5,9	(4,3)	18,7	(0,9)	2,8	0,0	0,4	0,0	13,2
Outlet/Entertainment Sector	17,9	(14,0)	0,0	(15,1)	0,0	(3,7)	0,0	0,0	2,0	(5,6)	(7,3)
IC ELIMINATION	(0,5)	0,5	0,0	0,0	0,0	0,0	0,0	0,0			
CONSOLIDATED TOTAL	**25,7**	**(29,4)**	**6,6**	**(23,9)**	**18,5**	**(6,8)**	**2,8**	**0,0**	**1,3**	**(5,3)**	**0,2**

31 March 2013

Figures in millions of Euro	31 March 2013										
AGGREGATE / CONSOLIDATED	Net revenues	Operating costs	Income (expenses) from investments	Amortisation/depreciation and write-downs	Share of income (loss) of investments	Income (loss) from financial management	Income (loss) from trading of financial assets	Income (loss) from discontinued operations	Taxes	Income (loss) pertaining to non controlling interests	Income (loss) pertaining to the Group
Real Estate Sector	9,4	(8,9)	0,7	(0,0)	(0,1)	(1,7)	0,0	0,0	(0,2)	(0,3)	(0,4)
Advisory Sector	1,9	(2,2)	0,0	(0,1)	0,0	(0,0)	0,0	0,0	(0,2)	0,0	(0,6)
Investments and PE Sector	1,0	(7,0)	1,2	(1,2)	0,1	2,8	(1,5)	0,3	(1,2)	0,6	(6,1)
Outlet Sector	17,6	(14,1)	0,0	(7,4)	0,0	(1,1)	0,0	0,0	1,3	(1,7)	(2,1)
IC ELIMINATION	(0,3)	0,3	0,0	0,0	0,0	0,0	0,0	0,0			
CONSOLIDATED TOTAL	**29,6**	**(31,9)**	**1,9**	**(8,7)**	**(0,0)**	**0,0**	**(1,5)**	**0,3**	**(0,3)**	**(1,4)**	**(9,2)**

STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

31 March 2014

Figures in millions of Euro	31 March 2014									
AGGREGATE / CONSOLIDATED	Net working capital	Fixed assets	Other assets (liabilities)	Invested capital	*Financed by*	Net financial position	Equity	*of which*	Equity pertaining to non controlling interests	Equity pertaining to the Group
Real Estate Sector	116,4	20,2	0,3	136,9		(92,8)	44,1		1,2	42,9
Advisory Sector	6,1	4,4	(0,2)	10,3		(6,8)	3,5		0,0	3,5
Investments and PE Sector	(2,5)	315,0	(5,6)	307,0		(37,5)	269,5		19,7	249,8
Outlet/Entertainment Sector	(7,1)	156,0	(20,3)	128,6		(60,4)	68,2		29,6	38,6
IC ELIMINATION (*)	0,0	(5,8)	0,0	(5,8)		5,8				
CONSOLIDATED TOTAL	**113,0**	**489,7**	**(25,8)**	**576,9**		**(191,6)**	**385,3**		**50,5**	**334,7**

30 September 2013

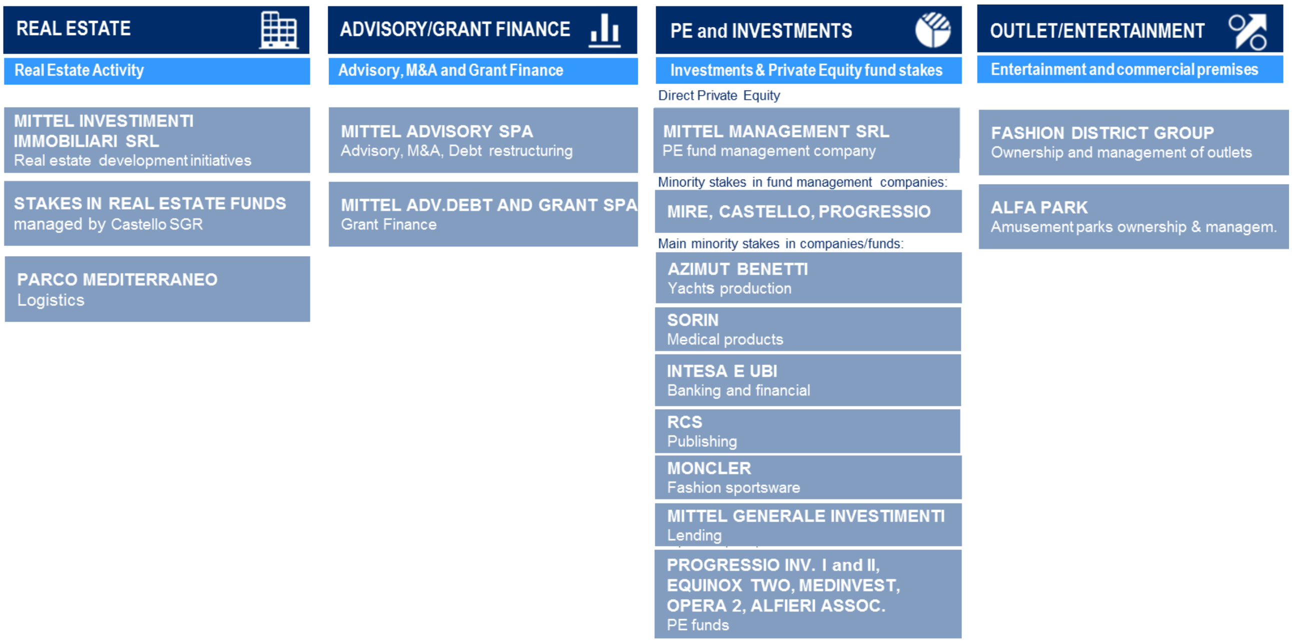
Figures in millions of Euro	30 September 2013									
AGGREGATE / CONSOLIDATED	Net working capital	Fixed assets	Other assets (liabilities)	Invested capital	*Financed by*	Net financial position	Equity	*of which*	Equity pertaining to non controlling interests	Equity pertaining to the Group
Real Estate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

(*) Elimination of Fixed assets/Financial Position deriving from intercompany position - Non-current Payables (in Financial Position) to Non-current Receivables (in Fixed Assets)

As regards the breakdown of the Income Statement by sector, intercompany revenues and costs are re-allocated to the respective sectors in such a way as to measure the generation of the margin relating to each sector as if this was completely autonomous; as regards the breakdown of the statement of financial position by sector, the receivables and payables of each sector include the existing positions with the other sectors, as if each sub-group was autonomous.

Lastly, the figures shown in this section were adjusted to take account of the amendment to IAS 19 and, therefore, differ (to an insignificant extent - difference of less than EUR 0,1 million) from the versions in previous reports.

Sector performance



The Group's activities break down into the following operating sectors:

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

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

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

- **Outlet/Entertainment:** construction and management of large commercial spaces in line with the distribution system of factory outlet centres. Fashion District Group is the largest shopping project in Italy and has created a network composed of 3 factory outlet centres, integrated with recreational, leisure and entertainment functions, located in Mantua, Valmontone (Rome) and Molfetta (Bari), strategic locations in terms of population density, vehicle traffic and tourist flows. This sector also includes the investment in the Valmontone and Molfetta theme parks, located near the Group's outlet centres.

Information by business segment

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

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

- Real Estate Sector: Mittel Investimenti Immobiliari S.r.l.; Breme S.r.l.; CAD Immobiliare S.r.l.; Esse Ventuno 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;
- Advisory Services and Grants Finance Sector: Mittel Advisory S.p.A. and Mittel Advisory Debt and Grant S.p.A.;
- Private Equity and Investments Sector: Mittel S.p.A.; Bios S.p.A.; Earchimede S.p.A.; FD 33 S.r.l.; Ghea S.r.l.; Mittel Management S.r.l.; Mittel Partecipazioni Stabili S.r.l.; Tower 6 Bis S.à. r.l.; Brands Partners 2 S.p.A. in liquidation; Holinvest S.r.l. in liquidation; Locaeffe S.r.l. in Iiquidation and Markfactor S.r.l. in liquidation;
- Outlet/Entertainment Sector: Fashion District Group S.p.A., Fashion District Mantova S.r.l., Fashion District Roma S.r.l., Fashion District Molfetta S.r.l. and Loft S.r.l.

Performance of the Real Estate sector

Figures in EUR/000 (6 months)				
Real Estate Sector	**Mar-14**	**%**	**Mar-13**	**%**
Revenues	4.642		9.377	
Sales and other revenues	*9.238*		*1.311*	
Variations in inventories	*(4.597)*		*8.065*	
Gross operating margin (EBITDA)	3.043	*66%*	1.241	*13%*
Income (loss) before taxes	804	*17%*	(517)	*(6%)*
Net income (loss) (Group + Non-controlling interests)	88	*2%*	(690)	*(7%)*

Despite a scenario in the sector that remains negative (according to the Observatory on the Real Estate Market of the Italian Revenue Agency, in the 4th quarter of 2013 the Italian real estate market reported a negative trend once again, with an overall drop of 7,5%), in the first half of the financial year the Group increased its sales to EUR 9,2 million, compared to EUR 1,3 million in the same period of the previous year.

Sales and other revenues of EUR 9,2 million refer mainly to Lucianita S.r.l. (EUR 7,9 million, an initiative located in Via Lomellina, Milan), whose construction phase was concluded at end of the previous financial year. The Group’s other initiatives made the following contributions: EUR 0,6 million CAD Immobiliare S.r.l. (Paderno Dugnano - MI), EUR 0,5 million Mittel Investimenti Immobiliari S.r.l. (Arluno - MI) and EUR 0,2 million Fede S.r.l. (Vimodrone – Milan). The significant change in inventories is the result of the sales described above, which more than offset construction activities, nearing completion, and currently only under way for the initiatives of MiVa S.r.l. and Santarosa S.r.l., located in Via Vespri Siciliani/Via Metauro and Piazzale Santorre di Santarosa, Milan.
The Gross operating margin (EBITDA), which was a positive EUR 3,0 million, was positively impacted by the dividends received from the Fondo Augusto (Augusto Fund) amounting to EUR 0,7 million, in line with the previous year.

At statement of financial position level, as a result of the events described above, property inventories, included in net working capital, stood at EUR 117,6 million as at 31 March 2014, compared to EUR 122,0 million as at 30 September 2013. Fixed assets in this sector almost exclusively refer to the shares held in the closed-end real estate funds Augusto and Cosimo I (EUR 18,6 million).
The net financial position in the sector showed a correlated improvement in the half of EUR 1,3 million, reaching a total of EUR 92,8 million, of which loans from third parties amounted to EUR 40,0 million.

Performance of the Advisory Services and Grants Finance sector

Figures in EUR/000 (6 months)				
Advisory Sector	**Mar-14**	**%**	**Mar-13**	**%**
Mittel Advisory	672	*27%*	645	*34%*
Mittel Debt & Grant	1.776	*73%*	1.267	*66%*
REVENUES	**2.448**		**1.913**	

Revenues of the Advisory Services and Grants Finance Sector include the operating results of the wholly-owned direct and indirect subsidiaries Mittel Advisory Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.) and, from January 2013, Mittel Advisory S.p.A (formerly Borghesi Advisory S.r.l.).
With regard to the latter company, as a result of the continuing weak trend in the sector and Mr. Arnaldo Borghesi, former Chairman of Mittel Advisory S.p.A., leaving the Group, it was decided to adjust the goodwill recognised by EUR 4,0 million (impairment test), which had a harsh impact on the loss of the sector in the period in question (EUR 5,5 million).

In the first quarter of 2014 M&A (mergers and acquisitions) in Italy showed signs of growth which had been seen in the last part of 2013 (Source: Rapporto KPMG: il mercato M&A nel primo trimestre 2014 [KPMG Report: The M&A Market in Q1 2014]). In the first half of the financial year 2013-2014, advisory sector revenues for the Mittel Group rose from EUR 1,9 million to EUR 2,4 million due to an increase in the turnover generated by Mittel Advisory Debt and Grant S.p.A. (EUR 1,8 million), with a stable contribution from Mittel Advisory S.p.A. of EUR 0,7 million, a contribution equivalent to the previous year, in which the company was consolidated into the results of the Mittel Group only for 3 months. In addition to the previously mentioned adjustments to goodwill, additional value adjustments of EUR 0,5 million were made to credit positions. The sector closed the half with a loss of EUR 5,5 million, deriving from a positive contribution from Mittel Advisory Debt and Grant S.p.A. (EUR 0,5 million) and a loss recorded by Mittel Advisory S.p.A. (EUR 6,0 million). In the second half of the year, the management forecasts a partial recovery in turnover, resulting from success fees, and, thus, in profitability of the latter company.

In terms of equity, the sector witnessed a significant decrease in equity pertaining to the Group, which stood at EUR 3,5 million, including the loss for the half. The net financial position worsened to EUR 6,8 million. The debt generated is almost entirely due to the parent company Mittel S.p.A.

Performance of the Private Equity and Investments sector

Figures in EUR/000		
Investments and PE Sector	**Mar-14**	**Sept-13**
Fixed assets	315.023	327.840
Equity	269.502	248.009
Net financial position	(37.469)	(73.512)

Fixed assets, amounting to EUR 315,0 million as at 31 March 2014, registered a decrease of EUR 12,8 million compared to the situation at the end of the previous year (EUR 327,8 million) and are broken down as follows: investments consolidated using the equity method and other financial assets totalled EUR 168,4 million (from EUR 170,5 million), financial receivables amounted to EUR 145,7 million (from EUR 156,4 million, including the credit position of Ghea S.r.l. due from BIOS S.p.A.) and other assets came to EUR 0,9 million (substantially unchanged with respect to the previous date).
Equity in the sector recorded an increase totalling EUR 21,5 million, mainly as a result of the fair value measurement of Sorin S.p.A. shares held by the investee vehicles BIOS S.p.A., Tower 6 Bis S.a.r.l. (increasing by EUR 15,9 million overall), shares of UBI Banca S.c.p.A., Intesa Sanpaolo S.p.A. and RCS MediaGroup S.p.A. (EUR 10,7 million), only partially offset by the reduction in the fair value of the investment in Azimut-Benetti S.p.A. (EUR 6,2 million).
Mainly due to the collection of dividends in the half, specifically from Brands Partners 2 S.p.A. in liquidation (Moncler S.p.A. listing) and Fondo Progressio Investimenti (due to disposals in the previous year), as well as the reclassification to current assets of receivables due to Earchimede S.p.A. from Fashion District Group S.p.A., the net financial position improved by EUR 36,0 million in the period.

At income statement level, in the half the sector recorded total net income of EUR 13,2 million (Group + non-controlling interests) deriving from the contribution from revenues of EUR 1,2 million (from EUR 1,0 million), from income from investments and financial assets of EUR 5,9 million (from EUR 1,2 million), from the share of income from investments amounting to a positive EUR 18,7 million (from EUR 0,1 million), from the income from trading for a positive EUR 2,8 million (from a negative EUR 1,5 million), and from positive tax of EUR 0,4 million (from negative EUR 1,2 million), in contrast to operating costs of EUR 10,7 million (from EUR 7,1 million), amortisation/depreciation and write-downs of EUR 4,3 million (from EUR 1,2 million), and the loss from financial management of EUR 0,9 million (from a positive EUR 2,8 million). Income (loss) from discontinued operations, amounting to a positive EUR 0,3 million in the same half of the previous year, amounted to zero.
Income from investments and financial assets of EUR 5,9 million mainly refer to the positive contribution from Mittel Partecipazioni Stabili S.r.l. of EUR 5,4 million, in relation to the portfolio of listed shares. Income from investments valued according to the equity method (EUR 18,7 million) recorded significant results in the period deriving from the sale by Brands Partners 2 S.p.A. in liquidation, 25,20%-owned by Mittel S.p.A., from the partial placement during the initial public offering of the share previously held in Moncler S.p.A. (share reduced from 4,99% to the current 1,26% following the listing in December 2013). Operating costs, up by EUR 3,6 million on the same half of the previous year, included extraordinary costs for the above-mentioned settlement with Mr. Arnaldo Borghesi, Chief Executive Officer of Mittel S.p.A. until 10 January 2014.
The item amortisation/depreciation and write-downs includes amortisation/depreciation of EUR 0,2 million, allocations to provisions for risks of EUR 2,0 million and adjustments of EUR 2,1 million. The latter are attributable to value adjustments made, as a result of the negative performance of the specific market, to the portfolio of investments and private equity funds held by Mittel S.p.A. (EUR 0,5 million) and Earchimede S.p.A. (EUR 1,5 million).

Performance of the Outlet/Entertainment Sector

Figures in EUR/000 (6 months)			
Outlet/Entertainment Sector	**Mar-14**	**% chg.**	**Mar-13**
Revenues	17.928	*2%*	17.561
Operating costs	(14.034)	*5%*	(13.356)
Gross operating margin (EBITDA) (*)	3.894	*(7%)*	4.205
Net income (loss) (Group + Non-controlling interests)	(12.892)		(3.769)
(*) Management reclassification of the half-yearly report 2013			

The Outlet/Entertainment sector includes the parent company Fashion District Group S.p.A. and its subsidiaries Fashion District Mantova S.r.l., Fashion District Roma S.r.l., Fashion District Molfetta S.r.l. and, from this year, the full consolidation of the investment in Loft S.r.l. The sector also includes the 18,4% non-controlling interest held by Fashion District Group S.p.A. in the holding company Alfa Park S.r.l., a Group that operates in the construction and management of theme parks. Important impacts on the income (loss) for the sector in the half as at 31 March 2014 derived from the full write-down of the share held in the latter investee (EUR 6,5 million), considering the current scenario of difficulty and uncertainty due to the process of restructuring the considerable debt of the company, for which negotiations with the banking industry are ongoing.

Following the significant investments made for redevelopment during the previous years, it is worth noting the completion and inauguration of the “Street High & Loft” initiative at the Molfetta Outlet in June 2013. In the first half of 2013-2014 the company concentrated its greatest efforts on marketing and sales, with revenues rising by 2% to EUR 17,9 million (from EUR 17,6 million), in a market that remains weak (in the fourth quarter of 2013 household consumer spending remained almost unchanged, with unemployment reaching 13% in February; Source: Bank of Italy Economic Bulletin). These intense marketing activities, still underway, are expected to provide the most visible results on the company’s accounts in the upcoming months.
In terms of costs, up by EUR 0,7 million, it is important to note the extraordinary item linked to labour law settlements (EUR 0,1 million) as well as the effect of consolidation - from this half-yearly report - of Loft S.r.l., incorporated at the time the “Street High & Loft” project was started in the Molfetta Outlet. The company, incorporated to manage a point of sale as part of the project, is dealing with the initial start up phase.

Amortisation/depreciation in the half were substantially unchanged at EUR 6,8 million, while allocations and adjustments contributed a total of EUR 8,2 million (from EUR 0,7 million) to the significant loss for the sector. As previously mentioned, these related to the write-down of the 18,4% investment in Alfa Park S.r.l. (EUR 6,5 million) as well as adjustments to other credit positions of EUR 1,7 million (EUR 1,0 million for the valuation of the earn out on the past transfer of the Valmontone (Rome) outlet by Fashion District Group S.p.A.).
The loss from financial management of EUR 3,8 million includes the extraordinary loss linked to the value adjustment of the non-interest bearing financial receivable due to the company from Alfa Park S.r.l. (EUR 2,7 million).

As regards the sector statement of financial position, the net financial position, amounting to EUR 60,4 million, compared to EUR 71,4 million as at 30 September 2013, recorded an improvement of EUR 11,0 million, mainly due to (i) reclassifications (the deferred (discounted) receivable relating to the past transfer of the Valmonte Outlet (EUR 12,8 million) to current financial receivables, partially offset by the reclassification, with an opposite sign, of the Alfa Park S.r.l. receivable (EUR 4,8 million) and (ii) the decrease of EUR 1,1 million in working capital.
Fixed assets decreased from EUR 180,9 million to EUR 156,0 million, mainly due to amortisation/depreciation for the period and the write-downs and adjustments previously described. As at 31 March 2014, fixed assets were broken down as follows: intangible assets amounted to EUR 21,8 million (unchanged), property, plant and equipment came to EUR 129,8 million (made up mainly of the Mantua and Molfetta structures), financial receivables totalled EUR 3,3 million and financial assets totalled EUR 1,1 million.

In this sector, there has been greater interest in the last few months by international operators in outlet structures, which translated into the transfer of ownership of the Franciacorta Outlet Village, located in the north of Italy, in the previous year.

Significant events in the first half of the year

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

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

On 28 January 2014, following the Company's Board of Directors' Meeting, having acknowledged the irremediable rift created within the administrative body with the Chief Executive Officer in such a way as not to allow the board, in its current composition, to continue its operations, the Directors Giorgio Franceschi, Paolo Battocchi, Stefano Gianotti, Gianbattista Montini, Giuseppe Pasini and Massimo Tononi submitted their irrevocable resignations from the office.
By virtue of the provisions of art. 7, paragraph 2 of the Company's Articles of Association, as the majority of the Directors in office have stepped down, the entire Board of Directors of the Company must therefore be considered withdrawn from the date of appointment of the new board by the Ordinary Shareholders' Meeting.
The Board of Directors thus decided to convene the Ordinary Shareholders' Meeting to appoint the entire board administrative body of the Company on 10 March 2014, on first call and, if necessary, on 11 March 2014, on second call.

On 17 February 2014 the Company announced that, in relation to the Ordinary Shareholders' Meeting convened on 10 March (first call) and on 11 March (second call) it had received the candidate lists for the appointment of the Board of Directors:
- list no. 1 submitted by Fondazione Cassa Risparmio di Trento e Rovereto, owner of 10,903% of Mittel S.p.A. ordinary shares;
- list no. 2 submitted by La Scuola, owner of 3,754% of Mittel S.p.A. ordinary shares.

On 10 March 2014 Mittel S.p.A. announced that it had reached an agreement with the Chief Executive Officer, Mr. Arnaldo Borghesi, which applied the provisions of the directors' agreement in place between the Company and Mr. Borghesi regarding the possible early termination of the executive position without justified reason, in relation to the positions of Board of Directors Member and Chief Executive Officer of Mittel S.p.A.
As a result of entering into the agreement, Mittel S.p.A. paid Mr. Borghesi EUR 2.729.000 in addition to EUR 600.000 which will be paid as compensation for the 6-month non-competition obligation, set out in the current directors' agreement.
On entering into that agreement, Mr. Borghesi also submitted his resignation with immediate effect from all corporate offices held in the companies in the Mittel Group. Outside the scope of the provisions set forth in the directors' agreement, Mr. Borghesi also committed to continue to work for Mittel Advisory S.p.A. until 20 June 2014, with specific regard to several assignments granted by that company in the period in which he held the office of Chairman of the Board of Directors of Mittel Advisory S.p.A.
The agreement with Mr. Borghesi was signed by the Chairman of the Board of Directors, authorised for such purpose by resolution of the Board of Directors issued on 10 March, as the last deed in the decision-making process that involved Remuneration and Appointments Committee and the Related Party Transactions Committee of the Company, each under their respective responsibilities, which issued justified favourable opinions.
The Related Party Transactions Committee expressed its opinion in accordance with the procedures for related party transactions adopted by the Company in compliance with Consob Regulation no. 17221/2010 (the "Related Party Transaction Regulation"), based on the fact that the agreement with Mr. Borghesi (i) involved a Company Director as well as member of several administrative bodies of companies belonging to the Mittel Group as a counterparty and, by virtue of those offices, a party who could be classified as a related party, and (ii) the agreement qualified as a related party transaction of lesser significance.
Thus, the Company did not implement any of the exemptions provided for in articles 13 and 14 of the Related Party Transaction Regulation.
With regard to the commitment to continue working, undertaken by Mr. Borghesi in favour of Mittel Advisory S.p.A. as part of said agreement, the Company specifies that Mr. Borghesi waived any and all compensation for the provision of his services, declaring that he was satisfied with the amount paid to him and indicated in the press release dated 10 March 2014.

Following the withdrawal of the board as a result of the resignation of the majority of its Directors on 28 January 2014, on 10 March 2014 the Shareholders' Meeting of Mittel S.p.A. resolved: *(i)* to set the number of members of the Board of Directors at 11 and *(ii)* to call to be part of the Board of Directors, which shall remain in office for three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ended as at 30 September 2016, Messrs.: Franco Dalla Sega, Paolo Battocchi, Maria Vittoria Bruno, Giorgio Franceschi, Stefano Gianotti, Marco Merler, Giuseppe Pasini, Gianluca Ponzellini, Duccio Regoli and Michela Zeme, designated by the shareholder Fondazione Cassa di Risparmio di Trento e Rovereto and Carla Sora, designated by the shareholder La Scuola S.p.A.
The Board of Directors of Mittel S.p.A., which met at the end of the above Shareholders' Meeting, appointed Prof. Franco Dalla Sega as Chairman and Mr. Giorgio Franceschi as Deputy Chairman.
The Board of Directors established an Executive Committee, appointing the following members Prof. Franco Dalla Sega (Chairman), Giorgio Franceschi, Stefano Gianotti and Giuseppe Pasini.
The Board of Directors thus set up internal committees, appointing their members, i.e.*(i)* Remuneration and Appointments Commitee: Gianluca Ponzellini (Chairman), Paolo Battocchi and Carla Sora; *(ii)* Control and Risks Committee: Prof. Duccio Regoli (Chairman), Maria Vittoria Bruno and Marco Merler; and *(iii)* Related Party Transaction Committee: Prof. Duccio Regoli (Chairman), Maria Vittoria Bruno and Michela Zeme.

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 2013, to which reference is made, except for the following updates:

Mittel S.p.A. and Società Espansione Mediterranea S.r.l. dispute
On 18 February 2014 Mittel S.p.A. entered into a settlement agreement with Espansione Mediterranea S.r.l., for the purpose of selling the land in Naples, for which the preliminary agreement had been signed on 16 June 2008 and subsequently legally challenged by the counterparty. For this preliminary agreement Mittel S.p.A. posted a payable to Espansione Mediterranea S.r.l. of EUR 1.900.000 and a receivable for a VAT advance of EUR 380.000. According to the settlement agreement, Espansione Mediterranea S.r.l. shall pay an additional EUR 950.00, of which EUR 380.000 as VAT refund and EUR 570.000 as the final balance. The deed of sale of the land was signed on 19 May 2014. This operation generated profit of approximately EUR 2,5 million for the parent company.

SNIA S.p.A. in Amministrazione Straordinaria (under extraordinary administration) dispute
At the hearing of 24 January 2014, the Judge postponed the continuation of the hearing pursuant to art. 183 of the Italian code of civil procedure to 20 June 2014.

GE Capital S.p.A. and Tellus S.r.l. dispute
With regard to the continuation of the work of the court-appointed expert witness, in the latest meeting with the expert on 1 April 2014, the court-appointed expert witness, Prof. Renato Camodeca, announced that he had filed a motion to extend the deadline, requesting postponement of the deadline for filing his report to the end of July 2014. The motion was accepted by the Judge. It is also noted that the court-appointed expert witness requested the appointment of an expert in real estate issues, who is conducting an analysis of the properties directly and indirectly held by Mittel Investimenti Immobiliari S.r.l. and by Fashion District Group S.p.A.

Litigation against Sofimar S.A. and Mr. Alfio Marchini
On 19 December 2013 Mittel S.p.A. filed a petition for arbitration with the Board of Arbitrators of Milan, by virtue of the express arbitration clause in the sales contract of 30 September 2005, appointing Mr. Domenico Di Pietro as its arbitrator, in order to obtain fulfilment of the obligations undertaken by Sofimar S.A. and Mr. Alfio Marchini. While setting up the arbitration, Mittel S.p.A. emphasised its intention to have the Regulations of the Board of Arbitrators of Milan applied. These Regulations state that, where the parties are of different nationalities (in this case, Sofimar is a company incorporated under Luxembourg law), the President should be of a third nationality. On 7 April 2014 Mr. Paolo Michele Patocchi was appointed as the third arbitrator, in the role of President, while the arbitrator for Sofimar S.A. and Alfio Marchini is Prof. Enrico Gabrielli.

BNL S.p.A. "Takeover Bid"
As regards the offence committed by Emilio Gnutti (at the time the legal representative of Hopa S.p.A.) of market manipulation during the "takeover bid" at BNL S.p.A. to the detriment of Banco Bilbao Vizcaya Argentaria S.A. and the subsequent summons of Hopa S.p.A. (now Mittel S.p.A), pursuant to Italian Legislative Decree 231/2011, on 19 December 2012, the judgment of the Supreme Court of Cassation was filed, issued on 6 December 2012, which upheld the appeal of the Attorney General against the acquittal judgment of the Milan Court of Appeal on 30 May 2012 against the defendants and the entities involved (Hopa S.p.A.), rejecting the reasons proposed by the defendants sentenced. It should be noted that, on 30 May 2012, the Milan Court of Appeal absolved, after the first instance conviction, Hopa S.p.A. from the payment of the administrative penalty of EUR 480.000.
On 6 December 2013 the third criminal section of the Milan Court of Appeal acquitted all the defendants as there was no case to answer, revoking the fines. On 13 March 2014 the Attorney General filed the appeal to the Court of Cassation regarding that ruling.

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

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

Risks connected to the general conditions in the economy

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

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

Risks connected with the obtainment of financial resources

The Group has obtained credit lines granted by numerous leading banks. In the previous year, it successfully finalised the issue of the Mittel S.p.A. 2013 - 2019 Bond listed on the Mercato Telematico delle Obbligazioni e dei Titoli di Stato (Screen-based bond market - MOT), organised and managed by Borsa Italiana S.p.A. Nonetheless, in consideration of the major ongoing financial crisis, obtaining financial resources outside the Group represents a factor of criticality for maintaining the Group's investment growth strategy.
Consequently, any worsening in the economic terms and conditions of new loans and any future reduction in the banking system's credit capacity could have negative effects on the Group's economic and financial situation and/or limit its growth capacity.
The Group's ability to cover payments will depend on its capacity to generate sufficient liquidity, also through disposals and/or divestments, and/or to refinance its debt. This capacity depends to a certain extent on the economic, financial and market situations, laws and regulations applicable at each time, competition with other operators and other factors, many of which are outside of the Mittel Group's control.
In relation to potential payments that the Group may have to cover, the Group has signed investment commitments for its units held in private equity funds and in foreign investment vehicles. The amount of these commitments is set at the time of subscription, while the time frame for the actual payments, to be made in the event the investments are called, cannot be predicted, as it mainly depends on the investments made by the funds/investment vehicles, which in turn cannot be predicted, and is only residually linked to the costs and expenses incurred by the funds/investment vehicles, which, on the contrary, have scheduled due dates.

Therefore, also in consideration of the potential misalignment between the duration of the Group's invested assets, mainly medium and long term, and the related sources of funding, though this has improved after the finalisation of the Mittel 2013 - 2019 bond the risk that the Group may not be able to meet its payment commitments at the set due dates due to the difficulties in liquidating assets on the market (asset liquidity risk) or raising funds (funding liquidity risk) cannot be ruled out. This would have a subsequent adverse impact on the economic result in the event in which the Group is forced to incur additional costs to meet its commitments or, in extreme cases, a situation of insolvency which could place business continuity at risk.

Risk of default and debt covenants

Bank payables as at 31 March 2014, totalling EUR 191,2 million, are made up mainly of the current and non-current bank payables of the Fashion District Group (EUR 56,5 million), Mittel S.p.A. (EUR 100,8 million), Mittel Investimenti Immobiliari S.r.l. (EUR 32,8 million) and Mittel Partecipazioni Stabili S.r.l. (EUR 0,5 million).

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

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

In addition, it should be noted that Fashion District Group S.p.A. has mortgages in place for a total residual value of EUR 55,1 million, of which EUR 25,7 million stipulated with GE Capital Interbanca S.p.A. and with a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A. which make provision for equity and profit covenants. The covenants are linked to equity ratios (equity/debt) and profit ratios (rents collected/debt).

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

As regards the Parent Company Mittel S.p.A., it should be noted that a covenant is in place on a revolving credit line of EUR 25 million, granted by Banca Monte dei Paschi di Siena S.p.A., fully used as at 31 March 2014, which requires compliance, on a half-yearly basis, with the following parameters:

a) ratio of (x) net financial debt to (y) equity (net of any distributable profits) no higher than 65%;

b) equity (net of any distributable profits) no higher than EUR 150 million.

Non-compliance with the financial covenants could involve the termination of the loan agreement pursuant to art. 1456 of the Italian Civil Code (express termination clause), determining a possible request for the early repayment of the entire amount involved in the loan agreement by the lender. In addition, there is also a negative pledge on present and future property, plant and equipment and intangible assets, on receivables and on the investments of the Parent Company, without prejudice to prior written consent of the bank, which cannot be unreasonably denied. As at 31 March 2014, this covenant was respected.

For completeness of information, it is noted that on 22 December 2008, Tethys S.p.A. (as beneficiary), Banca Monte dei Paschi di Siena S.p.A. (as lender and agent bank) and Banca Popolare di Lodi S.p.A. (as lender) entered into a bullet loan agreement (i.e., repayable on expiry) for a total amount of around EUR 26,1 million. Mittel S.p.A. replaced Tethys S.p.A. in its contractual position as a result of the merger by incorporation of Tethys S.p.A. into the Issuer, effective from 5 January 2012. The duration of the loan has been set as up to 23 December 2015 (84 months starting from 23 December 2008). This loan contains a set of clauses and commitments of the debtor, which are usual for that type of loan. Specifically, the contract provides for, *inter alia*: (i) commitments by Mittel S.p.A. not to implement specific types of extraordinary transactions without the advance approval from the banks, (ii) a negative pledge, and (iii) *pari passu* clauses, i.e., of non-deferral, which, if breached, could result in Mittel's obligation of early repayment of the amounts disbursed, with resulting negative effects on the Group's economic, equity and financial position.

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

Pursuant to the Loan Regulations, Mittel is required to respect the following for the entire duration of the Loan: (i) limits to dividend distribution and profit reserves, (ii) compliance with a financial covenant calculated as the ratio of net financial debt to equity in the separate financial statements, (iii) a negative pledge on

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

Risks related to interest rate fluctuation

The Mittel Group uses various forms of financing to support its investments, therefore, significant changes in interest rates could involve major increases/decreases in the cost of financing or in margins deriving from financial services. In order to mitigate these risks, Group deposits and loans are at a variable rate. Where necessary, the Group uses derivative financial instruments, periodically evaluating, through sensitivity analysis of its positions, the opportunity to stipulate generic/specific hedges.
As at 31 March 2014, 85,1% of the Group's bank payables, amounting to EUR 191,2 million, are variable rate (based on the Euribor) (85,1% as at 30 September 2013).
As at 31 March 2014, Group variable rate loans hedged amounted to EUR 52,8 million, equal to 31,0% of total variable rate bank payables.
As at 31 March 2014, the Group had a bond loan in place maturing in July 2019 for EUR 97,7 million at a fixed rate (6%).
In order to reduce the amount of debt subject to fluctuations in interest rates, the subsidiary Fashion District Group S.p.A. has set up several interest rate swap hedging contracts. As at 31 March 2014, these contracts hedged a debt of EUR 49,5 million, equal to 87,6% of total bank loans of EUR 56,5 million, all variable rate (EUR 52,8 million as at 30 September 2014), and representing around 25,9% of the Group's total bank loans, amounting to EUR 191,2 million (25,1% as at 30 September 2013).
In the event that interest rates rise, and considering the partial sterilisation of interest rate risk as a result of the hedging transactions implemented by the Group, the increase in financial expenses borne by the Group on variable rate debt could have negative effects on the economic, equity and financial situations of Mittel S.p.A. and the Group.
In relation to changes in interest rates, note that if, as at 31 March 2014, the interest rates were 100 basis points higher/lower than the rates actually registered at said date, at consolidated income statement level, higher/lower financial expenses would be recorded of around EUR 1,1 million, before the associated taxes.

Credit risk

Financial transactions realised by the Group expose it to credit risk, understood as the possibility that an unexpected change in the counterpart's creditworthiness could impact the credit position, resulting in insolvency (default risk) or in terms of the market value of the position (spread risk).

In detail, the Mittel Group is exposed to potential losses resulting from the non-fulfilment of the obligations assumed by the counterparties (both financial and commercial transactions), with specific reference to the following phenomena:

- in relation to the Private Equity/Investment Company segment, maintenance of heavy involvement in the entrepreneurial risk of the investments disposed of, also in relation to the presence of the vendor loan;
- 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 2014 the credit portfolio contained a significant portion of receivables relating to the deferred component of payment of the consideration for the transfer of investments, mainly represented by the vendor loan granted by Mittel S.p.A. to Liberata S.p.A. and by credit positions previously held by Hopa S.p.A.

Risks related to management

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

Starting from the financial year 2012-2013, the Top Management consolidated its knowledge of the Group's business, having acquired specific skills as part of their previous experience.
This process had mitigated the risk relating to the loss of key resources in the Group's traditional business areas. With regard to the areas being developed (specifically, the Advisory sector), in which the Top Management acted as a key resource, on acquiring the investment in Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), also based on recommendations from the Related Party Committee, several contractual and organisational measures were set up (including the support to the then-Chief Executive Officer of Mittel S.p.A. of expert consultants with excellent people skills and the designation of deputy managers capable of assisting the Chief Executive Officer) to avoid, or at least limit in an acceptable manner, a new resurgence of that risk.

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

Risks connected to legal disputes and judicial proceedings

In the normal course of its business, the Group is a party in numerous civil, tax and administrative proceedings, as well as an arbitration procedure, whose progress is periodically monitored.
Therefore, there is the risk of the Group having to cover liabilities/reputational damages resulting from various types of legal disputes, also with specific reference to the risk of having to be liable for previous work as a shareholder of transferred companies (e.g. legal disputes for guarantees issued).
In this case, the Group may be required to liquidate some extraordinary liabilities, with subsequent economic and financial effects and further image damage.
As at 31 March 2014, the Group has a specific provision for risks and charges totalling EUR 7,3 million (EUR 5,7 million as at 30 September 2013), to cover, inter alia, the liabilities that could result from the legal proceedings and other pending disputes.
The total amount of this provision for risks and charges and the amount of allocations to the provision are determined based on the probability that the proceedings will have a negative outcome for the Group. Certain proceedings which the Group is a party to and which are predicted to have a possible, remote or unquantifiable negative outcome are not included in the provision for legal risks and charges, as provided by IAS 37. Therefore, it is not possible to rule out the possibility that the Group may be required to fulfil payment obligations in the future that are not covered by the provision for risks and charges, or that the allocations made to the provision for risks and charges may be insufficient to cover liabilities deriving from an outcome more negative than expected.
Moreover, in general, irrespective of the legitimate grounds of the claims made, any initiation of legal or arbitration proceedings against Mittel and/or other Group companies, including any disputes concerning the Group's past operations as a shareholder of transferred companies, could result in possibly significant

damage to the Group’s image and reputation in its sector, with possible negative effects on the business and economic, equity and financial situations of Mittel S.p.A. and the Group.
As regards the most significant disputes of the Group, such as those with SNIA and GE Capital/Tellus, there were no new developments with regard to that reported in the section “Main ongoing legal proceedings”, to which reference should be made.

Risks relating to disputes in the real estate sector

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

Risks related to changes in the legislation applicable to the Group

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

Significant events after 31 March 2014

On 7 April 2014 Mittel S.p.A. informed the market that on 31 March 2014 the Board of Directors of Mittel S.p.A. unanimously approved the request to extend the Vendor Loan and the Line A Shareholders' Loan made by Liberata S.p.A. and, as a result, postponed the deadline for repayment of both the Vendor Loan and the Line A Shareholders' Loan to 31 December 2016.
The related information document, drawn up pursuant to Annex 4 of Consob Regulation no. 17221 of 12 March 2010, as amended, has been made available to the public at the registered office and the market management company and has been published on the Company's website.

Business outlook for the year

The previously announced expectations of consolidated net profit (loss) for the year nearing break even were based on the assumption not only of an improvement in the Italian economic and financial situation during 2014, but also of no change in the current investment portfolio, thus excluding potential extraordinary transactions, disposals and/or acquisitions (except those that occurred during the first quarter of the year, already known about at the date of approval of the financial statements), as well as any value adjustments to investments or receivables. The results for the first half confirm the expectations of improvement for the entire year in terms of operating margin. Nonetheless, as previously stated, it is not possible to make predictions on value adjustments to asset items on the statement of financial position, which had a material effect on the consolidated net income (loss) in the first half, which closed substantially at break even.

Other information

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

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

Significant non-recurring events and transactions
Pursuant to the aforementioned Consob communication, no significant non-recurring transactions were performed by the Company or the Group during the year.

Information on the environmental impact

Given the company operates in the financial, real estate and outlet sectors, no activities were carried out that had an impact on the environment.
Therefore, there are no significant environmental issues to report.

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

Transactions with related parties of the Group
In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, in the first half of the year 2013-2014, transactions were entered

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

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

On 11 February 2014 the Board of Directors of Mittel S.p.A. entered into the Group tax consolidation option for Mittel Management S.r.l. and Mittel Advisory S.p.A., pursuant to articles 117 to 129 of the TUIR (Consolidated Law on Income Tax), for the next three years, and, thus, up to the financial year 2015/2016. The same Board of Directors' meeting renewed the Group tax consolidation option for an additional three years, and thus, up to the financial year 2015-2016, pursuant to articles 117 to 129 of the TUIR for the subsidiaries Mittel Investimenti Immobiliari S.r.l., Cad Immobiliare S.r.l., Esse Venuto S.r.l. and Fede S.r.l.
In 2012/2013, Mittel Advisory Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.) renewed its participation in Group tax consolidation for the 2012/2013, 2013/2014 and 2014/2015 three-year period.
On 9 February 2012, the Board of Directors of Mittel S.p.A. renewed the Group tax consolidation option pursuant to articles 117-129 of the TUIR (Consolidated Law on Income Tax) for the 2011/2012, 2012/2013, 2013/2014 three-year period, also for the subsidiaries Mittel Partecipazioni Stabili S.r.l. and Gamma Tre S.r.l., and resolved to subscribe, for the next three-year period, and therefore up until the 2013/2014 company year, to the Group tax consolidation option, in accordance with articles 117-129 of the Consolidated Law on Income Tax for the companies Lucianita S.r.l., Regina S.r.l., Cerca S.r.l. and MiVa S.r.l.

Transactions with related parties other than Group companies

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

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

All transactions with related parties were conducted on an arm's length basis and, therefore, there are no atypical and unusual transactions to report.
On 31 March 2014 the Board of Directors of Mittel S.p.A. unanimously approved the request to extend the Vendor Loan and the Line A Shareholders' Loan made by Liberata S.p.A. and, as a result, postponed the deadline for repayment of both the Vendor Loan and the Line A Shareholders' Loan. The operation resulted in the rescheduling to two months after the payment of the last instalment of principal, and, thus, to 30 November 2016, of the new bank loan entered into by Liberata S.p.A..

Treasury shares

As at 31 March 2014, the company held 15.308.706 treasury shares. During the first half of the financial year 2013-2014 no direct or indirect purchases or disposal of treasury shares took place.

Share-based payment arrangements

No share-based payment plans were in place.

Security Policy Document

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

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

The reconciliation between equity and profit for the year of the Parent Company, as shown in the half-year financial statements as at 31 March 2014, and the equity and profit for the year of the Group, as reported in the consolidated condensed half-yearly financial statements as at the same date, is as follows:

(amounts in thousands of Euro)	31 March 2014		30 September 2013	
	Equity	Income (loss) for the year	Equity	Income (loss) for the year
Equity and income (loss) of the Parent Company	**281.958**	**9.401**	**278.359**	**(27.659)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(208.795)		(230.395)	
Goodwill arising from consolidation	3.991	(3.972)	7.963	
Intangible assets arising from business combinations				
Net capital gain attributed to the activities of consolidated companies				
Pro rata amount of equity of consolidated companies	176.954		216.284	
Results achieved by fully consolidated companies		(14.668)		(13.354)
Cancellation of write-downs of investments	41.330	8.435	37.220	13.288
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets	48.567	2.207	41.274	(1.040)
Investments valued according to the equity method:				
Adjustments for pro-rata results of investments valued according to the equity method	67.296		52.896	325
Income (loss) from Investments valued according to the equity method		18.480		573
Elimination of effects of transactions carried out between consolidated				
Net intercompany income capitalised in consolidated companies	(76.555)		(76.555)	7
Elimination of intercompany dividends:				
Dividends distributed by fully consolidated companies				(9.048)
Dividends distributed by associates		(19.732)		(1.104)
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and income (loss) for the year pertaining to the Group	**334.746**	**151**	**327.046**	**(38.012)**
Non controlling interests	50.545	(5.321)	56.389	(3.013)
Consolidated equity and income (loss)	**385.291**	**(5.170)**	**383.435**	**(41.025)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

Amounts in thousands of Euro

	Notes	31.03.2014	30.09.2013 (**)	01.10.2012 (**)
Non-current assets				
Intangible assets	5	26.048	29.943	21.751
Property, plant and equipment	6	130.838	137.659	147.376
Investments accounted for using the equity method	7	79.697	77.301	39.099
Financial receivables	8	144.689	105.362	156.971
Other financial assets	9	108.463	119.594	143.249
Sundry receivables and other assets	10	329	295	330
Prepaid tax assets	11	9.046	8.526	9.456
Total non-current assets		**499.109**	**478.680**	**518.232**
Current assets				
Property inventories	12	117.616	122.012	117.641
Financial receivables	13	40.730	83.500	48.621
Other financial assets	14	9.206	17.826	-
Tax assets	15	15.390	15.935	16.581
Sundry receivables and other assets	16	24.617	26.910	18.214
Cash and cash equivalents	17	59.577	45.617	14.890
Total current assets		**267.136**	**311.800**	**215.947**
Assets held for sale		-	-	2.550
Total assets		**766.245**	**790.480**	**736.729**
Equity				
Share capital		87.907	87.907	87.907
Share premium		53.716	53.716	53.716
Treasury shares		(26.515)	(26.515)	(9.875)
Reserves		219.486	249.950	210.261
Profit (loss) for the year		151	(38.012)	-
Equity pertaining to the Group	18	**334.746**	**327.046**	**342.009**
Non controlling interests	19	50.545	56.389	55.525
Total Equity		**385.291**	**383.435**	**397.534**
Non-current liabilities				
Bond issue	20	96.386	96.103	-
Financial payables	21	93.366	103.794	109.923
Other financial liabilities		-	-	402
Provisions for personnel	22	2.544	2.407	1.501
Deferred tax liabilities	23	36.631	37.746	34.998
Provisions for risks and charges	24	7.288	5.688	4.510
Sundry payables and other liabilities	25	3.384	2.934	1.900
Total non-current liabilities		**239.600**	**248.672**	**153.234**
Current liabilities				
Bond issue	26	1.280	1.321	-
Financial payables	27	106.303	117.428	142.992
Other financial liabilities	28	3.785	4.741	7.049
Tax liabilities	29	763	1.340	740
Sundry payables and other liabilities	30	29.224	33.543	34.985
Total current liabilities		**141.354**	**158.373**	**185.766**
Liabilities held for sale		-	-	195
Total Equity and liabilities		**766.245**	**790.480**	**736.729**

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

(**) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data as at 1 October 2012 and as at 30 September 2013 were restated as provided by IAS 1. For further details refer to the section "Accounting standards and amendments applied from 1 October 2013".

CONSOLIDATED INCOME STATEMENT (*)

Amounts in thousands of Euro

	Notes	01.10.2013 31.03.2014	01.10.2012 31.03.2013 (**)	01.10.2012 30.09.2013 (**)
Revenues	31	28.942	19.898	49.748
Other income	32	1.397	1.595	3.647
Variations in property inventories	33	(4.597)	8.065	5.640
Costs for purchases	34	(1.171)	(7.544)	(11.542)
Costs for services	35	(19.670)	(16.090)	(33.742)
Personnel costs	36	(5.536)	(4.770)	(11.698)
Other costs	37	(3.032)	(3.484)	(5.830)
Dividends	38	1.037	736	1.947
Profit (loss) from management of financial activities and investments	39	5.549	1.196	2.348
Gross operating margin (EBITDA)		**2.920**	**(398)**	**518**
Amortisation and value adjustments to intangible assets	40	(11.083)	(6.979)	(14.656)
Allocations to the provision for risks	41	(1.997)	(25)	(4.993)
Value adjustments to financial assets and receivables	42	(10.819)	(1.723)	(28.836)
Share of income (loss) of investments accounted for using the equity method	43	18.480	(5)	325
Operating result (EBIT)		**(2.501)**	**(9.131)**	**(47.642)**
Financial income	44	4.177	5.936	24.124
Financial expenses	45	(10.941)	(5.927)	(12.725)
Profit (loss) from trading of financial assets	46	2.781	(1.462)	(1.177)
Income (loss) before taxes		**(6.484)**	**(10.584)**	**(37.420)**
Income taxes	47	1.314	(297)	(3.747)
Income (loss) from continuing operations		**(5.170)**	**(10.881)**	**(41.168)**
Income (loss) from assets held for sale	48	-	290	143
Profit (loss) for the year		**(5.170)**	**(10.590)**	**(41.025)**
Attributable to:				
Income (loss) pertaining to non controlling interests	49	(5.321)	(1.397)	(3.013)
Income (loss) pertaining to the Group		**151**	**(9.193)**	**(38.012)**

Earnings(loss) per share (in EUR)	50			
From continuing ordinary operations:				
- Basic		0,002	(0,113)	(0,458)
- Diluted		0,002	(0,113)	(0,458)
From assets transferred and disposed:				
- Basic		-	-	0,002
- Diluted		-	-	0,002

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

(**) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for the half-year as at 31 March 2013 and the year ended as at 30 September 2013 were restated as provided by IAS 1. Compared to the data published at the time, the loss for the half as at 31 March 2013 and for the year as at 30 September 2013 have been increased by EUR 58 thousand and EUR 80 thousand, respectively. For further details refer to the section "Accounting standards and amendments applied from 1 October 2013".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro

	Notes	01.10.2013 31.03.2014	01.10.2012 31.03.2013 (**)
Profit/(Loss) for the period (A)		**(5.170)**	**(10.590)**
Other Profit/(Loss) that will not be subsequently reclassified under profit (loss) for the period (B1)			
Effective part of the profits/(losses) on cash flow hedges	18	322	706
Profits/(losses) from the redetermination of available-for-sale financial assets	18	7.931	(4.523)
(Profits)/Losses from the transfer of available-for-sale financial assets	18	(4.016)	(780)
Profits/(losses) from remeasurement of defined benefit plans	18	(5)	(80)
Tax effect relating to other profits/(losses)	18	2	22
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	18	353	-
Profits/(losses) of companies valued using the equity method	18	3.434	12.950
Tax effect relating to other profits/(losses)	-	(380)	(140)
Total Other Profit/(Loss) that will not be subsequently reclassified under profit (loss) for the period, net of taxes (B1)		**7.641**	**8.156**
Other Profit/(Loss) that will be subsequently reclassified under profit (loss) for the period (B2)			
Other profit/(loss) that will be subsequently reclassified under profit (loss) for the period		-	-
Tax effect relating to other profits/(losses)		-	-
Total Other Profit/(Loss), net of taxes, that will not be subsequently reclassified under profit (loss) for the period, net of taxes (B2)		**-**	**-**
Total Other Profits/(Losses), net of taxes (B) = (B.1) + (B.2)		**7.641**	**8.156**
Total comprehensive profit/(loss) (A) + (B)		**2.471**	**(2.434)**
Total comprehensive profit/(loss) attributable to:			
Non-controlling interests		(5.204)	(1.386)
Income (loss) pertaining to the Group		7.675	(1.048)

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data for 2012 were restated as provided by IAS 1. Compared to the data published at the time, the comprehensive profit for the half ended as at 31 March 2013 and for the year as at 30 September 2013 did not change in relation to increases in profit for the half and for the year of EUR 58 thousand and EUR 80 thousand, respectively and lower Other comprehensive profit/(loss) of EUR 58 thousand and EUR 80 thousand. For further details refer to the section “Accounting standards and amendments applied from 1 October 2013”.

Statement of changes in consolidated equity for the half-year ended as at 31 March 2014

Amounts in thousands of Euro

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Cash flow hedge reserve	Reserve from available-for-sale financial assets	Share of comprehensive profits/(losses) of companies valued using the equity method	Non-controlling interests	Total
Balance as at 30 September 2012 (published figures)	**87.907**	**(9.875)**	**53.716**	**191.394**	**-**	**(1.428)**	**4.999**	**15.296**	**55.525**	**397.534**
Effects of the application of IAS 19 amended	-	-	-	107	(107)	-	-	-	-	**-**
Balance as at 1 October 2012	**8.907**	**(9.875)**	**53.716**	**191.501**	**(107)**	**(1.428)**	**4.999**	**15.296**	**55.525**	**397.534**
Increase in share capital	-	-	-	-	-	-	-	-	-	**-**
Business combination with share-based payment	-	8.423	-	(8.376)	-	-	-	-	-	**47**
Effect of changes in the area of consolidation	-	-	-	-	-	-	-	-	8	**8**
Other changes	-	-	-	2.056	-	-	-	-	2.608	**4.664**
Dividends distributed	-	-	-	-	-	-	-	-	(171)	**(171)**
Total comprehensive profit/(loss)	-	-	-	(9.193)	(52)	290	(5.042)	12.950	(1.386)	**- (2.433)**
Balance as at 31 March 2013	**87.907**	**(1.452)**	**53.716**	**175.988**	**(159)**	**(1.138)**	**(43)**	**28.246**	**56.584**	**399.650**
Balance as at 30 September 2013 (published figures)	**87.907**	**(26.515)**	**53.716**	**145.944**	**-**	**(950)**	**13.777**	**53.167**	**56.389**	**383.435**
Effects of the application of IAS 19 amended	-	-	-	182	(182)	-	-	-	-	**-**
Balance as at 1 October 2013	**87.907**	**(26.515)**	**53.716**	**146.126**	**(182)**	**(950)**	**13.777**	**53.167**	**56.389**	**383.435**
Effect of changes in the area of consolidation	-	-	-	(154)	-	-	-	-	(118)	**(272)**
Other changes	-	-	-	179	-	-	-	-	453	**631**
Dividends distributed	-	-	-	-	-	-	-	-	(975)	**(975)**
Total comprehensive profit/(loss)	-	-	-	151	(12)	150	4.128	3.258	(5.204)	**2.471**
Balance as at 31 March 2014	**87.907**	**(26.515)**	**53.716**	**146.302**	**(194)**	**(800)**	**17.905**	**56.425**	**50.545**	**385.291**

Consolidated cash flow statement

Amounts in thousands of Euro

	Notes	31.03.2014	31.03.2013(*)
OPERATING ACTIVITIES			
Net income (loss) for the period pertaining to the Parent Company and non-controlling interests		**(5.170)**	**(10.590)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		657	848
Deferred taxes		(1.971)	(611)
Depreciation of property, plant and equipment		204	6.929
Amortisation of intangible assets and write-downs		6.907	50
Dividends received		(1.037)	(736)
Financial income		(4.177)	(5.936)
Financial expenses		10.941	5.927
Allocations to provisions for risks and charges		1,997	25
Provisions for employee severance indemnity		255	205
Other non-monetary net income		(116)	(341)
Profits/(losses) of investments valued according to the equity method		(18.480)	5
Write-downs (write-backs) of receivables		2.110	1.040
Capital gains (losses) from transfer of investments		(5.350)	(290)
Adjustment due to goodwill impairment		3.972	-
Write-downs (write-backs) of available-for-sale financial assets		8.550	610
Cash flows from operating activities before changes in working capital		**(708)**	**(2,865)**
Increase/(decrease) in property inventories		4.396	(7.081)
Increase/(decrease) in other current assets		1.356	(3.073)
Increase/(decrease) in trade payables and other current liabilities		(5.854)	(1.779)
Cash and cash equivalents generated (absorbed) by operating activities		**(811)**	**(14.798)**
Change in current financial assets		-	(6)
Uses of provisions for risks and charges		(47)	(2.241)
Payments of employee severance indemnity		(137)	(17)
Change in tax receivables		545	145
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(450)**	**(16.916)**
INVESTMENT ACTIVITIES			
Dividends received from associates		19.732	-
Dividends received on financial assets		1.037	736
Investments in interests for:			
Acquisitions		-	(627)
Cash flow connected to business combinations		-	(4.298)
Increase in available-for-sale financial assets		(555)	(591)
Other investments (property, plant and equipment and intangible assets)		-	(3.456)
Realisation from disposal of:			
Equity instruments available for sale		23.060	2.921
Net cash flow connected with discontinued operations		-	1.785
Other non-current assets (Property, plant and equipment, intangible assets and other)		(342)	118
Increase (decrease) in financial receivables due from customers and financial institutions		(3.530)	19.353
Interest collected		4.177	5.936
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**43.579**	**21.878**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(22.244)	(4.039)
Interest paid		(6.403)	(5.927)
Payments for loans from non-controlling interests		453	2.500
Payment of dividends		(975)	(171)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(29.169)**	**(7.637)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**13.960**	**(2.675)**
OPENING CASH AND CASH EQUIVALENTS (E)		45.617	14.890
CLOSING CASH AND CASH EQUIVALENTS (E)		**59.577**	**12.215**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative figure for the loss for the half-year as at 31 March 2013 was decreased by EUR 58 thousand, with an equivalent increase in “Other non-monetary net income”.

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

Amounts in thousands of Euro

	Notes	31.03.2014	*of which related parties*	*% incidence*	30.09.2013	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	5	26.048	-		29.943	-	
Property, plant and equipment	6	130.838	-		137.659	-	
Investments accounted for using the equity method	7	79.697	-		77.301	-	
Financial receivables	8	144.689	121.735	84,1%	105.362	68.570	65,1%
Other financial assets	9	108.463	-		119.594	-	
Sundry receivables and other assets	10	329	-		295	-	
Prepaid tax assets	11	9.046	-		8.527	-	
		499.109	**121.735**	**24,4%**	**478.680**	**68.570**	**14,3%**
Current assets							
Property inventories	12	117.616	-		122.012	-	
Financial receivables	13	40.730	4.173	10,2%	83.500	62.716	75,1%
Other financial assets	14	9.206	-		17.826	-	
Tax assets	15	15.390	-		15.935	-	
Sundry receivables and other assets	16	24.617	187	0,8%	26.909	-	
Cash and cash equivalents	17	59.577	-		45.617	-	
Total current assets		**267.136**	**4.360**	**1,6%**	**311.800**	**62.716**	**20,1%**
Assets held for sale		-	-		-	-	
Total assets		**766.245**	**126.095**	**16,5%**	**790.480**	**131.286**	**16,6%**
Equity							
Share capital		87.907	-		87.907	-	
Share premium		53.716	-		53.716	-	
Treasury shares		(26.515)	-		(26.515)	-	
Reserves		219.486	-		250.025	-	
Profit (loss) for the year		151	-		(38.087)	-	
Equity pertaining to the Group	18	**334.746**	-		**327.046**	-	
Non controlling interests	19	50.545	-		56.389	-	
Total Equity		**385.291**	-		**383.435**	-	
Non-current liabilities							
Bond issue	20	96.386	-		96.103	-	
Financial payables	21	93.366	-		103.794	-	
Other financial liabilities		-	-		-	-	
Provisions for personnel	22	2.544	-		2.407	-	
Deferred tax liabilities	23	36.631	-		37.746	-	
Provisions for risks and charges	24	7.288	-		5.688	-	
Sundry payables and other liabilities	25	3.384	-		2.934	-	
Total non-current liabilities		**239.599**	-		**248.672**	-	
Current liabilities							
Bond issue	26	1.280	-		1.321	-	
Financial payables	27	106.303	5.591	5,3%	117.428	2.592	2,2%
Other financial liabilities	28	3.785	-		4.741	-	
Tax liabilities	29	763	-		1.341	-	
Sundry payables and other liabilities	30	29.224	8.398	28,7%	33.544	7.596	22,6%
Total current liabilities		**141.354**	**13.989**	**9,9%**	**158.373**	**10.188**	**6,4%**
Liabilities held for sale		-			-		
Total equity and liabilities		**766.245**	**13.989**	**1,8%**	**790.480**	**10.188**	**1,3%**

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

Amounts in thousands of Euro

		31.03.2014	*of which related parties*	*% incidence*	31.03.2013	*of which related parties*	*% incidence*	30.09.2013	*of which related parties*	*% incidence*
Revenues	31	28.942	339	1,2%	19.898	167	0,8%	49.748	-	
Other income	32	1.397	11	0,8%	1.595	-		3.648	717	19,7%
Variations in property inventories	33	(4.597)	-		8.065	-		5.640	-	
Costs for purchases	34	(1.171)	-		(7.544)	-		(11.542)	-	
Costs for services	35	(19.670)	(6.929)	35,2%	(16.090)	(1.856)	11,5%	(33.742)	(4.045)	12,0%
Personnel costs	36	(5.536)	(316)	5,7%	(4.850)	-		(11.809)	(1.126)	9,5%
Other costs	37	(3.032)	-		(3.484)	-		(5.831)	-	
Dividends	38	1.037	668	64,4%	736	-		1.947	736	37,8%
Profit (loss) from management of financial activities and investments	39	5.549	-		1.196	-		2.348	-	
Gross operating margin (EBITDA)		**2.920**			**(478)**			**407**		
Amortisation and value adjustments to intangible assets	40	(11.083)	-		(6.979)	-		(14.656)	-	
Allocations to the provision for risks	41	(1.997)	-		(25)	-		(4.993)	-	
Value adjustments to financial assets and receivables	42	(10.819)	-		(1.723)	-		(28.836)	-	
Share of income (loss) of investments accounted for using the equity method	43	18.480	-		(5)	-		325	-	
Operating result (EBIT)		**(2.501)**	**-**		**(9.211)**			**(47.753)**		
Financial income	44	4.177	1.402	33,6%	5.936	1.074	18,1%	24.124	19.674	81,6%
Financial expenses	45	(10.941)	(120)	1,1%	(5.927)	(146)	2,5%	(12.725)	(47)	0,4%
Profit (loss) from trading of financial assets	46	2.781	-		(1.462)	-		(1.178)		
Income (loss) before taxes		**(6.484)**			**(10.664)**	**-**		**(37.532)**	**-**	
Income taxes	47	1.314	-		(275)			(3.717)		
Income (loss) from continuing operations		**(5.170)**	**-**					**(41.248)**		
Income (loss) from assets held for sale	48	-	-		290	290	100,0%	143	-	
Profit (loss) for the year	-	**(5.170)**			**(10.648)**	**-**		**(41.105)**	**-**	
Attributable to:			**-**		**-**	**-**			**-**	
Income (loss) pertaining to non controlling interests	49	(5.321)			1.402			(3.018)		
Income (loss) pertaining to the Group		**151**			**(9.247)**			**(38.087)**		

1. Form and content of the financial statements

The consolidated half-year 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.

2. Significant accounting standards and drafting criteria

2.1 General principles

The consolidated condensed half-year financial statements as at 31 March 2014 were drafted in compliance with the International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and approved by the European Union as at 31 March 2014, and the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. IFRS also mean all revised international accounting standards (“IAS”) and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The half-year financial statements for the 1 October 2013 - 31 March 2014 period were drafted according to IAS 34 “Interim financial reporting”. The half-year financial statements as at 31 March 2014 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 2013. 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-year financial report as at 31 March 2014.

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

This chapter illustrates the general principles adopted in the drafting of the consolidated condensed half-year financial statements as at 31 March 2014, as required by IAS.

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

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

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

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

e) Prohibition of offsetting

Assets and liabilities, costs and revenues are not offset against one another, except where required or permitted by an international accounting standard.

f) Comparative information
Comparative information is shown for all figures contained in the financial statements, unless prescribed or permitted otherwise by an international accounting standard or interpretation. Descriptive information is also included, when useful for understanding the data.

2.2 Financial statements and tables

The consolidated condensed half-year financial statements are composed of the income statement, statement of comprehensive income, statement of financial position, cash flow statement and statement of changes in equity, accompanied by the explanatory notes. The financial statements were drafted in line with the minimum contents of IAS 1 - “Presentation of Financial Statements”.

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

The variations generated by transactions with non-shareholders must be shown in a single separate table that shows the performance in the period (table of total profits and losses) or in two separate tables: 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-shareholders must also be shown separately in the statement of changes in equity with respect to variations generated by transactions with shareholders.

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

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

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

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 revenues or costs connected to the cash flows deriving from investment or financing activities. Income and expenses relating to medium/long-term financing transactions and to the associated hedging instruments, as well as the dividends paid, are included in financing activities.

The figures of these consolidated condensed half-year financial statements are compared with:
- the statement of financial position: 31 March 2013 and 30 September 2013;
- the income statement: 31 March 2013 and 30 September 2013;
- the statement of comprehensive income: 31 March 2013;
- the changes in equity: 31 March 2013;
- the cash flow statement: 31 March 2013.

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-year consolidated financial report was authorised for publication by the Board of Directors on 28 May 2014, 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 close of the half-year as at 31 March 2014. From 31 March 2014 to 28 May 2014 no events arose that would result in an adjustment to the figures presented in the half-year condensed consolidated financial statements.

2.3 Accounting standards adopted by the Mittel Group

Intangible assets (IAS 38)
Intangible assets are non-monetary assets which are without physical substance and identifiable, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.
The cost of intangible fixed assets with a definite useful life is amortised using the straight line method on the basis of the relative useful life.
If the useful life is indefinite, no amortisation is carried out, solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At the close of each financial year, in the presence of impairment, the recoverable value of the asset is estimated.
The amount of the loss, booked to the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is eliminated from the statement of financial position on disposal or when no future economic benefits are expected from its use.
Goodwill can be recorded if representative of future income capacities of the investee. A test is conducted at the close of each financial year to check the value of goodwill. Any reduction in value is determined on the basis of the difference between the book value of goodwill and its realisable value, equal to the higher of the fair value of the cash generating unit, less costs to sell, and the associated value in use.

Development costs refer to new product innovation projects and are recorded under assets in compliance with the considerations of IAS 38, i.e.:
- demonstrability of the technical feasibility of the products;
- intention of the Group to complete the development project;

- reliable determination of the costs incurred for the project;
- recoverability of the values recorded through the future expected benefits from completion of the development project.

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

Intangible assets with an indefinite life

An intangible asset shall be regarded by the company as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

Intangible assets with an indefinite useful life are not amortised but are subject to an impairment test, to verify the recoverability of the book value; this test pertains to the value of the individual asset and is carried out when impairment has been identified and, in any case, at least on an annual basis.

Property, plant and equipment (IAS 16)

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.

Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.

Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight line method.

The depreciation rates used by Group companies are as follows:

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

Land is not depreciated as it has an indefinite useful life.

Capitalisable costs for improvements to leased third-party assets are attributed to the asset classes to which they refer and amortised at the lower of the residual term of the rental agreement and the residual useful life of the nature of the asset to which the improvement relates. At the close of each financial year, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.

In the event of signs of impairment, a comparison is made between the book value of the asset and its recoverable value, equal to the higher of the fair value, less costs to sell, and the associated value in use of the asset, understood as the present value of future cash flows originating from the asset. Any adjustments are booked to the income statement. If the reasons for the recognition of the loss no longer exist, the value is written back, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.

A tangible asset is eliminated from the statement of financial position on disposal.

Profits and losses deriving from transfers or disposals of assets are determined as the difference between the sales revenue and the net book value of the assets and are recognised in the income statement in the period.

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

Leased assets (IAS 17)

Assets acquired under a finance lease are recorded under property, plant and equipment, with the recognition of a financial debt for the same amount under liabilities.

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

Investments accounted for using the equity method (IAS 28)
The item includes interests held in:
- associates, recorded according to the equity method. Companies in which at least 20% of voting rights is held and companies whose interests (in any case, above 10%) ensure influence over governance are considered associates.
- jointly controlled companies, also recorded according to the equity method;
- other minor investments, maintained at cost.

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

Other financial assets (IAS 32 and 39)
The item includes available-for-sale financial assets (current and non-current assets) and financial assets designated at fair value (non-current assets) and financial assets held for trading (current assets), as detailed below.

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

Financial assets are derecognised when they are transferred, transferring substantially all inherent risks and rewards.
At the time of disposal, the effects deriving from the profit or loss accumulated in the reserve relating to available-for-sale financial assets are reversed to the income statement under the item Profits/(losses) from the management of financial assets and investments.
Dividends and interest relating to available-for-sale financial assets are recognised in the income statement.
Based on the time frame for sale (within or beyond twelve months from the date of closing of the financial year), available-for-sale financial assets are classified under "Other financial assets" in current or non-current assets.

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

Financial assets held for trading
Financial assets are initially recognised at the settlement date for debt securities and for derivative contracts. Upon initial recognition, financial assets held for trading are recorded at their fair value which normally corresponds to the consideration paid without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly to the income statement.
Debt securities, equities acquired mainly in order to obtain profits in the short-term and the positive value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial assets held for trading are valued at fair value, with the recognition of changes in a contra-item in the income statement.
For the determination of the fair value of financial instruments, a three-level hierarchy is provided:

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

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

3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated to it and simultaneously used values not taken from the market and involve estimates and assumptions.

Financial assets are derecognised when the contractual rights on the cash flows derived from said assets expire or when the financial asset is transferred, transferring substantially all related risks and rewards.

Profits and losses deriving from the variation in the fair value of the financial assets are recorded in the income statement under the item profit (loss) from trading of financial assets.

Property inventories (IAS 2)

Property inventories are composed of land, properties under construction-renovation and properties completed for sale.

The initial recognition of inventories of completed properties held for sale occurs at the moment costs are incurred which are directly attributable to the order under construction. At the time of initial recognition, property inventories are valued at cost, increased by incremental expenses and the financial expenses incurred.

The release of property inventories to the income statement takes place proportionally and at the same time as the transfer of the properties or parts of them.

During the initial phases of the order, given no sales have been verified, the result of the order cannot be estimated reliably, therefore, revenues are recognised under changes in inventories up to the limits of the costs incurred which are expected to be recovered. At the time of the transfer of the properties or parts of them, the actual order costs are recorded (incurred and estimated) according to thousandths transferred, with the release of the property inventories to the income statement, under variations in inventories. It is only at this moment that the margin of the order emerges in an accounting sense, in proportion to the part transferred.

Following the initial recognition, property inventories held for sale continue to be valued at the lower of the cost (increased by incremental expenses and the financial expenses) and the market value taken from transactions involving similar properties in terms of area and type.

Properties under construction and/or undergoing renovation are valued at the lower of the cost, increased by incremental expenses, capitalisable financial expenses and the corresponding presumed realisable value.

Receivables (IAS 32 and 39)

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

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

Receivables are initially recognised when the right to receive the payment of the contractually agreed sums is acquired and, therefore, at the time of the disbursement. The initial book value coincides with the fair value of the asset, normally equal to the amount disbursed, including costs/income directly attributable to the individual instrument and determinable from the origin of the transaction, even if settled at a later date.

In the event in which the recognition under the item receivables takes place after the reclassification from financial assets designated at fair value through profit or loss, then the fair value of the asset at the date of the reclassification represents the initial recognition value.

Following the initial recognition, receivables are valued at amortised cost, equal to the initial recognition value, net of principal repayments, increased or decreased by adjustments or write-backs and amortisation calculated using the effective interest rate method.

The effective interest rate is the rate that matches the present value of the future cash flows of the receivable, for principal and interest, to the amount disbursed, including costs/income attributable directly to the receivable.

At the date of the statement of financial position, or interim situation, receivables are tested for impairment, in order to identify any objective evidence that said receivables have suffered impairment.

If there is objective evidence that the receivables have suffered impairment, the amount of the loss is measured as the difference between the book value of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The amount of the adjustments is booked to the income statement.

The original value of the receivables is written back in subsequent years, with recognition in the income statement, to the extent in which the reasons that determined the adjustment no longer exist.

Receivables are derecognised from assets only if (i) the contractual rights to the cash flows deriving from the financial assets expire or (ii) the Group transfers all risks and rewards related to the financial assets.

If it is not possible to ascertain the substantial transfer of the risks and rewards, the receivables are derecognised in the event no type of control is retained over said receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the receivables in the financial statements to the extent of the continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the company is exposed to a change in the value of said receivables.

Depending on their nature and expiry, receivables are classified into the following items:
- financial receivables;
- sundry receivables and other assets.

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

Cash and cash equivalents (IAS 32 and 39)

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

Hedging derivatives (IAS 32 and 39)

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

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

The derivative can be considered a hedge if there is formalised documentation on the unique relationship with the hedged element and if this is effective at the time the hedge was entered into and, in prospective terms, throughout the life of the hedge.

A relationship only qualifies as a hedge, and is accounted for accordingly, when all the following conditions are met:

- at the start of the hedge there is formal designation and documentation of the hedge of the Group's risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and is considered highly effective for all reporting periods for which the hedge was designated.

The hedge is considered highly effective if, both at the start and during its life, fair value changes in the monetary amount hedged are almost completely offset by fair value changes in the hedging derivative, i.e. the actual results of the hedge are within a range of 80% - 125%.

The effectiveness of the hedge is initially verified through the prospective test and at the time of preparation of the annual financial statements through the performance of retrospective and prospective tests; the results of said tests justify the application of hedge accounting given that it demonstrates its expected effectiveness.

Non-current assets held for sale (IFRS 5)

Non-current assets held for sale are measured at the lower of their previous net book value and the market value less costs to sell. Non-current assets are classified as held for sale if their book value is expected to be

recovered through a sale transaction rather than use in the company's operations. This condition is only met when the sale is considered highly probable and the asset is available for immediate sale in its present condition. To this end, management must be committed to the sale, which should be completed within 12 months from the date of classification of said item.
Presentation of the aforementioned assets in the financial statements requires evidence of the profits and losses net of taxes resulting from the sale on a single line of the income statement. Assets and liabilities are likewise classified on separate rows of the statement of financial position.

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

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

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

Payables and Bond Loans (IAS 32 and 39)
These financial liabilities are initially recognised at the time the contract is signed, which coincides with the moment the sums collected are received.
Liabilities are initially recognised on the basis of the fair value, normally equal to the amount collected or the issue price, increased by additional costs/income directly attributable to the individual funding transaction and not repaid to the credit counterparty. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.
Depending on their nature and expiry, payables are classified into the following items:
- bond issue ;
- financial payables;
- sundry payables and other liabilities.

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

Other financial liabilities (IAS 32 and 39)
Financial liabilities are initially recognised at the settlement date both for debt securities and for derivative contracts.

Upon initial recognition, financial liabilities held for trading are recorded at their fair value which normally corresponds to the consideration collected without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly to the income statement.
Debt securities, equities acquired and the negative value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial liabilities held for trading are valued at fair value, with the recognition of changes in a contra-item in the income statement.
For the determination of the fair value of financial instruments listed in an active market, market prices are used. In the absence of an active market, estimates and generally accepted valuation models are used, and which are based on observable market data, such as: methods based on the valuation of listed instruments with similar characteristics, discounting of future cash flows, models for the determination of option prices and values recorded in recent comparable transactions.

Financial liabilities are derecognised when they expire or are extinguished also against purchases of the same securities. The difference between the book value of the liability and the amount paid to acquire it is recorded in the income statement.
Profits and losses deriving from the variation in the fair value of the financial liabilities are recorded in the income statement in the item Net income (loss) from trading activity.

Treasury shares (IAS 32)
Treasury shares in the portfolio are deducted from equity. No profit or loss deriving from the purchase, sale, issue or cancellation of treasury shares is recorded in the income statement. The difference between the purchase and sale prices deriving from said transactions are recorded under reserves of equity.

Business combinations and Goodwill
A business combination consists of an amalgamation of businesses or company activities distinguished into a single entity responsible for preparing the financial statements.
The business combination may give rise to a shareholding relationship between the Parent Company (acquirer) and the subsidiary (acquiree) or may also involve the acquisition of the net assets of another entity, including goodwill.
Business combinations are accounted for using the acquisition method provided by IFRS 3 – Business Combinations. The cost of a business combination identified as the fair value, on the date control is acquired, of the assets transferred, liabilities assumed and equity instruments issued for the purposes of performing the combination, including directly attributable costs, is therefore allocated by recording, at the acquisition date, the fair value of the identifiable assets, liabilities and contingent liabilities in the acquisition that meet the conditions for recognition set out in IFRS 3.
Additional costs in business combination transactions are booked to the income statement in the period in which they are incurred.
Conditional considerations are considered part of the transfer price of the net assets acquired and measured at fair value on the acquisition date. Similarly, if the business combination contract makes provision for the right to the return of certain price components when specified conditions are met, this right is classified by the acquirer as an asset. Any subsequent changes in fair value shall be recognised to adjust the original accounting treatment only if they are caused by additional or better information about this fair value and if they take place within 12 months from the acquisition date; all other changes are recognised in the income statement.
Any positive difference between the cost of the acquisition and the Group's share of the fair value of the acquired identifiable assets, liabilities or contingent liabilities is recorded as goodwill. If the difference is negative, it is booked directly to the income statement. If the initial accounting for a business combination can be determined only provisionally, the adjustments to values initially attributed are recorded within 12 months from the acquisition date.
Non-controlling interests in the acquiree are initially measured to the extent of their share of the present values of the assets, liabilities and contingent liabilities recorded.
If a business combination is realised in several phases with subsequent purchases of shares, each phase is measured separately using the cost and information relating to the fair value of the assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any difference.
The initial allocation to the above assets and liabilities, by availing of the option provided by IFRS3, may be determined provisionally before the end of the year in which the transaction was carried out, and it is possible to record the adjustment to the values assigned provisionally in the initial accounting within 12 months from the date of the acquisition of control.
Following the initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill always relates to the profit-generating activities identified, whose income and cash-flow generating capacity is constantly monitored for the purposes of impairment testing.
In the case of an acquisition of a subsidiary in phases, the non-controlling interest held previously, up until that moment accounted for in accordance with IAS 39 - Financial Instruments: Recognition, or according to IAS 28 - Investments in Associates or IAS 31 - Interests in Joint Ventures, is treated as if it had been sold and re-acquired on the date on which control was acquired. This investment is therefore measured at its fair value at the "transfer" date and the profits and losses resulting from the valuation are recorded in the income statement. In addition, each value previously recorded in equity as Other comprehensive profit and loss, booked to the income statement following the transfer of the asset to which it refers, is reclassified in the income statement. Goodwill or income (in the case of badwill) deriving from business concluded with subsequent acquisition is determined as the sum of the price paid to obtain control, the value of non-controlling interests (measured according to one of the methods permitted by the standard), the fair value of the non-controlling interest held previously, net of the fair value of the net identifiable assets acquired.

Accounting of the acquisition of additional investments in companies already controlled are considered transactions with shareholders and, therefore, the differences between the acquisition costs and the book value of the non-controlling shares acquired are booked to equity pertaining to the Group.
Similarly, sales of non-controlling shares without the loss of control do not generate profits/losses in the income statement, but changes to equity pertaining to the Group.

Income taxes (IAS 12)
The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accrual principle are recognised, consistent with the methods of recognition in the financial statements of the costs and revenues that generated them, by applying the applicable tax rates.
Income taxes are recorded in the income statement, with the exception of those relating to items debited from or credited directly to equity.
The provision for income taxes is determined on the basis of a prudential forecast of current, prepaid and deferred taxes.
In particular, current taxes include the net balance of current liabilities in the year and current tax assets represented by payments on account and other tax credits for withholding tax.
Prepaid and deferred taxes are determined on the basis of temporary differences - with no time limits - between the value assigned to an asset or to a liability according to statutory criteria and the corresponding values assumed for tax purposes.
Prepaid tax assets are recognised in the financial statements to the extent they are likely to be recovered, measured on the basis of the capacity of the interested company or group of subscribing companies, due to exercising of the “tax consolidation” option, to generate positive taxable income on an ongoing basis.
Prepaid and deferred taxes are accounted in balance sheet by carrying out offsets at said tax level and for each year by taking into account the time profile of expected repayment.
In years in which the deductible temporary differences are higher than the taxable temporary differences, the associated prepaid taxes are recorded under assets in the statement of financial position, in the item deferred tax assets. By contrast, in years in which the taxable temporary differences are higher than the deductible temporary differences, the associated deferred taxes are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
Prepaid and deferred tax assets and liabilities are systematically measured to take account of any changes to the regulations or the tax rates and any different subjective situations of Group companies. In addition to the allocation of current and deferred/prepaid tax items, the Group monitors, in line with IAS 37, any risks that may result from tax assessments already announced or, in any case, ongoing disputes with the tax authorities.

Provisions for risks and charges (IAS 37)
Allocations to the provision for risks and charges are made exclusively when:
- there is an actual obligation (legal or implicit) as a result of a past event;
- it is likely that it will be necessary to use resources to generate economic benefits to fulfil the obligation;
- the amount of the obligation can be reliably estimated.

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

Revenue recognition (IAS 18)
Revenues are measured at the fair value of the consideration received for the sale of the products or services.

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

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

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

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

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

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

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

Earnings per share (IAS 33)
Basic earnings per share are determined on the basis of the ratio of net profit for the year attributable to shareholders of the Parent Company's ordinary shares to the weighted average number of ordinary shares outstanding in the period.
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take account of all potential ordinary shares, deriving, for example, from the possibility of exercising stock options assigned, which may determine a dilutive effect.

Use of estimates
Preparation of the financial statements and the associated notes in application of IFRS requires management to use estimates and assumptions that effect the values of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities at the reporting date.
The estimates and assumptions used are based on experience and other factors considered relevant. The final results may, therefore, differ from said estimates. The estimates and assumptions are reviewed periodically and the effects of each change made to them are reflected in the income statement in the period in which the estimate revision takes place if said revision only has an impact on said period, or also in subsequent periods if the revision has an effect on both the current year and future years.
The main items in the financial statements affected by this estimate process are goodwill, deferred taxes, the fair value of financial instruments and the provision for risks and charges.
Moreover, in compliance with the provisions of IAS 34, income taxes are recognised based on the best estimate of the expected average tax rate for the entire year.
Please refer to the specific areas for more details.

Main sources of uncertainty in making financial statement estimates
The critical valuation processes and key assumptions used by the Group in the IAS/IFRS application process are summarised below.

Discretional choices in the accounting standard application process

Available-for-sale financial assets in the portfolio
Available-for-sale financial assets in the portfolio are tested for impairment (evaluation of losses of value dependent on the deterioration in issuers' solvency) each time events occur which suggest that the investment has suffered impairment.
The evaluation process is structured into two phases:
- identification of situations of deterioration in issuers' solvency and identification of impaired assets;
- quantification of losses associated to impairment situations. These losses are compared with the negative difference between the current market value (or, for unlisted instruments, the present value - at current rates of return on investments with similar levels of risk - of expected cash flows) of impaired assets and their book value.

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

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

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

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

More generally speaking, to establish whether there is evidence of impairment of an equity, as well as the presence of the events indicated in IAS 39.59, and the considerations shown previously where applicable, the following two events are to be considered in particular (IAS 39.61):
- significant changes with adverse effects relating to technologies, markets, economic or legal environment relating to the issuer, which indicate that the cost of the investment can no longer be recovered;
- a significant or prolonged decline in the fair value of the investment below its cost.

In particular, in quantitative terms, if the fair value of the security is 30% lower than the book value or the time period of a situation of fair value lower than the book value is above 12 months, the company will conduct an analysis of the fundamental aspects of the investments and, in general, of the conditions that

negatively impacted the market performance of the investment so as to keep the investment closely monitored.
By contrast, if one of the two parameters shown below is verified, impairment will automatically have to be recorded:
- fair value of the security 75% lower than the book value initially recognised;
- persistence of the situation of fair value lower than the book value initially recognised for a time period of more than 20 months.

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

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

Recoverable value of non-current assets (including goodwill)
Non-current assets include property, plant and equipment and intangible assets (including goodwill), investments and other financial assets. Management periodically reviews the book value of the non-current assets held and used and the assets which must be disposed of, when facts and circumstances request said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has suffered impairment, the Group records a write-down for the value of the excess of the book value of the asset over its recoverable value through use or sale of the same, determined with reference to the Group's more recent plans.
Owing to the current economic-financial crisis at national and international macroeconomic level which has generated risks of impairment of significant assets belonging to the company and to the Group it heads up, for the purposes of the drafting of the consolidated half-year financial statements as at 31 March 2014, and in particular, in performing the investment impairment tests, forecasts of the expected trend in the next year were taken into consideration, as well as the effects of uncertainties identified with respect to the times, originally scheduled, of the process of disposal of investments at consistent values. As at 31 March 2014 no value adjustments were made to non-current assets with the exception of available-for-sale assets and goodwill.

Realisability of deferred tax assets
As at 31 March 2014, the Group has deferred tax assets deriving from deductible temporary differences.
Management recorded the value of deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered.
The forecasts are based on taxable income that can be generated with reasonable certainty in light of budget results and the forecasts for subsequent years which consider the reasonable expectation of implementation of the planned transactions.

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

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

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

Changes of accounting estimates
Pursuant to IAS 8, changes of accounting estimates are booked prospectively to the income statement starting from the year in which they are adopted.

Accounting standards, amendments and interpretations applied from 1 October 2013
On 12 May 2011, the IASB issued IFRS 13 - *Fair Value Measurement*, which clarifies how to calculate fair value for financial statement purposes and applies to all IFRSs that require or permit fair value measurement or the presentation of information based on fair value. The Group adopted this new standard prospectively from 1 October 2013. Its adoption did not have any effects on the consolidated condensed half-yearly financial statements as at 31 March 2014.
On 16 June 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* applicable retrospectively from financial years beginning from 1 October 2013. The amendment changes the rules for recognising defined benefit plans and termination benefits.
The main changes made in relation to defined benefit plans involve the full recognition in the statement of financial position of the deficit or surplus in the plan, the introduction of net financial expenses and the classification of net financial expenses on defined benefit plans.
In detail:

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

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

In application of the previous version of IAS 19, up to 30 September 2013 the Group recognised all expense and income deriving from the measurement of the liabilities relating to defined benefit plans and termination benefits under operating costs, while financial expense relating to defined benefit plans were included under financial income/(expense).
In accordance with the rules of transition set out in IAS 19, paragraph 173, the Group applied this amendment to IAS 19 retrospectively from 1 October 2013, adjusting the opening values of the statement of financial position as at 1 October 2012 and 30 September 2013, as well as the income statement figures for the half as at 31 March 2013 as if the amendment had always been applied.
In detail, the Group determined the following retrospective effects from the application of the amendment to IAS 19:

	Effects as at 1 October 2012	Effects as at 30 September 2013

Amounts in thousands of Euro	Previously reported values	Effects of the application of IAS 19 amended	Redetermined values	Previously reported values	Effects of the application of IAS 19 amended	Redetermined values
Effects on the statement of financial position						
Provisions for employee severance indemnity	(1.501)	-	**(1.501)**	(2.313)	-	**(2.313)**
Net deferred taxes	(26)	-	**(26)**	(29)	-	**(29)**
Total equity pertaining to the Parent Company	**342.009**	**-**	**342.009**	**327.046**	**-**	**327.046**
Non-controlling interests	**55.525**	**-**	**55.525**	**56.389**	**-**	**56.389**

	Half as at 31 March 2013		
Amounts in thousands of Euro	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the Income Statement			
Labour cost	(4.850)	80	**(4.770)**
EBIT	**(4.850)**	**80**	**(4.770)**
Financial income/expense	10	-	**10**
Taxes	(275)	(22)	**(297)**
Income (loss) pertaining to non-controlling interests	1.402	(5)	**1.397**
Profit/(Loss) for the half	**(9.247)**	**53**	**(9.193)**

	Half as at 31 March 2013		
Amounts in thousands of Euro	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the consolidated statement of comprehensive income			
Profit/(Loss) for the half (A)	**(10.648)**	**58**	**(10.590)**
Total Other comprehensive profit/(loss) that will not be subsequently reclassified under profit/(loss) for the period, net of taxes **(B1)**	-	(58)	**(58)**
Total Other comprehensive profit/(loss) that will be subsequently reclassified under profit/(loss) for the period, net of taxes **(B2)**	-	-	**-**
Total other comprehensive profit/(loss), net of taxes**(B1)+(B2)=(B)**	**-**	**(58)**	**(58)**
Total comprehensive profit/(loss) (A)+(B)	**(10.648)**	**-**	**(10.648)**

	Half as at 31 March 2013		
Amounts in thousands of Euro	Previously reported values	Effects of the application of IAS 19 amended	**Redetermined values**
Effects on the cash flow statement			
Cash generated (absorbed) by operating activities in the half:			
Profit/(Loss) for the half	**(10.648)**	**58**	**(10.590)**
Other non-monetary net income	**(341)**	**(58)**	**(399)**

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

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

Accounting standards, amendments and interpretations applied for the half ended as at 31 March 2014 and not relevant for the Group

- On 16 December 2011, the IASB issued some amendments to IFRS 7 - *Financial Instruments: Disclosures.* The amendment requires information on the effects or potential effects of the right to offset financial assets and liabilities on the statement of- financial position. The Group adopted these amendments from 1 January 2013. The adoption of the amendment did not impact the disclosure included in these consolidated condensed half-yearly financial statements. The amendment must be adopted retrospectively from 1 October 2013.

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

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

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

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

- On 12 May 2011, the IASB issued IFRS 10 - *Consolidated Financial Statements* (subsequently amended on 28 June 2012), which replaced SIC -12 -*Consolidation - Special Purpose Entities* and parts of IAS 27 - *Consolidated and Separate Financial Statements*, renamed *Separate Financial Statements* and governs the accounting of investments in the separate financial statements. The new standard is based on existing standards, identifying a single control model applicable to all entities, including vehicle companies. It also provides a guide for determining the existence of control where it is difficult to ascertain. The IASB requires retrospective application from 1 January 2013. The competent bodies of the European Union have completed the approval process for that standard, postponing its date of application to 1 January 2014, while permitting early application from 1 January 2013. The Group verified that the effects of the new standard on the area of consolidation are not significant.

- On 12 May 2011, the IASB issued IFRS 11 - *Joint Arrangements* (subsequently amended on 28 June 2012) which replaced IAS 31 - *Interests in Joint Ventures* and SIC -13 - *Jointly Controlled Entities - Non-Monetary Contributions by Venturers.* The new standard provides criteria for the identification of joint arrangements based on the rights and obligations deriving from the agreements rather than on their legal form and establishes the equity method as the only method of accounting for interests in jointly-controlled entities in the consolidated financial statements. According to IFRS 11, the existence of a separate vehicle is not a sufficient condition for classifying a joint arrangement as a joint venture. Following the issuing of the standard, IAS 28 - *Investments in Associates* was amended to include in its field of application, from the effective date of the standard, also interests in jointly-controlled entities. The IASB requires retrospective application from 1 January 2013. The competent bodies of the European Union have completed the approval process for that standard, postponing its date of application to 1 January 2014, while permitting early application from 1 January 2013.

- Following the issuing of the standard, IAS 28 - Investments in Associates was amended to include in its field of application, from the effective date of the standard, also interests in jointly-controlled entities. The Group has verified that the effects of new standard on the area of consolidation are not significant.

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

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

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

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

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

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

- On 12 November 2009, the IASB published IFRS 9 - Financial Instruments; said standard was subsequently amended in October 2010 and November 2013. The standard represents the first part of a phased process which aims to fully replace IAS 39 and introduce some new criteria for the classification and measurement of financial assets and liabilities. In particular, as regards financial assets, the new standard applies a single approach based on the management criteria of financial instruments and the contractual cash flow characteristics of financial assets in order to determine a measurement standard that replaces the different rules provided by IAS 39. As regards financial liabilities, by contrast, the main change applied refers to the accounting of the fair value differences of a financial liability recognised as a financial liability valued at fair value through the income statement in the case in which these differences are due to a variation in the credit worthiness of the same liability. According to the new principle such variations must be recognised in the statement of "other comprehensive profit/(loss)" and no longer in the income statement. Phases two and three of the financial instruments project, relating to impairment of financial assets and hedge accounting respectively, are still in progress. The IASB is also assessing limited improvements to IFRS 9, as regards the part relating to classification and measurement of financial assets. With the amendments of November 2013, in addition to the changes made, the IASB eliminated the date for mandatory adoption of that standard, which had been set for 1 January 2015. This date will be reintroduced on publication of the complete standard, once the IFRS 9 project is completed.

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

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

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

The Group will adopt these new standards and amendments according to the specified application dates, and will assess the potential impacts on the consolidated financial statements, once the standards and amendments have been approved by the European Union.

3. Area of consolidation

The consolidated financial statements are prepared on the basis of the accounting situations as at 31 March 2014 drafted by the respective consolidated companies, adjusted, where necessary, in order to align these to the Group classification criteria and accounting standards compliant with IFRS.

The area of consolidation as at 31 March 2014 is as follows:

Company name	Office / Country	Consolidation method		Investment relationship: Participating company	Direct interest %	Direct availability of votes - %	Total interest %
Parent Company							
Mittel S.p.A..							
A. Companies fully consolidated							
Direct subsidiaries:							
1 Mittel Partecipazioni Stabili S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
2 Mittel Investimenti Mobiliari S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
3 Mittel Advisory S.p.A.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
5 Mittel Investimenti Immobiliari S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
6 Ghea S.r.l.	Milan	Full		Mittel S.p.A.	51,00%	51,00%	51,00%
7 Earchimede S.p.A.	Milan	Full		Mittel S.p.A.	85,01%	85,01%	85,01%
8 Locaeffe S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
9 Markfactor S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
10 Sunset S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
11 Holinvest S.r.l. in liquidation	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
12 Mittel Management S.r.l.	Milan	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
13 CAD Immobiliare S.r.l.	Milan	Full		Mittel S.p.A. - MII S.r.l.	100,00%	100,00%	100,00%
Indirect subsidiaries:							
14 Mittel Advisory Debt and Grant S.p.A.	Milan	Full		Mittel Advisory S.p.A.	100,00%	100,00%	100,00%
15 Esse Ventuno S.r.l.	Milan	Full		MII S.r.l.	90,00%	90,00%	90,00%
16 Gamma Tre S.r.l.	Milan	Full		MII S.r.l.	80,00%	80,00%	80,00%
17 Breme S.r.l.	Milan	Full		MII S.r.l.	60,00%	60,00%	60,00%
18 Santarosa S.r.l.	Milan	Full		MII S.r.l.	60,00%	60,00%	60,00%
19 Fede S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
20 Immobiliare Volta Marconi S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
21 Cerca S.r.l.	Milan	Full		MII S.r.l.	100,00%	100,00%	100,00%
22 Lucianita S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
23 MiVa S.r.l.	Milan	Full		MII S.r.l.	51,00%	51,00%	51,00%
24 Regina S.r.l.	Milan	Full		MII S.r.l.	100,00%	100,00%	100,00%
25 FD33 S.p.A.	Brescia	Full		Earchimede S.p.A.	100,00%	100,00%	85,01%
26 Fashion District Group S.p.A.	Brescia	Full		Earchimede S.p.A. - FD33 S.p.A..	66,66%	66,66%	56,67%
27 Fashion District Roma S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
28 Fashion District Molfetta S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
29 Fashion District Mantova S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
30 Parco Mediterraneo S.r.l.	Brescia	Full		FD33 – Fashion District G	100,00%	100,00%	59,50%
31 Lof S.r.l.	Brescia	Full		Fashion District G	100,00%	100,00%	27,77%
B. Companies consolidated using the equity method							
Direct associates:							
1 Liberata S.p.A.	Milan	Equity		Mittel S.p.A.	27,00%	27,00%	27,00%
2 Bios S.p.A.	Milan	Equity	(*)	Mittel S.p.A.	50,00%	50,00%	50,00%
3 Tower 6 Bis S.à r.l.	Lussembourg	Equity		Mittel S.p.A.	49,00%	49,00%	49,00%
4 Brands Partners 2 S.p.A.	Milan	Equity		Mittel S.p.A.	25,20%	25,20%	25,20%
5 Mit.Fin. S.p.A.	Milan	Equity		Mittel S.p.A.	30,00%	30,00%	30,00%
6 Everel Group S.p.A.	Verona	Equity		Mittel S.p.A.	30,00%	30,00%	30,00%
7 Chase Mittel Capital Holding II NV	Antille Olandesi	Equity		Mittel S.p.A.	21,00%	21,00%	21,00%
8 Castello SGR S.p.A.	Milan	Equity		Mittel S.p.A.	20,24%	20,24%	20,24%
9 Mittel Real Estate SGR S.p.A.	Milan	Equity		Mittel S.p.A.	35,00%	35,00%	35,00%
Indirect associates:							
10 Mittel Generale Investimenti S.p.A.	Milan	Equity		Liberata S.p.A.	100,00%	100,00%	27,00%
11 Iniziative Nord Milano S.r.l.	Milan	Equity	(*)	MII S.r.l.	50,00%	50,00%	50,00%

(*) Investment subject to joint control

MII S.r.l. = Mittel Investimenti Immobiliari S.r.l.

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

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

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

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

The area of consolidation as at 31 March 2014 shows the following changes with respect to 30 September 2013:

Consolidation of Loft S.r.l.

The subsidiary Fashion District Group S.p.A. holds a 49% stake in the capital of Loft S.r.l. The company was incorporated on 30 April 2013. Its corporate mission is to manage a point of sale within the Street High & Loft project of the Molfetta Outlet, for the sale of home and personal designer items as well as administration services, which was opened to the public in June 2013.

Though the Group holds an investment of 49,0% of the capital, less than the 51% share which constitutes the condition for the existence of a "presumed" relationship of control, Loft S.r.l. classifies as a controlled company as a result of a contractual agreement that also regulates the investee company's governance, which effectively grants the investee company Fashion District Group S.p.A. the power to participate in making administrative and management decisions of the investee.

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

Statement of financial position - Assets

Non-current assets

5. Intangible assets

Intangible assets amounted to EUR 26,0 million, registering a decrease of EUR 3,9 million compared to 30 September 2013, due in particular to the impairment of the value of goodwill generated by the purchase, completed on 11 January 2013, of 100% of the share capital of the financial advisory company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), for a consideration of EUR 4.750.000 in cash, at the closing of the transaction, and of 2,5 million Mittel S.p.A. shares.

The item saw the following changes:

	Goodwill	Concessions and licences	Other	Total
Values as at 01.10.2013	**7.963**	**21.787**	**193**	**29.943**
Changes in the year:				
- acquisitions	-	70	88	**158**
- change in scope of consolidation	-	**-**	-	**-**
- disposals	-	**-**	-	**-**
- reclassifications	-	**-**	-	**-**
- amortisation	-	(33)	(48)	**(81)**
- value adjustments	(3.972)	**-**	-	**(3.972)**
Total changes	**(3.972)**	**37**	**40**	**(3.895)**
Values as at 31.03.2014	**3.991**	**21.824**	**233**	**26.048**

"Goodwill" impairment

The item "Goodwill" included EUR 3.991 thousand in goodwill deriving from the business combination relating to the acquisition of full control of the company Mittel Advisory S.p.A. in January 2013. It decreased by EUR 3.972 thousand during the half due to impairment adjustments.
That goodwill was allocated to a single cash generating unit (CGU) represented by the entire Mittel Advisory S.p.A. investment (excluding the investment it held in Mittel Advisory Debt & Grant S.p.A. as at 30 September 2013).
It is noted that as at 30 September 2013, the goodwill relating to Mittel Advisory S.p.A. ("MA") was subject to impairment testing based on the related recoverable value according to the company's value in use.
For the half ended as at 31 March 2014 final revenues of Mittel Advisory showed a significant drop, which made it necessary to assess with extreme prudence the sustainability of the figures from the investee's business plan. Furthermore, with regard to the elements indicating impairment set out by IAS 36, in the current half there was a significant change in the top management of the organisation of the company headed by Mittel Advisory S.p.A. which should be considered liable to influence the company's economic performance, which could reasonably be worse than forecast, considering that the value of that business strictly depends on the income generation capacity in relation to its management, organisation, and professional staff.
It is noted that in March 2014, Mittel S.p.A. reached an agreement with the Chief Executive Officer, Arnaldo Borghesi, which led to said Chief Executive Officer submitting his resignation from all corporate offices held in the Mittel Group companies, including the office of Chairman of the Board of Directors of Mittel Advisory S.p.A.. This change in the top management of the company should be considered a considerable significant factor indicating impairment occurring in this half, considering that the outlook for Mittel Advisory S.p.A. closely depends on Arnaldo Borghesi, the founder of that company, as well as his degree of operational involvement in the company's business.

Therefore, based on said presumed indications of impairment, in the consolidated condensed half-yearly financial statements it was necessary to test the recoverable value of the goodwill recognised in relation to the business conducted by Mittel Advisory S.p.A., totalling EUR 7.963 thousand.
As goodwill generates flows indistinct from those of the sole CGU it refers to, impairment testing consists in comparing the recoverable value of the entire investment (excluding the investment in Mittel Advisory Debt & Grant S.p.A.) with its carrying amount including the respective allocated goodwill.
For the purpose of estimating recoverable value, the value in use of the CGU is used as a reference.
The value in use was determined using a financial criterion (Discounted Cash Flows (DCF)), according to which the value of the asset equals the sum of the present value of future cash flows that can be generated, discounted at a rate that considers the risk of such flows.
The cost of equity is estimated in line with the rules set out in IAS 36, and taking account of the Guidelines for impairment testing of goodwill in scenarios of financial or real crises by the “Organismo Italiano di Valutazione” (OIV), based on the “Capital Asset Pricing Model”:

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

The cost of equity is equal to the sum of the risk free rate and a risk premium equal to the product of the security’s Beta and the market equity risk premium (Equity Risk Premium).
More specifically, the main variables used to calculate the value in use are as follows:

- the flows envisaged in the 2013-2014 budget, subject to approval by the investee’s Board of Directors, and the outlook for the two subsequent years based on the reasonable development of revenues/costs as a result of the actions set forth in the 2013-2014 budget, in line with the Mittel Group Strategies for development for the 2013-2015 period, approved on 10 January 2013;
  Therefore, the period 2014-2016 was used as the explicit time horizon for determining cash flows, in which the estimates of cash flows were revised on updated basis, as follows:
  - for the half from 1 April 2014 to 30 September 2014, the economic-financial estimates in the budget approved by the Executive Committee of MA in November 2013 were used, prospectively adjusted through linear and trend projection of the deviations of cash flows in the final figures for the half ended as at 31 March 2014 and based on an updated revision of the estimates of expected revenues;
  - for the financial year ending as at 30 September 2015, reference was made to the economic-financial projections developed based on the assumptions and estimates considered in making the forecasts in the plan drawn up by Mittel Advisory S.p.A., prospectively adjusted through linear and trend projection of the deviations of the expected cash flows from the budget drawn up for the current year ending as at 30 September 2014;
  - for the financial year ending as at 30 September 2016, reference was made to the economic-financial assumptions developed using an inertial forecast, with steady application of the methodological assumptions and bringing forward the estimate criteria applied for the purpose of updating the plan for the year ending as at 30 September 2015 drawn up by Mittel Advisory S.p.A.
- the weighted average cost of capital (WACC) was estimated at 14,17%, considering:
  - a cost of debt (Kd) of 1,88%
  - Debt/Equity financial structure assumed to be fully financed using equity, in line with sector practice
  - Equity Risk premium equal to 5,06%
  - Levered Beta = 1,36x
  - Risk free = 3,29% (ten-year BTP - government bond)
  - Small size specific risk factor = 4%
- to calculate the terminal value, a growth rate (g) of 1% was used.

Therefore, based on the overall valuation range of the value in use of the CGU totalling EUR 6.942, which is compared to the net invested capital of the CGU as at 31 March 2014 of EUR 2.951 thousand, the recoverable value of the goodwill amounted to EUR 3.991 thousand.
Based on the results of the impairment test conducted, the goodwill of the CGU originally posted, amounting to EUR 7.963 thousand, was written down by EUR 3.972 thousand due to impairment, reporting a residual value, net of impairment, as at 31 March 2014 of EUR 3.991 thousand.

Impairment of other intangible assets with an indefinite life

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

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

6. Property, plant and equipment

This item totalled EUR 130,8 million, marking a decrease of EUR 6,9 million over 30 September 2013, mainly attributable to the depreciation of the properties owned by the Fashion District Group.
More specifically, the item saw the following changes:

	Land and buildings	Investment property	Plant and machinery	Office machines and equipment	Other assets	Total
Value as at 01.10.2013	**19.334**	**107.257**	**9.452**	**469**	**1.147**	**137.659**
Changes in the year:						
- acquisitions	-	80	38	62	85	**266**
- change in scope of consolidation		-	-	-	-	- -
- disposals	-	-	-	(10)	(46)	**(56)**
- reclassifications	-	-	-	-	-	**-**
- amortisation	(6)	(6.252)	(492)	(57)	(223)	**(7.030)**
- other changes	-	-	-	(1)	-	**(1)**
Total changes	**(6)**	**(6.172)**	**(454)**	**(6)**	**(184)**	**(6.821)**
Values as at 31.03.2014	**19.329**	**101.085**	**8.998**	**463**	**963**	**130.838**

The item investment property mainly relates to the value of the outlets owned by the Fashion District Group. This item decreased by EUR 6,3 million due to the depreciation of properties owned by the Mantua and Molfetta outlets.

7. Investments accounted for using the equity method

The item is composed as follows:

	31.03.2014	30.09.2013
Chase Mittel Capital Holding II NV in liquidation	6	6
Tower 6 bis S.a.r.l.	23.526	20.966
Brands Partners 2 S.p.A.	8.355	22.362
Liberata S.p.A.	3.529	2.825
Bios S.p.A.	36.812	23.509
Everel Group S.p.A.	3.300	3.300
Sunset S.r.l. in liquidation	1	1
Castello SGR S.p.A.	2.988	2.867
Mit.Fin S.p.A.	229	314
MiRe SGR S.p.A.	950	925
Iniziative Nord Milano S.r.l.	-	226
	79.697	**77.301**

The change in the item is as follows:

The increases in the year relate mainly to:

Name	% interest	Balances 1.10.2013	Purchases	Sales	Profit (loss) pro-rata	Adjustments to valuation reserve	Other changes	Dividends distibuted	Closing balances 31.03.2014
Direct associates:									
Liberata S.p.A.	27%	2.824			172		533	-	3.529
Tow er 6 bis S.a.r.l.	49%	20.965			(26)	2.592	(5)		23.526
Chase Mittel Capital Holding II NV	28%	6							6
Brands Partners 2 S.p.A.	25%	22.362			18.349	(12.624)		(19.732)	8.355
Castello SGR S.p.A.	21%	2.867			279	(13)	(144)		2.989
Everel Group S.p.A.	30%	3.300							3.300
Bios S.p.A.	50%	23.509				13.303			36.812
Sunset S.r.l. in liquidation	100%	1							1
MiRe SGR S.p.A.	35%	925			26		(1)		950
Mit.Fin Compagnia Finanziara S.p.A.	30%	314			(85)				229
Indirect over Liberata S.p.A.		-							
over Mittel Invesimenti Immobiliari S.r.l.		-							
Iniziative Nord Milano S.r.l.	50%	226			(235)		9		-
over Fashion District Group S.p.A.									
Loft S.r.l. (*)	49%	-							-
		77.299	**-**	**0**	**18.480**	**3.258**	**392**	**(19.732)**	**79.697**

- EUR 18,3 million, as a result of the profit earned in the half by Brands Partners 2 S.p.A., deriving from the capital gains on the Moncler S.p.A. share following the partial placement of 3,73% of Moncler S.p.A. during the initial public offering in December (as at 30 September 2013 the stake in Moncler held by Brands Partners 2 S.p.A. amounted to 4,99% of share capital);
- EUR 13,3 million as the increase in the value of the investee Bios S.p.A. as a result of the adjustment to the valuation reserve to the fair value of the equity investment it holds in Sorin S.p.A.;
- EUR 2,6 million due to the increase in the value of the investee Tower 6 Bis S.a.r.l. as a result of the adjustment to the fair value valuation reserve of the equity investment it holds in Sorin S.p.A.

The decreases in the half relate mainly to:

- EUR 12,6 million to the decrease in the valuation reserve following the partial placement during the initial public offering of the Moncler share, as a result of which the stake in the share capital held by Brands

Partners 2 S.p.A. in liquidation in Moncler S.p.A. decreased by 3,73%, and EUR 19,7 following the netting of dividends distributed by said investee to the parent company Mittel S.p.A.;

8. Financial receivables

These totalled EUR 144,7 million, up by EUR 39,3 million.

	31.03.2014	30.09.2013
Loans	144.269	90.809
Other receivables	420	14.553
Security deposits	-	-
	144.689	**105.362**

The item Loans is composed as follows:

	31.03.2014	30.09.2013
- Loans - financial institutions	30.000	30.000
- Loans - customers	114.269	60.809
	144.269	**90.809**

The item “Financial Receivables” mainly includes:

- the receivable of EUR 50,5 million due to Ghea S.r.l. by Bios S.p.A., which in the financial statements as at 30 September 2013 was posted under current assets due to its expiry on 21 December 2013, which was renegotiated and restructured pursuant to agreements in December 2013, which amended the contractual conditions and terms of collection;
- loans of EUR 36,5 million in place between Mittel S.p.A. and Liberata S.p.A., taken out on the transfer of the Mittel Generale Investimenti S.p.A. investment in July 2012 and subject to rescheduling;
- the mortgage loan of EUR 30,0 million due from Fondo Augusto;
- non-current credit positions of EUR 18,7 million previously held by Hopa S.p.A. (incorporated into Mittel S.p.A. in the previous year) and its subsidiaries;
- the non-current portion of a loan (EUR 4,3 million) due from Sofimar SA totalling EUR 13,2 million payable in three equal instalments expiring on 31 July 2013, 31 July 2014 and 31 July 2015, currently the subject of a dispute;
- a non-interest bearing shareholders’ loan of EUR 3,3 million disbursed from Fashion District Group S.p.A. to one of its investees;
- a shareholders’ loan of EUR 1,5 million granted to the investee Iniziative Nord Milano S.r.l.

With regard to the above receivable of Ghea S.r.l., on 20 December 2013 Bios S.p.A. finalised a significant transaction to renegotiate and restructure its debt position, in order to strengthen its equity. Specifically, prior to the renegotiation, the position of the lenders of Bios S.p.A. (Banca Monte dei Paschi di Siena S.p.A. e Ghea S.r.l.) was partly represented by debt and partly by Bios S.p.A. category B shares. In full agreement with its partner Equinox, Mittel negotiated with Banca Monte dei Paschi di Siena and with Ghea S.r.l. (51%-owned subsidiary of Mittel S.p.A.) a rescheduling of these positions to two years with the option of renewing for a further year at specific conditions.

9. Other financial assets

These totalled EUR 108,5 million, down by EUR 11,1 million.
The item is composed as follows:

	31.03.2014	30.09.2013
Available-for-sale financial assets		

Equities and shares of funds	108.433	119.564
Bonds	30	30
Derivative financial instruments	-	-
Financial assets designated at fair value	-	-
	108.463	**119.594**

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

	31.03.2014	30.09.2013
Available-for-sale financial assets		
Equities and shares of funds:		
Azimut - Benetti S.p.A.	22.999	29.187
Fondo Augusto (fund)	14.609	14.552
Fondo Progressio Investimenti (fund)	6.697	10.018
Intesa San Paolo S.p.A.	11.070	9.150
RCS Media Group S.p.A.	9.321	6.819
UBI Banca - Unione di Banche Italiane S.c.p.a.	8.910	6.493
Alfa Park S.r.l.	-	6.478
Equinox Two S.c.a. Earchimede	6.037	6.037
Fondo Progressio Investimenti II (fund)	3.339	4.274
Micro Ventures Finance S.p.A.	4.089	4.089
Fondo Cosimo I (fund)	4.027	4.007
Istituto Atesino di Sviluppo S.p.A.	3.313	3.313
Equinox Two S.c.a. Mittel	3.282	3.282
Alfieri Ass. Inv. S.A.	2.706	2.812
Opera 2 Participations S.C.A.	1.383	1.798
Medinvest International S.A.	1.605	1.605
SIA - SSB S.p.A.	1.400	1.400
Pioneer - Fondo comune di investimento	1.119	1.096
Investitori Associati II S.A.	918	918
IGI Sud	350	799
Progressio SGR S.p.A.	650	650
Industries Star	200	200
Dimensioni Network	33	176
Frendy Energy	123	159
Mc Link	131	131
Nomisma S.p.A.	100	100
Società Editoriale Vita S.p.A.	9	9
Warrant Mc Link	5	5
Consorzio Polo Turistico	4	4
Isfor 2000 S.c.p.a.	3	3
Inn. Tec S.r.l.	1	1
Bonds:		
Editoriale Vita S.p.A. (bonds)	30	30
	108.463	**119.594**

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

Amounts in thousands of EUR

Name/company name	Amounts as at 01/10/2013	**Changes in the period** Purchases and subscriptions	(Recall of funds) Reimbursements	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Reclassification in the current and other changes	Value as at 31/03/2014
Non-current available-for-sale financial assets:									

SIA - SSB S.p.A.	1.400								1.400
Azimut - Benetti S.p.A.	29.187						(6.188)		22.999
Intesa San Paolo S.p.A.	9.150						4.207	(2.287)	11.070
UBI Banca - Unione di Banche Italiane S.c.p.a.	6.493						4.040	(1.623)	8.910
RCS Media Group S.p.A.	6.819						2.502		9.321
Istituto Atesino di Sviluppo S.p.A.	3.313								3.313
Progressio SGR S.p.A.	650								650
Fondo Progressio Investimenti	10.018		(3.655)				334		6.697
Fondo Progressio Investimenti II	4.274		(568)			(367)			3.339
Fondo Cosimo I	4.007						20		4.027
Fondo Augusto	14.552						56		14.609
Equinox Two S.c.a. Mittel	3.282		76			(76)			3.282
Equinox Two S.c.a. Earchimede	6.037		139			(139)			6.037
Micro Ventures S.p.A.	0								0
Micro Ventures Investments S.c.a. Sicar	0								0
Micro Ventures Finance S.p.A.	4.089								4.089
Società Editoriale Vita S.p.A.	9								9
Nomisma S.p.A.	100								100
Mc Link	131								131
warrant Mc Link	5								5
Frendy Energy	159						(36)		123
Industries Star	200								200
Alfa Park S.r.l.	6.478					(6.478)			0
CIS S.p.A.	0								0
Inn. Tec S.r.l.	1								1
Isfor 2000 S.c.p.a.	3								3
Fondo comune di investimento Pioneer	1.096						23		1.119
Medinvest International S.A.	1.605								1.605
Opera Participations S.C.A.	0								0
Opera 2 Participations S.C.A.	1.798		47			(462)			1.383
Investitori Associati II S.A.	918								918
Alfieri Ass. Inv. S.A.	2.812		293			(400)			2.706
Dimensioni Network	176					(39)	(104)		33
IGI Sud	799		(193)			(255)			350
Consorzio Polo Turistico	4								4
Obbligazioni Editoriale Vita S.p.A.	30								30
	119.594	**-**	**(3.861)**	**-**	**-**	**(8.216)**	**4.854**	**(3.910)**	**108.463**
Current available-for-sale financial assets:									
Intesa San Paolo S.p.A. (current)	11.865			(11.995)	481		1.618	2.287	4.256
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)	5.962			(6.647)	853		1.486	1.623	3.277
	17.826	**-**	**-**	**(18.642)**	**1.334**	**-**	**3.104**	**3.910**	**7.532**
Current derivative financial instruments	**-**					**1.673**			**1.673**
	-	**-**	**-**	**-**	**-**	**1.673**	**-**	**-**	**1.673**
	137.420	**-**	**(3.861)**	**(18.642)**	**1.334**	**(6.543)**	**7.958**	**-**	**117.666**

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

Increases:

- EUR 13,8 million in positive adjustments to the fair value of listed investments Intesa Sanpaolo S.p.A. (EUR 5,8 million) and UBI Banca Scpa (EUR 5,5 million) and RCS Media Group S.p.A. (EUR 2,5 million);
- EUR 0,3 million in positive adjustments to the fair value of shares of the Fondo Progressio Investimenti (Progressio Investimenti Fund).

Decreases

- EUR 6,2 million for the negative adjustment of the fair value of the investee Azimut Benetti S.p.A.;
- EUR 18,6 million for the sale of shares of Intesa Sanpaolo S.p.A. (EUR 12,0 million) and UBI Banca Scpa (EUR 6,6 million);

Reclassifications to current assets and other changes

- EUR 3,9 million for the reclassification of the initial book value of the stake in listed shares relating to the investments in Intesa Sanpaolo S.p.A. EUR 2,3 million) and UBI Banca S.c.p.a (EUR 1,6 million), which was reclassified to “Available-for-sale financial assets” under current assets. This reclassification was due to the change in the purpose of said equity investment portfolio, which was identified as for trading by way of resolution of the administrative body of the investee Mittel Partecipazioni Stabili S.r.l.;

Moreover, available-for-sale financial assets decreased by EUR 8,2 million due to write-downs for impairment of the recoverable value of equity investments. These write-downs were the result of reductions in the recoverable value of investments due to impairment or effects on future cash flows which may be reliably estimated, or due to the presence of a significant or prolonged reduction in the present fair value of the investment as compared to its cost.

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

- Alfa Park S.rl. for EUR 6,5 million;
- Fondo Progressio Investimenti II (Progressio Investimenti II Fund) for EUR 0,3 million;
- Opera 2 Participation S.C.A. for EUR 0,5 million;
- Alfieri Ass. Inv. S.A. for EUR 0,4 million,
- IGI Sud SGR S.p.A. for EUR 0,3 million;
- Equinox Two S.c.a. for EUR 0,2 million.

Losses due to reductions in the recoverable value of equities and shares of funds

Alfa Park S.r.l. is a holding company for investments which mainly holds 100% of the amusement parks in Valmontone (Rainbow Magicland) and Molfetta (Miragica) through the companies Rainbow Magicland S.r.l. (formerly Alfa 3 S.r.l.), Miragica S.r.l. (formerly Alfa 6 S.r.l.) of which it is the parent company and single shareholder, carrying out their capitalisation based on the requirements for operations and to carry on projects under way. Moreover through Alfa 4 S.r.l. with sole shareholder, Alfa Park S.r.l. operates in hotel sector in the integrated tourist area of the park of Valmontone.
The difficult performance of the group headed by Alfa Park S.r.l. was marked by the continuation, also in 2013, of unsatisfactory income statement results, which reflected on the current statement of financial position of Alfa Park S.r.l. This situation is characterised by exceed debt and forecast cash flows of the operating companies that are insufficient to service the debt in the absence of new contributions of capital.
Due to the company's financial imbalance it was necessary to identify highly effective interventions for a future economic-financial rebalancing, to be implemented by redefining the plans for repayment of the total financial debt (approximately EUR 180 million as at 31 December 2013) in line with sustainable cash flows from the Group's operating activities. This resulted in the presentation to the main bank creditors, as well as the majority shareholders, of a recovery plan to restore the economic, financial and equity balance of the Group over the long term, pursuant to art. 67 of the Bankruptcy Law. In January 2014 the business plan and financial measures were presented to the banking system and, at the banks' request, Alfa Park granted an independent auditing firm the assignment to draw up an Independent Business Review of the proposed long-term plan (restructuring pursuant to art. 67 of the Bankruptcy Law). In February 2014 the company was granted by the banks a three-month moratorium on debt, Alfa Park S.r.l. and its subsidiaries Miragica S.r.l with sole shareholder and Rainbow Magicland S.r.l with sole shareholder.
That business plan, with the related financial measures for debt restructuring, includes the injection of new funds of EUR 6 million through a share capital increase.
The overall debt of the Alfa Park S.r.l Group to the banking system is approximately EUR 178 million, of which EUR 4 million of the holding, EUR 158 million of Rainbow Magicland S.r.l. and EUR 15 million of Miragica S.r.l.
The investment of 18,4% in the capital of Alfa Park S.r.l., held through the subsidiary Fashion District Group S.p.A., is posted in the consolidated financial statements at the beginning of the half year in an amount of EUR 6.478 thousand, and represents a non-controlling interest for which there is no active market and the indications of recent comparable market transactions cannot be used. The reference fair value of the investment was measured based on the fundamental economic value of the investment considered equivalent to its presumed realisable value.
As at 31 March 2014, compared to the previous year, the measurement approach adopted was adjusted to consider the actual current trading conditions of the investment, which must take account of the implementation of the reorganisation and/or restructuring and/or amendment of the terms and conditions of the long-term financial debt.
Specifically, an indirect valuation model was adopted which determines the estimated fair value of the investment by capitalising the flows of expected dividends, referring to the potential flow of dividends that that investment is capable of guaranteeing, subject to the financial debt repayment plan, and applying adjustments to the resulting proportionate share of total economic capital of the investment.
Furthermore, for the purpose of assessing the tradeability of the investment, the conditions deriving from the debt structure of Alfa Park were considered, which includes significant shareholder loans with repayment

obligations. With a view to repayment using the company's liquidity or entry of a new shareholder purchasing an equity investment in the position of creditor of the company, these represent an additional financial commitment for a new investing shareholder.
Therefore, in the absence of concrete purchase offers from third parties, for the purpose of estimating the fair value, an income-based approach was used, which expresses the price which would be paid by a market participant that already owned the necessary complementary assets to guarantee the best use of the investment and the net benefits it would be able to obtain from the company restructuring or from future planned investments.

The determination of a fair value that could reflect the capitalisation of flows of expected dividends, referring to the potential flow of dividends that that investment is capable of guaranteeing, subject to the financial debt repayment plan and the market valuation of the expected net benefits that the potential buyer could obtain by restructuring the company resulted in a value of the Alfa Park S.r.l. investment equal to zero. Based on this, as at 31 March 2014, the book value of the investment was fully written down by posting a write-down to the income statement for the half totalling EUR 6.478 thousand.

For the investments in Fondo Progressio Investimenti II (Progressio Investimenti II Fund) and IGI Sud, as at 30 September 2013 these investments were written down in the financial statements after maintaining fair values drawn from their respective net current assets that were lower than their historical cost for a period of time exceeding 20 months. Therefore, their lower recoverable values determined as at 31 March 2014 were posted to the income statement for EUR 0,6 million.

In relation to the financial assets Equinox Two SCA, Opera 2 Participations S.C.A. and Dimensione Network., as at 31 March 2014, these securities showed reduction in their current recoverable values estimated based on criteria that reflect their current fundamental economic value considered unrecoverable, posting write-downs to the income statement totalling EUR 0,7 million.

With regard to the investment of 5,465% in the capital of Azimut Benetti S.p.A., as at 31 March 2014, these equities recorded a decline in their fair value measurement determined by applying a market method. This decline in the fair value of the investment currently shows no risk factors that are significant enough to require an analysis of the fundamental economic values of the equity investment to verify the existence of indicators of impairment based on factors that could have a negative impact on the current and future income, equity and financial situation.
Moreover the change in the fair value of the investment does not constitute a "significant" and "prolonged" decline in the fair value of the investment below its cost and, therefore, did not result in the automatic recognition of an impairment in line with the specific criteria in the Group's market risk management policy for identifying the impairment of financial assets.
Specifically, according to this policy, the criteria for automatic recognition of impairment the financial asset consist of the measurement of the fair value of the security 75% lower than the book value initially recognised and the persistence of the situation of fair value lower than the book value initially recognised for a time period of more than 20 months.
The valuation method adopted involves the use of market multiples taken from a set of comparable market values, identified on the basis of specific qualitative and quantitative measurement factors for the specific investment, recorded in relation to a representative sample of comparable companies operating in the business segment of the investee company.
Specifically, the valuation method adopted involved using market multiples to estimate the value of economic capital of the investment, taking as reference the information obtained by comparing the prices drawn from stock market listing with the values deemed to better represent the income performance of those companies. In detail, the selected market multiples measured as at 31 March 2014 were obtained by comparing the market capitalisation with the final revenues and the EBITDA. The average value of the market multiple of total revenues (EV/S) equalled 1x and the EBITDA multiple (EV/Ebitda) was 11,4x.
As at 31 March 2014, the fair value of the investment in Azimut Benetti S.p.A. was valued at EUR 22.999, based on which the book value of the investment decreased by EUR 6.188 through the recognition of loss due to fair value measurement posted to the valuation reserve under consolidated equity.

10. Sundry receivables and other assets

The item "sundry receivables and other assets" totalled EUR 329 thousand (EUR 295 thousand as at 30 September 2013) and is composed as follows:

	31.03.2014	30.09.2013
Tax receivables	35	35
Other receivables	267	232
Other assets	27	28
	329	**295**

11. Prepaid taxes

These totalled EUR 9,0 million, up by EUR 0,5 million.

	31.03.2014	30.09.2013
Tax assets with contra-item in Income statement	8.992	8.441
Tax assets with contra-item in Equity	54	86
	9.046	**8.527**

	31.03.2014	30.09.2013
Prepaid taxes		
Assets/liabilities held for trading	-	65
Investments	1.251	1.251
Property, plant and equipment/intangible assets	1.624	1.697
Allocations	-	160
Other assets/liabilities	220	571
Receivables	1.365	502
Retained losses	4.581	4.272
Other	5	9
	9.046	**8.527**

The item tax assets is mainly composed of the contribution from the Fashion District Group to the tax consolidation, which consists of prepaid taxes totalling EUR 7,5 million. The Advisory sector contributes EUR 0,7 million and the Real Estate sector EUR 0,6 million. The contribution from the Outlet sector includes EUR 4,1 million in prepaid taxes calculated on the loss carried forward. Changes in the item tax assets with a contra-item in the income statement are as follows:

	31.03.2014	30.09.2013
Opening Balance	**8.441**	**7.044**
Increases	**1.196**	**2.281**
Prepaid taxes recorded in the year:	**1.034**	**2.037**
- relating to previous years	-	-

- other	1.034	2.037
Increases in tax rates	-	-
Other increases	162	244
Decreases	**(644)**	**(884)**
Prepaid taxes cancelled in the year:	**(372)**	**(252)**
- reversals	(372)	(252)
Decreases in tax rates	-	-
Other reductions	(273)	(633)
	8.992	**8.441**

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

	31.03.2014	30.09.2013
Opening Balance	**86**	**2.413**
Increases	**10**	**21**
Prepaid taxes recorded in the year:	**-**	**21**
- relating to previous years	-	-
- other	-	21
Increases in tax rates	-	-
Other increases	10	-
Decreases	**(42)**	**(2.348)**
Prepaid taxes cancelled in the year:	**28**	**-**
- reversals	28	-
Decreases in tax rates	-	-
Other reductions	(70)	(2.348)
	54	**86**

Prepaid taxes are recognised given that it is deemed likely that positive taxable income will be generated to allow the use of the amount recognised as at 31 March 2014.
Management recorded the value of deferred tax assets in Group companies up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions provided 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 2014 amounted to EUR 30,8 million, of which EUR 24,8 million as at 30 September 2013. The tax losses of Mittel S.p.A. (which can only be used by the parent company), amounted to a total of EUR 60,0 million, also due to the acceptance of the request which resulted in the losses accrued by the incorporated companies Hopa S.p.A. and Tethys S.p.A. being transferred to the incorporating company Mittel S.p.A. The company did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the amount due in accordance with the provisions of the tax consolidation contract.

Current assets

12. Property inventories

As at 31 March 2014, the item amounted to EUR 117,6 million, a decrease of EUR 4,4 million compared to 30 September 2013. In particular, the item is composed as follows:

	31.03.2014	30.09.2013
Properties under construction	107.696	112.092
Properties under development	9.920	9.920
Properties held for trading	0	0
	117.616	**122.012**

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

	31.03.2014	30.09.2013
Breme Srl	12.177	12.159
CAD Immobiliare S.r.l.	21.560	21.804
Fede Srl	8.635	8.635
Gamma Tre Srl	9.848	9.480
Immobiliare Volta Marconi SRL	-	-
Lucianita S.r.l.	10.174	15.366
Mittel Investimenti Immobiliari S.r.l.	15.219	15.524
MiVa S.r.l.	16.212	15.585
Regina S.r.l.	1.581	1.547
Breme Srl	12.290	11.993
Spinone S.r.l. in liquidation	-	-
Total	**107.696**	**112.092**

13. Financial receivables

As at 31 March 2014, the item amounted to EUR 40,7 million, a decrease of EUR 42,8 million, and is composed as follows:

	31.03.2014	30.09.2013
Loans	26.184	80.717
Other receivables	14.546	2.783
Security deposits	-	-
	40.730	**83.500**

The item Loans is composed as follows:

	31.03.2014	30.09.2013
Loans - financial institutions	3.009	2.964
Loans - customers	23.175	77.753
	26.184	**80.717**

Current financial receivables are mainly composed of the following:

- EUR 12,8 million for the receivable of Fashion District Group S.p.A. deriving from the better estimate of contractual integration of the earn-out due on 16 January 2015, the date set for the final transfer of management of the Valmontone Rome outlet;
- EUR 13,9 million in credit positions previously held by Hopa S.p.A. and its investees;
- EUR 9,0 million for the current portion of a loan totalling EUR 13,3 million payable in three equal instalments expiring on 31 July 2013, 31 July 2014 and 31 July 2015, currently the subject of a dispute;
- EUR 3,0 million for the outstanding receivable for a giro account credit balance in place between Earchimede and Mittel Generale Investimenti S.p.A.;
- EUR 1,1 million for the receivable for current interest accrued on several non-current positions;
- EUR 0,9 million in liquidity stock held with the financial intermediary for trading transactions of Mittel Partecipazioni Stabili S.r.l.

As regards the decrease in the item compared to the balance as at 30 September 2013, note the reclassification from current to non-current of the receivable of EUR 50,5 million due to Ghea S.r.l. by Bios S.p.A., which in the financial statements as at 30 September 2013 was posted under current assets due to its expiry on 21 December 2013, as it was renegotiated and restructured pursuant to agreements in December 2013, which amended the contractual conditions and terms of collection, rescheduling those positions by two years, with the possibility of renewal for an additional year at specific conditions.

14. Other financial assets

As at 31 March 2014, as regards equity instruments, the item refers to the value of the stake of shares held by Mittel Partecipazioni Stabili S.r.l., reclassified under current assets as a result of the planned disposal of said securities in the next year. As regards derivative financial instruments, it refers to the difference in delivery price, for Mittel S.p.A., of several Moncler S.p.A. securities and the spot price as at 31 March 2014 as per agreements entered into with Brands Partners 2 S.p.A. in liquidation.
The item is composed as follows:

	31.03.2014	**30.09.2013**
Bonds	-	-
Equity instruments	7.532	17.826
Derivative financial instruments	1.674	-
	9.206	**17.826**

The change in the item Equity instruments is as follows:

Amounts in thousands of Euro		Changes in the period							
Name/company name	Amounts as at 01/10/2013	Reclassification from non-current	(Recall of funds) Reimbursements	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Reclassification in the current and other changes	Value as at 31/03/2014
Current available-for-sale financial assets:									
Intesa San Paolo S.p.A. (current)	11.865	-	-	(11.995)	481	-	1.618	2.287	4.256
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)	5.962	-	-	(6.647)	853	-	1.486	1.623	3.277
	17.826	**-**	**-**	**(18.642)**	**1.334**	**-**	**3.104**	**3.910**	**7.532**

15. Tax assets

As at 31 March 2014, the item amounted to EUR 15,4 million, a decrease of EUR 0,5 million compared to 30 September 2013.

	31.03.2014	30.09.2013
IRES (corporate income tax)	14.329	14.768
IRAP (regional business tax)	410	520
Other taxes	651	647
	15.390	**15.935**

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

The item showed the following changes:

	31.03.2014	30.09.2013
Opening balance	**15.935**	**16.581**
Increases	**750**	**1.466**
Current tax assets recorded in the year:	**719**	**422**
- relating to previous years	-	-
- other	719	422
Other increases	31	1.044
Decreases	**(1.295)**	**(2.112)**
Current tax assets cancelled in the year:	**(197)**	**(396)**
- reimbursements	(197)	(396)
- Other decreases	(1.099)	(1.716)
	15.390	**15.935**

16. Receivables due from customers and other commercial assets

As at 31 March 2014, the item amounted to EUR 24,6 million, decreasing by EUR 2,3 million, and was composed as follows:

	31.03.2014	30.09.2013
Trade receivables	7.284	9.275
Receivables from leases	1.527	1.707
Other tax receivables	12.416	12.230
Other receivables	1.825	1.899
Accrued income and prepaid expenses	1.565	1.798
	24.617	**26.909**

The item trade receivables is mainly comprised of receivables due from the customers of the companies in the Advisory Sector deriving from ordinary operations (EUR 6,6 million).

Receivables from leases refer to the Outlet group's contribution to the consolidated financial statements, and refer to lease rentals from single tenants of the three centres.
Tax receivables comprise: EUR 4,9 million in VAT receivables; EUR 7,5 million in other current receivables, of which EUR 7,2 million in receivables due from the tax authorities and acquired from Bios S.p.A. in execution of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011 and relating to the IRES (corporate income tax) surplus, for which a refund was requested.
The item other receivables mainly comprises EUR 0,6 million in current advances to suppliers and EUR 0,7 million for the contribution to the item from the Outlet Sector.

The item accrued income and prepaid expenses is mainly composed of: the contribution of the Fashion District Group (EUR 0,6 million), relating to the costs incurred by Outlet centre management companies for the marketing of commercial units through the stipulation of rental agreements for business units; the contribution to the consolidated financial statements of the Parent Company Mittel S.p.A. (EUR 0,5 million).

17. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 59,6 million (EUR 45,6 million as at 30 September 2013), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	31.03.2014	30.09.2013
Cash	88	48
Bank and postal deposits	59.489	45.569
	59.577	**45.617**

Specifically, EUR 20 million in liquidity is invested in certificates of deposit maturing in May 2015, with a rate of return of 2,75%, which it was decided to classify under bank deposits to reflect the agreements made with the issuing bank, which state that the certificates can be readily converted with no risk of a change in the value. This type of investment was made only for the purpose of obtaining better returns on available "cash".
As regards changes in the item, please refer to the consolidated cash flow statement.

Equity

18. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 334,7 million, an increase of EUR 7,7 million over 30 September 2013.

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

	31.03.2014	30.09.2013
Share capital	87.907	87.907
Legal reserve	16.760	16.760
Treasury shares	(26.515)	(26.515)
Share/holding premium reserve	53.716	53.716
Valuation reserves	73.334	65.811
Other reserves	120.905	120.904
Profit (loss) of previous years	8.488	46.475
Profit (loss) for the year	151	(38.012)
Equity	**334.746**	**327.046**

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

Share capital

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

Treasury shares

As at 31 March 2014, the company held 15.308.706 treasury shares. It should be noted that the subsidiary Earchimede S.p.A. held 98.750.125 ordinary shares in Parent Company Hopa S.p.A., equal to 7,15% of the latter's share capital. Hopa S.p.A. shares, following the merger by incorporation of Tethys S.p.A. in Mittel S.p.A. and the merger of Hopa S.p.A. in Mittel S.p.A., which took effect on 5 January 2012 as per the deed of notary Marchetti dated 30 December 2011, were swapped with a total of 3.555.003 ordinary Mittel S.p.A. shares. On 18 January 2013 Earchimede made a distribution of reserves in kind, through the assignment of 3.555.003 shares, of which 3.022.248 assigned to Mittel S.p.A. On 18 February 2013 Mittel delivered 2.500.000 of its treasury shares as partial payment to the financial advisory firm, Borghesi Advisory S.r.l.
Following the voluntary partial public exchange offer, with use date of 12 July 2013, 14.786.458 Mittel ordinary shares were exchanged. Added to the shares already held in portfolio, 522.248 shares, Mittel S.p.A. currently holds 15.308.706 treasury shares, equal to 17,415% of its share capital.

Valuation reserve

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

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

Fair value measurement reserve	**Evaluation reserve pertaining to the Group as at 01.10.2013**	Fair value changes		Release of reserve to the income statement for transfers of financial assets	Release of reserve to the income statement for fair value impairment	Evaluation reserve pertaining to the Group as at 31.03.14	**Share pertaining to non controlling interests as at 31.03.14**	**Total evaluation reserve as at 31.03.14**
		Increases	Decreases					
Available-for-sale financial assets:								
Ubi Banca Scpa	3.082	5.825	-	(1.434)	-	7.473	-	7.473
Intesa San Paolo SpA	5.324	5.527	-	(2.582)	-	8.269	-	8.269
RCS Media Group SpA	-	2.503	-	-	-	2.503	-	2.503
ISA SpA	969	-	-	-	-	969	-	969
Azimut Benetti S.p.A.	-	-	(6.188)	-	-	(6.188)	-	(6.188)
Fondo Progressio Investimenti	2.440	243	-	-	-	2.683	-	2.683
Fondo Progressio Investimenti II	-	-	-	-	-	-	-	-
Fondo Cosimo I	722	15	-	-	-	737	-	737
Fondo Augusto	(325)	41	-	-	-	(284)	-	(284)
Mc Link SpA	(16)	-	-	-	-	(16)	-	(16)
Editoriale Vita SpA	(91)	-	-	-	91	-	-	-
Frendy Energy SpA	60	-	(37)	-	-	23	-	23
SIA - SSB SpA	1.168	-	-	-	-	1.168	-	1.168
Equinox SCA	-	-	-	-	-	-	-	-
CIS S.p.A..	-	-	-	-	-	-	-	-
IGI Sud	-	-	-	-	-	-	-	-
Fondo dimensione Network	104	-	(104)	-	-	-	-	-
Investitori Associati II SA (in liquidation)	466	-	-	-	-	466	82	548
Opera Partecipations SCA	-	-	-	-	-	-	-	-
Opera 2 Partecipations SCA	(108)	-	-	-	108	-	-	-
Opera 2 C Partecipations SCA	(115)	-	-	-	115	-	-	-
Alfieri Ass. Inv. SA (in liquidation)	-	-	-	-	-	-	-	-
Fondo Pioneer	96	6	-	-	-	102	78	180
Total	**13.776**	**14.160**	**(6.329)**	**(4.016)**	**314**	**17.904**	**160**	**18.065**
Investments valued using the equity method:								
Tower 6 bis S.a r.l.	18.626	2.592	-	-	-	21.218	-	21.218
Bios S.p.A..	14.312	13.302	-	-	-	27.614	-	27.614
Brands Partners 2 S.p.A.	20.213	2.497	-	(15.120)	-	7.590	-	7.590
Castello SGR S.p.A.	16	-	(13)	-	-	3	-	3
Total	**53.167**	**18.391**	**(13)**	**(15.120)**	**-**	**56.425**	**-**	**56.425**
Financial instruments for the hedging of cash flows:								
Derivative instruments for interest rate hedging	(950)	73	-	-	77	(800)	(612)	(1.412)
	(950)	**73**	**-**	**-**	**77**	**(800)**	**(612)**	**(1.412)**
Employee defined benefit plans (IAS 19 revised)								
Reserve for actuarial gains and losses	(182)	-	(12)	-	-	(194)	(2)	(196)
	(182)	**-**	**(12)**	**-**	**-**	**(194)**	**(2)**	**(196)**
	65,811	**32,624**	**(6,354)**	**(19,136)**	**391**	**73,335**	**(454)**	**72,882**

Other comprehensive profit/(loss)

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

			Non controlling interests		**Income (loss) pertaining to the Group**	
	01.10.2013 31.03.2014	**01.10.2012 31.03.2013**	**01.10.2013 31.03.2014**	**01.10.2012 31.03.2013**	**01.10.2013 31.03.2014**	**01.10.2012 31.03.2013**
Profit (loss) for the year (A)	**(5.170)**	**(10.590)**	**(5.321)**	**(1.397)**	**151**	**(9.193)**
Effective part of the profits/(losses) on cash flow hedges	322	706	115	306	207	400
Profits/(losses) from the redetermination of available-for-sale financial assets	7.931	(4.523)	(14)	(101)	7.945	(4.421)
Profits/(losses) from the transfer of available-for-sale financial assets	(4.016)	(781)	-	(105)	(4.016)	(676)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	353	-	39	-	314	-
Profits/(losses) of companies valued using the equity method	3.434	12.950	-	-	3.434	12.950
Profits (losses) from remeasurement of defined benefit plans	(5)	(79)	12	(7)	(17)	(72)
Tax effect relating to other profits/(losses)	(378)	(118)	(35)	(82)	(343)	(36)
Total other profits/(losses), net of taxes (B)	**7.641**	**8.156**	**117**	**11**	**7.524**	**8.145**
Total comprehensive profit/(loss) (A) + (B)	**2.471**	**(2.434)**	**(5.204)**	**(1.386)**	**7.675**	**(1.048)**

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

	01.10.2013 31.03.2014			01.10.2012 31.03.2013		
	Gross value	**Tax expense/benefit**	**Net value**	**Gross value**	**Tax expense/benefit**	**Net value**
Effective part of the profits/(losses) on cash flow hedges	322	(89)	233	706	(194)	512
Profits/(losses) from the redetermination of available-for-sale financial assets	7.931	(115)	7.816	(4.523)	54	(4.469)
Profits/(losses) from the transfer of available-for-sale financial assets	(4.016)	-	(4.016)	(781)	-	(781)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	353	-	353	-	-	-
Profits/(losses) of companies valued using the equity method	3.434	(176)	3.258	12.951	-	12.951
Profits (losses) from remeasurement of defined benefit plans	(5)	2	(3)	(79)	22	(57)
Other components of the statement of comprehensive income reclassified to the income statement	-		-	-	-	-
Total other profits/(losses)	**8.019**	**(378)**	**7.641**	**8.275**	**(118)**	**8.156**

19. Non-controlling interests

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

	31.03.2014	**30.09.2013(*)**
Share capital pertaining to non controlling interests	6.284	6.284
Tresury shares pertaining to non controlling interests	-	-
Other reserves pertaining to minority interests	50.036	53.704
Non controlling interests - Reserve from available-for-sale financial assets	160	130
Non controlling interests - Cash flow hedge reserve	(612)	(727)
Non controlling interests - Reserve from valuation IAS 19	(2)	11
Profit (loss) for the year pertaining to non controlling interests	(5.321)	(3.013)
Minority interests	**50.545**	**56.389**

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data as at 1 October 2012 and as at 30 September 2013 were restated as provided by IAS 1.

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:

	31.03.2014	30.09.2013
Bond "Mittel S.p.A. 2013-2019" TF 6%		
Current portion	1.280	1.321
Non current portion	96.386	96.103
	97.666	**97.424**

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

	31.03.2014	30.09.2013
Current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	1.280	1.321
Non current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	99.854	99.853
Total nominal repayment	**101.134**	**101.174**
Evaluation at amortized cost	(3.468)	(3.750)
Total book value	**97.666**	**97.424**

The single issue of the bonds in service of the OPSC and OPSO has a duration of 6 years from the issue date, accrues annual interest of at least 6% and is earmarked for listing on the MOT (Screen-based bond market).
Starting from the fourth year from the issue date, Mittel will have the right of early redemption from a minimum of 25% up to a maximum of 50% of the value of the bond issued.
The bonds involved in the OPSO were offered and issued at a price equal to 98,500% of their nominal value (“Offer Price”). The bonds accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the “Nominal Interest Rate”) of 6,000%.
The gross effective annual rate of return on expiry of the Bonds involved in the OPSO, (i) calculated on the basis of the Nominal Interest Rate of the Bonds of 6,000% and the Offer Price equal to 98,500% of the nominal value of said Bonds and (ii) assuming that the Issuer does not make any early redemption of the Bonds, is equal to 6,304%.
The Bonds paid during the OPSC have the same characteristics as the bonds involved in the OPSO and, therefore, accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the “Nominal Interest Rate”) of 6,000%. The gross annual rate of return on expiry of the Bonds offered for exchange, (i) calculated on the basis of the Nominal Interest Rate and of the issue price of the Bonds offered for exchange equal to 100% of the nominal value and (ii) assuming that the Issuer does not make any early redemption, is equal to 6,000%, and, therefore, coincides with the Nominal Interest Rate.
The prospectus for the bond loan is available on the website www.mittel.it, in the section “Investor Relations”.
The Bonds were listed on the MOT from 12 July 2013.
Therefore, the total nominal value and the number of the bonds issued in service of the OPSC and OPSO, with a nominal value of EUR 1,75 each as at 31 March 2014 were as follows:

	Bond issued in the OPSO	Bond issued in the OPSC	Outstanding bonds
Number of bonds			
Bond "Mittel S.p.A. 2013-2019" TF 6%	42.273.697	14.786.458	57.059.155
Nominal value of bond redemption (Eur)			
Bond "Mittel S.p.A. 2013-2019" TF 6%	73.977.220	25.876.302	99.853.522

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

Values in Euro

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

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

21. Financial payables

As at 31 March 2014, the item amounted to EUR 93,4 million, a decrease of EUR 10,4 million over the previous year.

The item is composed as follows:

	31.03.2014	30.09.2013

Bank loans	90.503	100.168
Other loans	23	-
Other financial payables	2.840	3.626
	93.366	**103.794**

The item comprises the non-current bank payables of the subsidiary Fashion District Group S.p.A. (EUR 46,9 million), the non-current bank payables of the parent company Mittel S.p.A. (EUR 37,4 million) and the non-current payables of the subsidiary Mittel Investimenti Immobiliari S.r.l. (EUR 6,2 million).

Bank payables of the Fashion District Group are secured by property mortgages, and several of these are subject to annual compliance with given covenants, normal for said type of financing and calculated on the basis of the ratio of financial debt to equity and rents to debt service. Note that the covenants set forth in the loan agreements in place were respected as at the close of the financial year on 30 September 2013.

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

- EUR 15,1 million; mortgage contracted with Banco Popolare, expiring on 31 December 2020, disbursed for the construction of Phase 2 of the Bagnolo San Vito (MN) outlet, repayable in deferred six-month instalments. This loan expires on 31 December 2020. This loan is secured by a mortgage on the owned properties, amounting to EUR 54,7 million. Note that debt expiring beyond five years amounted to EUR 5,0 million and, in order to reduce the risk of fluctuation in interest rates, in 2006 a derivative instrument (IRS) was entered into for a notional value of EUR 22,0 million, expiring on 31 December 2019. At the reporting date, the fair value was a negative EUR 1,2 million, as illustrated in greater detail in the table below. Note that, also for the first half of 2014, as a result of the testing conducted, the hedge relationship of this derivative instrument has lost effectiveness in relation to the cash flows deriving from the financial liability.

- EUR 14,3 million; mortgage contracted with BNL S.p.A. for the construction of Phase 1 of the Bagnolo San Vito (MN) outlet. This loan expires on 30 June 2020. This loan is secured by a mortgage on the owned properties, amounting to EUR 54,7 million. Note that in order to reduce the risk of fluctuation in interest rates, in 2006 a derivative instrument (IRS) was entered into for a notional value of EUR 23,3 million, expiring on 30 June 2019. At the reporting date, the fair value was a negative EUR 1,0 million. Note that, also for the first half of 2013, as a result of the testing conducted, the hedge relationship of this derivative instrument has lost effectiveness in relation to the cash flows deriving from the financial liability.

- EUR 11,7 million; mortgage contracted for the construction of Phase 2 of the Molfetta outlet, with a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A., repayable in deferred quarterly instalments. This loan expires on 1 July 2019. The loan is secured by mortgages amounting to EUR 22,1 million in favour of Unicredit, and EUR 11,9 million in favour of MPS. In order to reduce the risk resulting from fluctuation in interest rates, a derivative contract (IRS) was entered into with UniCredit S.p.A. for a notional amount of EUR 19,6 million, expiring on 31 March 2018, as illustrated in further detail in the table below. At 31 March 2014, the fair value was a negative EUR 0,9 million. Note that, also for the first half of 2014, as a result of the testing conducted, the hedge relationship of this derivative instrument has lost effectiveness in relation to the cash flows deriving from the financial liability.

- EUR 8,4 million from Interbanca S.p.A. (now GE Capital S.p.A.), a mortgage loan granted by Interbanca S.p.A. for the construction of the multiplex cinema real estate complex located in Molfetta. The loan will be repaid in deferred quarterly instalments. This loan expires on 15 April 2021. The loan is secured by a first mortgage on the area owned by the company. In order to reduce the risk resulting from fluctuation in interest rates, the loan agreement is backed by an interest rate swap (IRS) entered into with the same bank, for a notional amount of EUR 13,7 million, expiring on 30 June 2014, as illustrated in greater detail in the table below.

- EUR 5,6 million from Interbanca S.p.A. (now GE Capital S.p.A.), a mortgage loan granted by Interbanca S.p.A. for the construction of Phase 1 of the Molfetta outlet. This loan expires on 30 June 2016. A mortgage has been recorded on the property in favour of the lender bank.

The bank payables of the Parent Company Mittel S.p.A., amounting to EUR 37,4 million, are composed as follows:

- the bank payable deriving from the loan granted to Tethys S.p.A. by Banca Popolare di Lodi S.p.A. and Banca Monte dei Paschi di Siena S.p.A. (EUR 32,1 million) for the acquisition of the Hopa S.p.A. investment. This loan was disbursed on 23 December 2008, expiring on 23 December 2015, and contains a set of clauses and commitments of Mittel, which are usual for that type of loan. Specifically, the contract provides for, *inter alia*: (i) commitments by Mittel S.p.A. not to implement specific types of extraordinary transactions without the advance approval from the banks, (ii) a negative pledge, and (iii) *pari passu* clauses, i.e., of non-deferral, which, if breached, could result in Mittel's obligation of early repayment of the amounts disbursed, with resulting negative effects on the Group's economic, equity and financial position.

- a loan granted by Banco di Brescia S.p.A. (approximately EUR 5,2 million), expiring on 23 October 2015, at a rate of 4%.

Amounts in thousands of Euro

Items/residual duration	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Liabilities							
Non-current bank loans	-	-	(78.531)	-	(11.996)	-	(90.527)
Current bank loans	(90.230)	(10.450)	-	-	-	-	(100.680)
Other financial payables due to related parties	(5.591)	-	-	-	-	(2.840)	(8.431)
Obbligazioni	(1.280)	-	-	-	(96.386)	-	(97.666)
	(97.102)	**(10.450)**	**(78.531)**	**-**	**(108.382)**	**(2.840)**	**(297.304)**

The item other financial payables is comprised of third party shareholder loans received from the real estate companies Breme S.r.l. (EUR 0,2 million), Gamma Tre S.r.l. in liquidazione (in liquidation) (EUR 0,2 million), Fede S.r.l. (EUR 0,1 million), Lucianita S.r.l (EUR 0,3 million), Mi.Va S.r.l. (EUR 1,6 million) and Santarosa S.r.l. (EUR 0,4 million).

22. Provisions for personnel

As at 31 March 2014, the item amounted to EUR 2,5 million, increasing by EUR 0,1 million, and was composed as follows:

	31.03.2014	30.09.2013
Employee severance indemnity	2.544	2.313
Other allowances	-	94
	2.544	**2.407**

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

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

	31.03.2014	30.09.2013
Opening balances	**2.313**	**1.501**
Increases:		
- Allocation in the year	242	626
- Increase due to business combination	-	-
- Other increases	121	427
Decreases:		
- Liquidations carried out	(78)	(200)
- Other decreases	(54)	(41)
	2.544	**2.313**

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

The actuarial assumptions adopted refer to:

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

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

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

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

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

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

The amount of projected salary in future years has been estimated, for each employee, annually increasing the salary of the year to which the valuation refers, valid for employee severance indemnity purposes, based on the projected inflation rate (estimated at a constant 1,5% over time) and other contractual increases. The projections also take account of any TFR additions, communicated by the Parent Company.

For revaluation purposes, TFR is increased, with the exclusion of the portion accrued in the year, each year through the application of a rate with a fixed component of 1,50%, on a fixed basis, and a variable component of 75% of the projected inflation rate. Substitute income tax of 11% is applied on annual returns (Legislative Decree 47/2000).

For each of the basic assumptions, an analysis is performed on the effect on the results of actuarial evaluations of a variation of 10% more or 10% less than said amount. One amount was varied at a time, without prejudice to all other amounts.
It should be pointed out, for example, by focusing attention on the discount rate, that an increase in the rate of 10% (from 2,63% to 2,89%) involves, on the whole, a reduction of around 2,70% in the amount of the employee severance indemnity provision on an IAS basis - for companies as at 30 September 2013.

Similarly, a reduction in the annual rate of inflation of 10% (from 1,50% to 1,35%) involves, on the whole, a reduction of 1,26% in the amount of the provision for Group companies as at 30 September 2013.

23. Deferred tax liabilities

These amounted to EUR 36,6 million and include deferred taxes calculated on the basis of temporary differences which emerge between the values of assets and liabilities in the financial statements and the corresponding values relevant for tax purposes.

The item is composed as follows:

	31.03.2014	**30.09.2013**
Tax liabilities whit contra-item in income statement	12.357	12.571
Tax liabilities with contra-item in equity	24.274	25.175
	36.631	**37.746**

	31.03.2014	**30.09.2013**
Deferred liabilities		
Receivables	12.489	12.701
Assets/liabilities held for sale	1.153	1.058
Property, plant and equipment/intangibles assets	22.944	23.987
Other assets/liabilities	45	-
Other	-	-
	36.631	**37.746**

This item primarily included EUR 8,3 million in deferred taxes calculated on the value adjustment to the receivable due to Ghea from Bios, EUR 27,1 million from the contribution to tax consolidation of the Outlet sector, and EUR 1,2 million from the contribution of the Parent Company Mittel S.p.A. The contribution to tax consolidation from the Fashion Group has been calculated as EUR 14,4 million in relation to deferred taxes due to the differences generated as a result of the split transactions implemented in 2003 and the mergers implemented in 2007 in order to optimise the corporate structure of the Fashion District Group, EUR 4,2 million from the tax effect of the expected collection in January 2015 of the earn-out on the transfer of the Rome outlet and EUR 8,5 million from the reflection in the accounts of the write-back of property and plant as a result of measurement of the Mantua and Molfetta outlets at their fair value.

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

	31.03.2014	**30.09.2013**
Opening balance	**12.571**	**9.412**
Increases	**1.420**	**5.509**
Deferred taxes recorded in the year:	**1.420**	**5.509**
- other	1.420	5.509
Decreases	**(1.633)**	**(2.350)**
Deferred taxes cancelled in the year:	**(1.633)**	**(2.217)**
- reversals	(1.633)	(2.217)
Decreases in tax rates	-	-
Other reductions	-	(133)
	12.357	**12.571**

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

	31.03.2014	30.09.2013
Opening balance	**25.175**	**25.586**
Increases	**142**	**1.076**
Deferred taxes recorded in the year:	**142**	**1.076**
- other	142	1.076
Decreases	**(1.043)**	**(1.487)**
Deferred taxes cancelled in the year:	**(1.043)**	**(1.487)**
- reversals	(1.043)	(1.487)
Decreases in tax rates	-	-
Other reductions	-	-
	24.274	**25.175**

24. Provisions for risks and charges

As at 31 March 2014, the item amounted to EUR 7,3 million, increasing by EUR 1,6 million, and was composed as follows:

	31.03.2014	30.09.2013
Provision for risks:		
Contractual disputes	6.934	4.971
Other disputes	35	-
Other provisions:		
Expenses for personnel	-	-
Other expenses	319	717
	7.288	**5.688**

The item saw the following changes:

	31.03.2014	30.09.2013
Opening balance	**5.688**	**4.510**
increases:		
Allocation in the year	1.996	4.975
Other increases	-	845
Decreases:		
Use in the year	(396)	(4.493)
Other decreases	-	(149)
	7.288	**5.688**

Specifically, the provisions refer mainly to provisions for contractual disputes, set aside to cover potential losses. At the date of these financial statements, the amounts and date of occurrence were still undetermined.
Refer to the information already provided in the report on operations for an update on the dispute.

25. Sundry payables and other non-current liabilities

The item totalled EUR 3,4 million, up by EUR 0,5 million. The item mainly includes EUR 2,4 million for the advance received from the company Espansione Mediterranea S.r.l. relating to the preliminary sale agreement for a piece of land in Naples, in relation to a settlement agreement signed on 18 February 2014, which resulted in the termination of a dispute that arose concerning the sale of a piece of land for which the preliminary agreement had been signed on 16 June 2008 and subsequently legally challenged by the counterparty. Compared to the figure posted in the financial statements as at 30 September 2013, the agreement requires that Espansione Mediterranea pay an additional EUR 0,9 million. The notarial deed for the sale of the land was stipulated on 19 May 2014, with the consequent recording in the income statement for the third quarter 2013-2014 of a profit of approximately EUR 2,4 million. The item also includes EUR 0,5 million for the residual payable to the Direzione Regionale delle Entrate (Regional Revenue Department) for the payment resulting from the settlement of the Mittel Generale Investimenti dispute for the tax periods 2004-2005 and 2005-2006 and EUR 0,4 million for the payable deriving from the collection of earnest money following the sale of residential units by Miva Sr.l.

Current liabilities

26. Bond issue

These amount to EUR 1,3 million and refer to the interest accrued in the period from 12 January 2014, the coupon payment date of the bond loan, to the reporting date.

27. Financial payables

Financial payables totalled EUR 106,3 million, down by EUR 11,1 million.

The item is composed as follows:

	31.03.2014	30.09.2013
Bank loans	80.137	90.140
Current portion of medium/long-term bank loans	20.543	20.369
Other loans	4.410	5.736
Other financial payables	1.213	1.183
	106.303	**117.428**

The item Financial payables is composed of the current bank payables of Mittel S.p.A. (EUR 64,6 million), Mittel Investimenti Immobiliari S.r.l (EUR 26,6 million), Mittel Partecipazioni Stabili S.r.l. (EUR 0,5 million), Fashion District Group (EUR 9,6 million), Breme S.r.l. (EUR 4,4 million), FD 33 S.r.l. (0,1 million) and Mittel Advisory S.p.A. (EUR 0,4 million).

In particular, the bank loans are composed of hot money granted by leading banks, regulated at rates indexed to the 1-3 month Euribor and expiring in four months (EUR 76,9 million), referred to bank loans of Mittel (EUR 58,0 million) and of Mittel Investimenti Immobiliari S.rl. (EUR 18,9 million).

The loans of Mittel Partecipazioni Stabili S.r.l. are composed of a partially used credit line, in respect of which 6.230.000 Intesa Sanpaolo S.p.A. shares and 1.381.763 UBI Banca S.c.p.a. shares are pledged on the dossier at the daily Eonia rate plus 125 bps.

The current portion of medium/long-term bank loans is composed of the current portion of the bank loans of the Fashion District Group (EUR 9,6 million). As regards the description of the loans in place with Fashion District Group S.p.A., please refer to the section non-current financial payables.

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

The item “Other financial payables” mainly includes the payable due to Liberata S.p.A. of EUR 1,2 million, posted in relation to the capital replenishment in connection with the tax dispute, substantially adjusting the price paid to acquire the 100% investment of Mittel Generale Investimenti S.p.A., on which interest has accrued starting from 1 October 2013, at the 3-month Euribor rate (365) increased by 500 bps.

28. Other financial liabilities

Other financial liabilities totalled EUR 3,8 million, down by EUR 0,9 million. The item is composed as follows:

	31.03.2014	30.09.2013
Derivative financial instruments	3.785	4.741
Other financial liabilities	-	-
	3.785	**4.741**

The item other liabilities includes EUR 3,2 million for the negative mark-to-market of the interest rate swaps contracted by the Fashion District Group S.p.A. as well as EUR 0,6 million for the measurement of the negative fair values of the options subscribed by Mittel Partecipazioni Stabili S.r.l.

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

Derivative financial instruments

	Type of underlying asset					
	Interest rates	Currencies	Equities	Other	31.03.2014	30.09.2013
"Over the counter" derivative financial instruments						
Interest Rate Swap	-	-	-	-	3.166	3.653
Equity Linked Swap	-	-	-	-	-	-
Options	-	-	619	-	619	1.088
Other derivative financial instruments						
Interes rate swap	-	-	-	-	-	-
Equity Linked Swap	-	-	-	-	-	-
Options	-	-	-	-	-	-
					3.785	**4.741**

The derivative transactions of the Mittel Group as at 31 March 2014 are detailed below:

Amounts in thousands of Euro

			Mark to market (clean price)		
Description	**Outcome of hedging test**	**Notional value**	**Non-current portion**	**Current portion**	**Total**
IRS operation performed by Fashion District Group SpA, subscribed on 01/09/2008 expiring on 31/03/2018 on the Unicredit mortgage loan, notional EUR 19.607.499, with which the fixed interest rate of 4.75% was transformed to a variable 3-month Euribor rate.	Ineffective hedge relationship	9.158	-	(861)	(861)
Capped dual rate IRS operation performed by Fashion District Group SpA, subscribed on 31/12/2006 expiring on 30/06/2019 on the Efibanca mortgage loan, notional EUR 23.314.890, with which the interest rate with a fixed component of + 1/2 6-month Euribor was transformed to a variable 6-month Euribor rate.	Effective hedge relationship	11.925	-	(1.005)	(1.005)
IRS operation performed by Fashion District Group SpA, subscribed on 01/07/2008 expiring on 30/06/2014 on the GE Capital mortgage loan, notional EUR 13.708.334, with which the fixed interest rate of 4.98% was transformed to a variable 3-month Euribor rate.	Ineffective hedge relationship	7.000	-	(82)	(82)
Capped dual rate IRS operation performed by Fashion District Group SpA, subscribed on 28/07/2006 expiring on 31/12/2019 on the Efibanca mortgage loan, notional EUR 22.000.000, with which the interest rate with a fixed component of + 1/2 6-month Euribor was transformed to a variable 6-month Euribor rate.	Ineffective hedge relationship	13.318	-	(1.218)	(1.218)
Total cash flow hedge derivatives		**41.401**	**-**	**(3.166)**	**(3.166)**

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

29. Tax liabilities

As at 31 March 2014, the item amounted to EUR 0,8 million, a decrease of EUR 0,5 million compared to the previous year, and was composed of tax payables which break down as follows:

	31.03.2014	30.09.2013
IRES (corporate income tax)	353	386
IRAP (regional business tax)	319	955
Other	91	-
	763	**1.341**

The item showed the following changes:

	31.03.2014	30.09.2013
Opening balance	**1.341**	**740**
Increases	**814**	**1.212**
Current tax liabilities recorded in the year:	**371**	**768**
- relating to previous years	-	-
- other	371	768
Other increases	444	444
Decreases	**(1.392)**	**(611)**
Current tax liabilities cancelled in the year:	**-**	**-**
- reimbursements	-	-
- Other decreases	(1.392)	(611)
	763	**1.341**

30. Sundry payables and other liabilities

This item amounted to EUR 29,2 million, down by EUR 4,3 million compared to the previous year. The item is composed as follows:

	31.03.2014	30.09.2013
Trade payables	11.892	13.068
Tax payables	775	1.397
Payables relating to employees	1.259	2.216
Payables relating to other personnel	25	5
Payables due to directors and statutory auditors	505	447
Payables due to social security institutions	461	563
Other payables	13.492	15.004
Accrued expenses and deferred income	815	844
	29.224	**33.544**

The item “Trade payables” mainly includes the payables recorded by Fashion District Group S.p.A. for invoices received and to be received (EUR 8,8 million), the payables of real estate companies for the respective property projects in place (EUR 0,5 million), trade payables recognised by the Parent Company Mittel S.p.A. (EUR 1,8 million), payables to the advisory sector (EUR 0,4 million) and the contribution of Markfactor S.r.l. in liquidazione (in liquidation) (EUR 0,3 million).

The item “Other payables” includes the payable due to investee BIOS S.p.A. (EUR 7,2 million), which was recorded following the acquisition by Hopa S.p.A. of an equal amount of tax receivables deriving from the IRES surpluses for which a refund was requested, a transaction governed by the preliminary agreement of 18 May 2011 for the purchase of the Tethys S.p.A. investment held by Equinox Two S.c.p.A. The item also includes the contribution of the real estate companies (EUR 1,5 million), the contribution to the item “other payables” of the parent company Mittel S.p.A. (EUR 1,7 million), the contribution to the item of the subsidiary Earchimede S.p.A. (EUR 1,2 million) and the contribution of the Outlet sector (EUR 1,4 million).

Information on the Consolidated Income Statement

31. Revenues

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

	31.03.2014	31.03.2013	30.09.2013
Revenues from property sales	8.981	1.010	7.232
Revenues from rent	17.100	16.549	33.733
Revenues from provision of services	468	-	971
Other revenues	2.393	2.339	7.812
	28.942	**19.898**	**49.748**

The item revenues from property sales is composed of revenues deriving from sales of properties, increasing sharply on the same period of the previous year due to the contribution of the real estate companies Lucianita S.r.l. (EUR 7,9 million), Cad Immobiliare S.r.l. (EUR 0,6 million), Mittel Investimenti Immobiliari S.r.l. (EUR 0,4 million) and Fede S.r.l. (EUR 0,1 million).

The item revenues from rent comprises EUR 16,9 million relating to the contribution of the Outlet sector to the consolidated financial statements of the Mittel Group as well as EUR 0,2 million to the rental agreement in force on a portion of the property held by Fede S.r.l.

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

Other revenues comprise EUR 0,5 million in revenues from advisory services performed by Mittel Advisory S.p.A. and EUR 1,7 million for the activities performed by Mittel Advisory Debt & Grant S.p.A.

32. Other income

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

	31.03.2014	31.03.2013	30.09.2013
Recoveries of various expenses	53	13	55
Contingent assets	561	445	1.684
Income from elimination of assets	-	-	25
Other revenues and income	783	1.137	1.884
	1.397	**1.595**	**3.648**

The item other revenues and income is mainly composed of the contribution from the Fashion District Group of EUR 0,7 million, relating to the compensation for the illegal tenancy of the outlet relating to rental agreements for business units terminated by law for which the tenants continued to occupy the space, as well as other compensation for contractual terminations.

33. Variations in property inventories

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

	31.03.2014	31.03.2013	30.09.2013
Increases in property inventories	1.903	9.016	11.653
Decreases in property inventories	(6.500)	(951)	(3.204)
Write-downs in property inventories	-	-	(2.809)
	(4.597)	**8.065**	**5.640**

34. Costs for purchases

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

	31.03.2014	31.03.2013	30.09.2013
Purchases and property increases	(860)	(7.376)	(11.089)
Provision of services and consultancy	(114)	(105)	(288)
Urbanisation expenses	-	-	-
Registration tax	-	-	-
Insurance	(10)	(12)	(27)
Maintenance	(3)	(13)	(10)
Other	(184)	(38)	(128)
	(1.171)	**(7.544)**	**(11.542)**

The item costs for purchases recorded a sharp decrease attributable to a lower commitment in the Real Estate sector, due to the completion of several property projects during the previous year. The item specifically includes the contribution of EUR 0,2 million from Gamma Tre S.r.l., EUR 0,2 million from Lucianita S.r.l., EUR 0,1 million from Mittel Investimenti Immobiliari S.r.l. and EUR 0,3 million from Miva S.r.l.

Provision of services, amounting to EUR 0,1 million, is comprised of advisory services relating to studies and designs pertaining to property projects. The main contributions derive from the vehicles pertaining to Cad S.r.l., Mittel Investimenti Immobiliari S.r.l. and Miva S.r.l.

35. Costs for services

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

	31.03.2014	31.03.2013	30.09.2013
Legal consultancy	(466)	(1.119)	(1.757)
Notary consultancy	(107)	(31)	(68)
Other consultancy	(1.791)	(1.652)	(3.679)
General services and maintenance	(1.915)	(1.981)	(3.569)
Administrative, organisational and audit services	(198)	(270)	(387)
Project-based partner costs	(68)	(51)	(96)
Directors' fees	(4.583)	(1.227)	(2.735)
Board of Statutory Auditors' fees	(240)	(240)	(607)
Supervisory Body's fees	(100)	(68)	(118)
Fees for prosecutors and Manager in charge	(8)	(35)	(16)
Rentals	(6.949)	(6.905)	(13.895)
Leases	(271)	(356)	(650)
Insurance	(515)	(359)	(780)
Utilities	(650)	(586)	(1.217)
Advertising	(781)	(1.152)	(2.639)
Commercial services	(1.028)	(58)	(1.529)
	(19.670)	**(16.090)**	**(33.742)**

The item directors' fees recorded a total increase of EUR 3,3 million, mainly attributable to the signing of the settlement agreement entered into with Mr. Arnaldo Borghesi. This agreement is described in the paragraph on significant events in the first half of the year of this half-year report.

36. Personnel costs

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

	31.03.2014	31.03.2013	30.09.2013
Wages and salaries	(3.974)	(3.313)	(8.297)
Social security costs	(1.204)	(1.101)	(2.572)
Employee termination indemnity	(26)	-	(94)
Pension costs	(15)	-	(25)
Allocation to employee severance indemnity	(253)	(183)	(472)
Allocation to retirement fund and similar obligations	-	-	-
Payments to external supplementary pension funds	(2)	(1)	(4)
Other personnel costs	(62)	(172)	(234)
	(5.536)	**(4.770)**	**(11.698)**

The cost of employees increased by a total of EUR 0,6 million, mainly due to the contribution of Mittel Advisory S.p.A., which contributed EUR 1,1 million in the half compared to a contribution of EUR 0,4 million in the previous period, in which it had been consolidated only from 1 January 2013.

Average number of Group employees broken down by category:

	Exact number 31 March 2014	Average in half-year 2013/2014	Average in year 2012/2013
Managers	14	14	17
Officials	26	27	26
Employees	88	89	94
Total	**128**	**130**	**137**

37. Other costs

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

	31.03.2014	31.03.2013	30.09.2013
Taxes and duties	(2.037)	(1.751)	(3.913)
Capital losses from transfer of receivables	-	(222)	-
Adjustment to deferred price - Fashion District Group	-	(783)	-
Losses on receivables	-	(186)	(561)
Capital losses from transfer of property, plant and equipment	(5)	(1)	(4)
Contingent liabilities	(393)	(75)	(491)
Other sundry operating expenses	(597)	(466)	(862)
	(3.032)	**(3.484)**	**(5.831)**

The item taxes and duties included an increase of EUR 0,3 million, and is mainly composed of taxes of EUR 0,5 million for the Outlet sector, taxes of EUR 1,3 million for Mittel S.p.A. and taxes of EUR 0,2 million for the Real Estate sector.

Other sundry operating expenses mainly comprise EUR 0,3 million attributable to the Fashion District Group and EUR 0,2 million attributable to Mittel S.p.A.

38. Dividends and similar income

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

	31.03.2014	31.03.2013	30.09.2013
Dividends from financial assets held for trading	-	-	-
Dividends from available-for-sale financial assets	1.037	736	1.947
Dividends from financial assets designated at fair value	-	-	-
Dividends from investments	-	-	-
Other	-	-	-
	1.037	**736**	**1.947**

This item is composed of dividends received by the Parent Company Mittel S.p.A. on investments held in Fondo Augusto (Augusto Fund) (EUR 0,7 million), SIA S.p.A. (EUR 0,1 million) and Fondo Progressio (EUR 0,1 million).

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

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

	31.03.2014	31.03.2013	30.09.2013
Available-for-sale financial assets			
Capital gains	5.351	99	1.094
Other income	102	712	759
Capital losses	-	-	(16)
Capital gains (losses) from transfer of receivables	**-**	**-**	**(222)**
Capital gains (losses) from transfer of investments	**96**	**-**	**160**
Write-backs/value adjustments of investments	**-**	**385**	**572**
	5.549	**1.196**	**2.348**

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

40. Amortisation/depreciation

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

	31.03.2014	31.03.2013	30.09.2013
Intangible assets			
Amortisation	(81)	(50)	(143)
Adjustments for impairment	(3.972)	-	(377)
Write-backs	-	-	-
Property, plant and equipment			
Amortisation of investment property	(6.252)	(6.583)	(12.542)
Amortisation of other assets owned	(778)	(347)	(1.595)
Write-backs	-	1	1

Assets relating to financial leasing	**-**	**-**	**-**
	(11.083)	**(6.979)**	**(14.656)**

The item amortisation is mainly attributable to the contribution of the Fashion District Group S.p.A. (EUR 6,9 million). The impairment adjustment of EUR 4,0 million refers to the impairment recorded as a result of the comparison between the book value of goodwill of Mittel Advisory S.p.A. allocated during the initial consolidation and the relative recoverable value determined by the value in use as at 31 March 2014, which highlighted the need for a partial write-down of goodwill equal to EUR 4,0 million, which was recognised in the income statement. For more details see the detailed description in the item intangible assets in these half-year financial statements.

41. Allocations to the provision for risks

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

	31.03.2014	31.03.2013	30.09.2013
Provisions for ongoing disputes:			
Provision for contractual disputes	(1.963)	-	(4.971)
Provision for restructuring expenses	-	-	-
Other provisions	(34)	(25)	(22)
	(1.997)	**(25)**	**(4.993)**

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

42. Value adjustments to financial assets and receivables

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

	31.03.2014	31.03.2013	30.09.2013
Write-downs of financial receivables	(1.522)	(342)	(6.275)
Write-downs of other receivables	(1.281)	(698)	(1.662)
Write-downs of available-for-sale financial assets	(8.550)	(682)	(20.899)
Write-downs of non-current assets held for sale	-	-	-
Write-backs of financial assets	533	-	-
	(10.819)	**(1.723)**	**(28.836)**

Write-downs of financial receivables are mainly attributable to the contribution of the Outlet sector and, in particular EUR 1 million as the adjustment to the earn-out due on the sale of the Valmontone outlet and EUR 0,5 million on specific receivables of the Group which are due to the Outlet sector,

Write-downs of other receivables mainly refer to write-downs in the advisory sector (EUR 0,5 million) and the Outlet sector (EUR 0,7 million).

The write-downs mainly refer to the following equity investments:

- EUR 6,5 million for Alfa Park S.r.l.
- EUR 0,4 million for the investment held in the Fondo Progressio Investimenti II (Progressio Investimenti II Fund);
- EUR 0,2 million for Equinox Two S.c.a.;
- EUR 0,4 million for Alfieri Associati Investment S.A. in liquidazione (in liquidation);
- EUR 0,5 million for Opera 2 Participations S.c.a.;
- EUR 0,1 million for Società Editoriale Vita S.p.A.;
- EUR 0,3 million for IGI Sud SGR S.p.A.

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

The item is composed as follows:

	31.03.2014	31.03.2013	30.09.2013
Pro-rata profits			
Brands Partners 2 S.p.A.	18.349	-	-
Castello SGR S.p.A.	279	148	575
Mit-Fin	-	12	29
Mi Re SGR S.p.A.	26	-	65
Liberata S.p.A.	172	-	293
	18.826	**160**	**961**
Pro-rata losses			
Iniziative Nord Milano S.r.l.	(235)	(59)	(199)
Tower 6 Bis Sarl	(26)	(37)	(59)
Loft srl	-	-	(377)
Liberata S.p.A.	-	(53)	-
Mit-Fin S.p.A.	(85)	(9)	-
	(346)	**(165)**	**(636)**
	18.480	**(5)**	**325**

44. Financial income

The item is composed as follows:

	31.03.2014	31.03.2013	30.09.2013
Bank interest income	73	26	108
Interest income on financial receivables	3.159	3.399	5.591
Other interest income	567	163	165
Other financial income	70	2.348	17.004
Hedging activities			
Fair value hedging derivatives	308	-	1.256
Exchange gains	-	-	-
	4.177	**5.936**	**24.124**

45. Financial expenses

The item is composed as follows:

	31.03.2014	31.03.2013	30.09.2013
Interest expense on bonds	(3.263)	-	(1.404)
Interest expense on bank current accounts	(94)	(32)	(169)
Interest expense on bank loans	(3.222)	(4.923)	(7.518)
Interest expense on other loans	(2.876)	(249)	(381)
Other interest expenses	(59)	(182)	(122)
Other financial expenses	(475)	(347)	(835)
Hedging activities			
Fair value hedging derivatives	(952)	(194)	(2.296)
Exchange losses	-	-	-
	(10.941)	**(5.927)**	**(12.725)**

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

46. Profit (loss) from trading of financial assets

This item is comprised of the contribution of Mittel S.p.A. of EUR 1,7 million, comprised of the measurement of the difference between the delivery price of several Moncler S.p.A. securities and the spot price as at 31 March 2014 as per agreements entered into with Brands Partners 2 S.p.A. in liquidation, as well as the contribution of Mittel Partecipazioni Stabili of EUR 1,1 million for the exercise of several derivatives with underlying listed shares held by said company.

	31.03.2014	31.03.2013	30.09.2013
Financial assets designated at fair value			
Profit/loss from trading		38	(14)
Derivative financial instruments	2.781	(1.500)	(1.164)
	2.781	**(1.462)**	**(1.178)**

47. Income taxes

The amount is composed as follows:

	31.03.2014	31.03.2013	30.09.2013
IRES (corporate income tax)	94	(526)	(906)
IRAP (regional business tax)	(455)	(322)	(806)
	-	-	558
Total current taxes	**(361)**	**(848)**	**(1.154)**
Deferred tax liabilities	1.255	60	(3.350)
Prepaid income taxes	420	529	795
Total deferred taxes	**1.675**	**589**	**(2.555)**
	-	(38)	(38)
Total income taxes	**1.314**	**(297)**	**(3.747)**

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

As at 31 March 2014 this item amounted to zero, while as at 31 March 2013 it was composed of the profit for the period of Mittel Real Estate SGR S.p.A. of EUR 0,1 million as well as the capital gain deriving from the disposal of the same for EUR 0,2 million.

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

The item is composed as follows:

	31.03.2014	30.09.2013
Profit (loss) for the year pertaining to non controlling interests	(5.321)	(3.013)
	(5.321)	**(3.013)**

50. Basic and diluted earnings (loss) per share

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

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

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

- *Diluted earnings or loss per share:*
  As required by IAS 33, diluted earnings (loss) per share should take account of the effects of all potential ordinary shares with a dilutive effect.

Basic and diluted earnings or loss per share attributable to the Parent Company as at 31 March 2014, compared with the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	31.03.2014	31.03.2013 (*)	31.03.2013
From income statement:			
- Basic	0,002	(0,113)	(0,114)
- Diluted	0,002	(0,113)	(0,114)
From comprehensive income:			
- Basic	0,106	(0,013)	(0,013)
- Diluted	0,106	(0,013)	(0,013)

(*) Following the (retrospective) application from 1 October 2013 of the amendment to IAS 19, the comparative data as at 1 October 2012 and as at 30 September 2013 were restated as provided by IAS 1. For further details refer to the section "Accounting standards and amendments applied from 1 October 2013".

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

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of basic earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 31 March 2014, compared with the previous year, is as follows:

Basic earnings/(loss) per share attributable to the Parent Company	31.03.2014	31.03.2013	31.03.2013 (*)
(no. ordinary shares)			
No. of shares at start of the year	87.907.017	83.294.876	83.294.876
Average weighted number of ordinary shares subscribed in the year	-	-	-
No. of shares at start of the year	(15.308.706)	(2.612.830)	(2.612.830)
Average weighted number of treasury shares acquired in the year	-	-	-
Average weighted number of treasury shares sold in the year	-	371.343	371.343
Average weighted number of shares outstanding at the end of the year	**72.598.311**	**81.053.389**	**81.053.389**
Thousands of Euro			
Net profit/(loss) attributable to the Parent Company	**151**	**(9.247)**	**(9.193)**
EUR			
Basic earnings/(loss) per share attributable to the Parent Company	**0,002**	**(0,114)**	**(0,113)**
Thousands of Euro			
Total net profit/(loss) attributable to the Parent Company	**7.675**	**(1.048)**	**(1.048)**
EUR			
Total basic earnings/(loss) per share attributable to the Parent Company	**0,106**	**(0,013)**	**(0,013)**

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 2014, compared with the previous year, is as follows:

Diluted earnings / (loss) per share	31.03.2014	31.03.2013	31.03.2013 (*)
(no. ordinary shares)			
Average weighted number of shares outstanding at the end of the year	72.598.311	81.053.389	81.053.389
plus shares necessary for:			
subscription of shares	-	-	-
Potential dilution of ordinary shares	-	-	-
Average weighted number of shares at the end of the year	**72.598.311**	**81.053.389**	**81.053.389**
Thousands of Euro			
Net profit/(loss) attributable to the Parent Company	151	(9.247)	(9.193)
Effect of subscriptions of potential new shares	-	-	-
Net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**151**	**(9.247)**	**(9.193)**
EUR			
Diluted earnings / (loss) per share	**0,002**	**(0,114)**	**(0,113)**
Thousands of Euro			
Net profit/(loss) attributable to the Parent Company	7.675	(1.048)	(1.048)
Effect of subscriptions of potential new shares		-	-
Total net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**7.675**	**(1.048)**	**(1.048)**
EUR			
Total diluted earnings/(loss) per share attributable to the Parent Company	**0,106**	**(0,013)**	**(0,013)**

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

Total earnings/(loss) per share attributable to the Parent Company	31.03.2014	31.03.2013
From assets transferred and disposed:		
- Basic	0,000	0,004
- Diluted	0,000	0,004

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 2014 was a negative EUR 191,6 million, as shown in the table below:

(Thousands of Euro)	31.03.2014	30.09.2013	Variazione
Cash	88	48	40
Other cash equivalents	62.498	48.533	13.964
Securities held for trading	9.206	17.826	(8.620)
Current liquidity	**71.792**	**66.407**	**5.385**
Current financial receivables	**37.721**	**30.575**	**7.146**
Current bank payables	(80.138)	(90.140)	10.002
Current portion of medium/long-term bank loans	(20.543)	(20.369)	174
Bonds	(1.280)	(1.321)	41
Other current financial payables	(9.407)	(11.659)	2.252
Current financial debt	**(111.368)**	**(123.489)**	**12.121**
Net current financial debt	**(1.855)**	**(26.506)**	**24.651**
Non-current bank payables	(90.503)	(100.168)	9.664
- Bank payables expiring in the medium-term	(90.503)	(100.168)	9.664
- Bank payables expiring in the long-term	-	-	-
Bonds issued	(96.386)	(96.103)	(283)
Other financial payables	(2.863)	(3.626)	763
Non-current financial debt	**(189.752)**	**(199.897)**	**10.144**
Net financial position	**(191.607)**	**(226.403)**	**34.796**

(*) The item includes EUR 20 million in liquidity invested in certificates of deposit, classified under bank deposits to reflect the agreements made with the issuing bank, which state that the certificates can be readily converted with no risk of a change in the value.
(**) Available-for-sale assets posted under current assets were reclassified to this item.

As regards the determination of the net financial position, please refer to the report on operations of these financial statements. Moreover, in compliance with the indications of Consob Communication no. 6064293 of 28 July 2006 relating to the impact of transactions or positions with related parties on the net financial position, refer to the financial statement tables drawn up pursuant to Consob Resolution no. 15519 of 27 July 2006. Specifically, the significant items pertaining to the net financial position, which include balances to/from related parties, are current and non-current financial receivables and non-current financial payables. For the details of these, please refer to note 56 of these consolidated financial statements.

52. Commitments and guarantees

As at 31 March 2014, the guarantees below were given, summarised in the following table:

	31.03.2014	30.09.2013
Guarantees:		
commercial	42.258	42.254
assets pledged as collateral	7.612	15.162
Commitments:		
disbursement of funds	19.258	20.094
other irrevocable commitments	5.216	5.687
	74.344	**83.197**

Commercial guarantees refer to the contribution of the Parent Company Mittel S.p.A (EUR 23,4 million), and are composed of EUR 20 million for the guarantee in favour of Liberata S.p.A., expiring on 25 July 2015, issued to secure the equity of Mittel Generale Investimenti S.p.A. against risks on credit, labour law and tax losses, EUR 2,9 million for the sureties in favour of the Italian Revenue Agency for VAT for which a refund was requested, EUR 0,1 million for a bank guarantee relating to the residual contractual payable connected with the "Bernardi S.p.A." tax dispute, and EUR 0,4 million for a guarantee issued for the subscription of the rental agreement for the new offices in Via degli Orefici. A total of EUR 8,2 million refers to the guarantees given for real estate activities, issued by Mittel Investimenti Immobiliare S.r.l. for EUR 3,7 million, Gamma Tre S.r.l. for EUR 3,0 million, Lucianita S.r.l. for EUR 1,0 million, and Miva S.r.l. for EUR 0,5 million. EUR 10,5 million relates to commercial guarantees of the Fashion District Group, including EUR 7,7 million for sureties issued in favour of Unicredit S.p.A. in the interest of REEF Investment Gmbh, and EUR 2,8 million for a VAT refund.

The assets pledged as collateral for third party bonds are composed of EUR 7,6 million in shares owned by Mittel Partecipazioni Stabili S.r.l, represented by approximately 6,2 million ordinary shares of Intesa Sanpaolo S.p.A. and approximately 1,4 million shares of UBI Banca Scpa, to secure a credit facility of which around EUR 0,5 million was used as at 31 March 2014.

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

The item other irrevocable commitments comprises EUR 5,7 million for the guarantee given in the years 2003, 2004 and 2005 in favour of the acquirers of leasing contracts transferred by the subsidiary Locaeffe S.r.l. in liquidazione (in liquidation), formerly F.Leasing S.p.A.

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 2013 to 31 March 2014, transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out.

All transactions were performed on arm's length basis and refer:

	Due to directors	Due to associates	Due to other related parties	Total
Non-current assets				
Financial receivables	0	91.735	30.000	**121.735**
Current assets				
Financial receivables	0	3.959	214	**4.173**
Sundry receivables and other assets	0	187	0	**187**
Current liabilities				
Financial payables	0	5.591	0	**5.591**
Sundry payables and other liabilities	1.129	7.269	0	**8.398**
Income statement				
Revenues	0	339	0	**339**
Other income	0	11	0	**11**
Costs for services	(3.263)	(107)	(3.559)	**(6.929)**
Personnel costs	0	0	(316)	**(316)**
Dividends	0	0	668	**668**
Financial income	0	1.402	0	**1.402**
Financial expenses	0	(120)	0	**(120)**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Liberata S.p.A. (EUR 36,4 million), by Mittel Investimenti Immobiliari S.r.l. to Iniziative Nord Milano S.r.l. (EUR 1,5 million), by Ghea S.r.l. to Bios S.p.A. (EUR 50,5 million) and to the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 3,3 million). Receivables due from other related parties (EUR 30 million) relate to the loan in place with “Fondo Augusto”, a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by Castello SGR S.p.A..

- Current financial receivables refer to loans granted by Mittel S.p.A. to Everel Group S.p.A. (EUR 0,8 million) as well as the current portion of the loan granted to Liberata S.p.A (EUR 0,2 million) and funds provided to Mittel Generale Investimenti S.p.A. by Earchimede S.p.A. (EUR 3,0 million). Receivables due from other related parties (EUR 0,2 million) relate to the current portion of the loan of Mittel S.p.A in place with “Fondo Augusto”, a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by Castello SGR S.p.A.

- The item sundry receivables and other assets refers to the amount due to Mittel S.p.A. from Castello of EUR 0,1 million and from Mittel Generale Investimenti S.p.A. of EUR 0,1 million, for chargebacks of rents and sundry services.

- The item financial payables refers to the price adjustment for Liberata S.p.A. of EUR 1,2 million, relating to the transfer of Mittel Generale Investimenti S.p.A., as well as the loan granted by Mittel Investimenti Immobiliari S.r.l. to Breme S.r.l. of EUR 4,4 million.

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

- The item revenues refers to the chargeback (EUR 0,3 million) of services administered and direct debit services provided to third parties.

- The item other income refers to the chargeback (EUR 0,1 million) of administrative services and direct debit services provided to third parties.

- The item costs for services from other related parties (EUR 3,6 million) refers to EUR 3,3 million for the agreement reached with Mr. Arnaldo Borghesi, as illustrated in greater detail in the "significant events in the half." The item costs for services from directors includes directors' fees for Group companies (EUR 3,0 million), fees to the Board of Statutory Auditors (EUR 0,2 million), the chargeback of services by Mittel Investimenti Immobiliari S.r.l. to Mittel Generale Investimenti S.p.A. (EUR 0,1 million), the chargeback of services by Mittel S.p.A. to Mittel Generale Investimenti S.p.A. (EUR 0,1 million) and fees paid to attorneys and key managers of Mittel S.p.A. (EUR 0,2 million). For further details, please refer to the "Report on Remuneration" available on www.mittel.it, "investor relations" section.

- The item personnel costs refers to the remuneration of the key managers of the Parent Company Mittel S.p.A.

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

- The item financial income refers to interest income of EUR 0,9 million accrued by Mittel S.p.A. from Liberata S.p.A., interest of EUR 0,4 million accrued from Fondo Augusto (Augusto Fund), interest of EUR 0,1 million accrued from Everel Group S.p.A., and interest income of EUR 0,1 million accrued by Earchimede S.p.A. from Mittel Generale Investimenti S.p.A.

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

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 Company has implemented to manage the exposure to financial risks are provided below.

54.1 Fair value measurement

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

The levels used in the hierarchy are as follows:

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

Level 3 inputs**:** are variables that are not observable for assets or for liabilities. These techniques consist of the calculation of the value 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 2014, and for comparative purposes, as at 30 September 2013, the table below illustrates the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	31 March 2014			30 September 2013		
(Thousands of euro)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Available-for sale assets designated at fair value:						
Investments designated at fair value with a contra-entry in Other comprehensive profit/(loss)	38.213	30.677	47.075	41.678	32.648	63.064
Investments designated at fair value with a contra-entry in the Income Statement	-	-	-	-	-	-
Other non-current securities	-	-	30	-	-	30
Total Assets	**38.213**	**30.677**	**47.105**	**41.678**	**32.648**	**63.094**
Other financial liabilities:						
Hedging derivatives	-	(3.166)	-	-	(3.652)	-
Trading derivatives	(619)	-	-	(1.088)	-	-
Total liabilities	**(619)**	**(3.166)**	**-**	**(1.088)**	**(3.652)**	**-**

Completing the analysis required by IFRS 13, the types of financial instruments contained in the financial statement items as at 31 March 2014 are shown, indicating the valuation criteria applied and, for financial instruments designated at fair value, the exposure (income statement or equity), specifically assigning the fair value category. The last column of the table shows, where applicable, the fair value of the financial instrument at the end of the period.

(Thousands of Euro)

Types of financial instruments	**Criteria applied in the measurement of the financial instruments in the financial statements**											
	Financial instruments designated at fair value											
	with change in fair value recognised in:		**Total Fair Value**	Fair Value Hierarchy			**Financial instruments designated at amortised cost**	**Unlisted investments measured at cost**	Financial statement total as at 31 March 2014	Fair value as at 31 March 2014		
	Income statement	*Equity*	**(A)**	Level 1	Level 2	Level 3	**(B)**	**(C)**	**(A+B+C)**	Level 1	Level 2	Level 3
ASSETS												
Investments (e)	3.300	-	**3.300**	-	-	3.300	**-**	**-**	**3.300**	-	-	3.300
Available-for-sale investments	-	5.597	**5.597**	-	-	-	**-**	**5.597**	**5.597**	-	-	na
Available-for-sale investments (a) (d)	-	110.369	**110.369**	38.213	30.677	41.479	**-**	**-**	**110.369**	38.213	30.677	41.479
Available-for-sale debt securities (a) (d)	-	30	**30**	-	-	30	**-**	**-**	**30**	-	-	30
Non-current financial receivables (b)	-	-	**-**	-	-	-	**144.269**	**-**	**144.269**	-	-	141.501
Other receivables and financial assets (*) (b)	12.799	-	**12.799**	-	-	-	**420**	**-**	**13.219**	-	-	13.219
Other assets (*)	-	-	**-**	-	-	-	**294**	**-**	**294**	-	-	294
Current financial receivables (b)	-	-	**-**	-	-	-	**40.730**	**-**	**40.730**	-	-	40.622
Trade receivables (*) (b)	-	-	**-**	-	-	-	**8.824**	**-**	**8.824**	-	-	8.824
Other financial receivables (*) (b)	-	-	**-**	-	-	-	**1.747**	**-**	**1.747**	-	-	1.747
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**59.577**	**-**	**59.577**	-	-	59.577
	16.099	**115.996**	**132.095**	**38.213**	**30.677**	**44.809**	**255.861 -**	**5.597**	**387.956**	38.213	30.677	310.593
LIABILITIES												
Bond loans (current and non current)	-	-	**-**			-	**(97.666)**	**-**	**(97.666)**	(106.114)	-	-
Financial payables (current and non current) (*) (b)	-	-	**-**	-	-	-	**(198.456)**	**-**	**(198.456)**	-	-	(198.456)
Financial payables (b) (f)	-	-	**-**	-	-	-	**(1.213)**	**-**	**(1.213)**	-	-	na
Other financial liabilities (b) (d)	(619)	(3.166)	**(3.785)**	(619)	(3.166)	-	**-**	**-**	**(3.785)**	(619)	(3.166)	-
Trade payables (*) (b)	-	-	**-**	-	-	-	**(11.892)**	**-**	**(11.892)**	-	-	(11.892)
Sundry payables (*) (b)	-	-	**-**	-	-	-	**(12.868)**	**-**	**(12.868)**	-	-	(12.868)
	(619)	**(3.166)**	**(3.785)**	**(619)**	**(3.166)**	**-**	**(322.095) -**	**-**	**(325.880)**	(106.733)	(3.166)	(223.216)

Notes:

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

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

Fair value valuation techniques:

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

(i) Fair value measurement of financial assets and liabilities:

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

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

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

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

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

The fair value of other financial payables is included in Level 2 of the hierarchy and was measured using the discounted cash flow method. The main inputs used for that measurement are market interest rates at year-end, adjusted to take account of the market expectations of default risk of the Group implicit in the prices of securities traded by the Group and the outstanding derivatives on Group payables. Listed options were included in Level 1 of the hierarchy.

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not significantly differ from their book value, their book values are assumed to be a reasonable approximation of their fair value.
Specifically, the book value of receivables and other current assets and trade payables and other current liabilities approximates the fair value, and was recorded in Level 3 of the hierarchy.

(ii) Fair value measurement of financial derivatives

The fair value of other financial liabilities, which are mainly composed of derivative financial instruments, is measured using market parameters at the reporting date and using valuation models commonly used in the financial sector, which refer to the current market values of essentially similar instruments, the time value of money and to pricing models, by making reference to the specific elements of the entity subject to the valuation and by considering the parameters observable from the market. To this end, reference models have been defined which present common criteria (calculation algorithms, market data processing model, basic assumptions of the model) on which the valuation of each category of derivative instruments is based.
In using a calculation model, account is also taken of the need to make an adjustment to incorporate the credit risk of the counterparty.
Specifically:

- The fair value of derivative instruments, if listed in an active market, is determined on the basis of market prices; if these prices are not published, different valuation techniques are used depending on the type of instrument.

- The fair value of interest rate swaps is calculated considering the interest rates at the reporting date and using the method of discounting future cash flows;
- The fair value of trading options is calculated using suitable valuation models and market parameters at the reporting date (specifically, the prices of the underlying, interest rates and volatility).

Derivative instruments included under financial assets and liabilities relate to Over the Counter derivative instruments in relation to the Interest Rate Swap of the Fashion District Group, and to listed derivative instruments for the options subscribed by Mittel Partecipazioni Stabili S.r.l.
The valuation methods remained the same as those used in the previous year.

(ii) 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 in constant market conditions;
- comparable transactions of companies that operate in the same sector and with types of product/service supplied similar to those of the investee subject to valuation;
- application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee, and
- the application of analytical financial, profit and equity valuation methods.

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

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

As at 31 March 2014, 40,6% 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 2014, no use was made of valuation methods that consider transactions involving the share over a period deemed reasonable with respect to the moment of the valuation or methods involving stock market multiples of comparable companies (level 2).

Half-yearly variations to financial assets designated at fair value level 3

As at 31 March 2014, no transfers of financial assets and liabilities designated at fair value on a recurring basis from level 3 to other levels and vice-versa were effected, deriving from changes to significant input variables of observable valuation techniques.

With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the half-year ended as at 31 March 2014, including profits/(losses) booked to the income statement, are shown below:

Amounts in Euro	Financial assets:			Financial liabilities:	
	At fair value through profit or loss (FVTPL)	Available-for-sale assets (AFS)	Derivative instruments	At fair value through profit or loss	Derivative instruments
Values as at 1 October 2013	-	**63.094**	-	**(1.088)**	**(3.652)**
Profits/losses in the year:					
- in the income statement		(6.694)		469	164
- in the statement of comprehensive income		(5.854)		-	322
Other changes:					
Purchases		-			
Transfers		-			
Refunds/Redemptions		(3.441)			
Accounting eliminations and reclassifications		-			
Reclassifications to other levels of the fair value hierarchy		-			
Values as at 31 March 2014	-	**47.106**	-	**(619)**	**(3.166)**

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

Available-for-sale financial assets refer mainly to the shares held in the share capital of Azimut Benetti S.p.A. for EUR 22,9 million (EUR 29,2 million as at 30 September 2013), shares held in Equinox Two ScA for EUR 9,3 million (EUR 9,3 million as at 30 September 2013), shares held in Micro Venture Finance S.p.A. of EUR 4,1 million (EUR 4,1 million as at 30 September 2013), and shares held in Medinvest International S.c.A. for EUR 1,6 million (EUR 1,6 million as at 30 September 2013).

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 company has implemented to manage the exposure to financial risks are shown below.

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

Financial assets at 31 March 2014	IAS 39 CATEGORIES Financial instruments designated at fair value	Assets held to maturity	Loans and recevaibles	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments	-	-	-	107.314	107.314
Bonds	-	-	-	30	30
Other financial assets	-	-	-	1.119	1.119
Non-current receivables:					
Financial receivables	-	-	144.689	-	144.689
Sundry receivables	-	-	294	-	294
Receivables due from related parties	-	-	-	-	-
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	24.617	-	24.617
Current financial assets:					
Financial receivables	-	-	26.184	-	26.184
Sundry receivables	-	-	14.546	-	14.546
Hedging derivatives	-	-	-	-	-
Non-hedge derivatives	1.674	-	-	-	1.674
Cash and cash equivalents					
Bank and postal deposits	-	-	59.489	-	59.489
TOTAL FINANCIAL ASSETS	**1.674**	**-**	**269.819**	**108.463**	**379.956**

Financial liabilities as at 31 March 2014	IAS 39 CATEGORIES Financial instruments designated at fair value	Liabilities at amortised cost			Book value
Non-current payables and financial liabilities:					
Bonds	-	96.386	-	-	**96.386**
Payables due to banks	-	90.503	-	-	**90.503**
Other financial liabilities	-	2.863	-	-	**2.863**
Sundry payables and other liabilities	-	3.384			**3.384**
Current liabilities:					
Bonds	-	1.280	-	-	**1.280**
Payables due to banks and other lenders	-	106.303	-	-	**106.303**
Trade payables	-	11.892	-	-	**11.892**
Sundry payables	-	16.985	-	-	**16.985**
		-			
Other financial liabilities:					
Hedging derivatives	3.166	-	-	-	**3.166**
Non-hedge derivatives	619	-	-	-	**619**
TOTAL FINANCIAL LIABILITIES	**3.785**	**329.596**	**-**	**-**	**333.381**

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 bad debt provision are made specifically on credit positions that present unique elements of risk. By contrast, allocations are made to credit positions that do not present these characteristics on the basis of the average estimated collectability in line with statistical indicators.
As regards credit risk pertaining to assets components that contribute to the calculation of net financial debt, it should be noted that the management of Group liquidity is based on prudential criteria and is structured into the following areas:

- money market management, dealing with the investment of temporary cash surpluses during the year, which are expected to be re-absorbed within the next twelve months;

- bond portfolio management, dealing with the investment of a permanent level of liquidity, the investment of that part of liquidity, whose re-absorption for cash requirements is expected to occur after twelve months, as well as the improvement of the average yield on the asset.

In order to reduce the risk of the non-fulfilment of the obligations assumed by the counterparty, deposits have been made with leading banks with high credit standing.
In order to minimise credit risk, the Group also pursues a policy of diversification of its use of liquidity and of assignment of credit positions to the different bank counterparties; therefore, there are no significant positions with single counterparties to report.
The Group is not exposed to sovereign debts.

Qualitative information

General aspects

The Group performs its activities in the private equity, advisory, real estate and outlet sectors. Credit risk represents the risk of counterparty default with a partial or total loss of capital and of the interest on the credit position.
The analysis of credit risk is a key factor, for the purposes of preparation of the financial statements, in the evaluation of the receivables in the portfolio and as regards their impairment testing required by IAS 39.
In particular, as regards individual impairment, receivables due from customers in the company's portfolio do not present significant evidence of impairment.

The Internal Control Committee and Group Risk Management Committee constantly monitor risk positions at overall and analytical level.
The risk control department measures the market risks of the Parent Company and those of the individual Group companies, in order to ensure that the overall exposure is monitored.

Credit exposures

Credit exposures: gross and net values

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

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:				
- Exposures written down	19.394	(19.394)	-	-
- Restructured exposures	4.451	(1.169)	-	3.283
	23.845	**(20.562)**	**-**	**3.283**
Performing exposures				
- Past due exposures	17.920	(2.776)	-	15.145
- Other exposures	169.608	(2.616)	-	166.992
	187.528	**(5.392)**	**-**	**182.136**
Total as at 31 March 2014	211.373	(25.954)	-	185.419
Total as at 30 September 2013	**212.630**	**(23.768)**	**-**	**188.862**

Details of trade receivables as at 31 March 2014 are shown below, by trade receivables still not past due ("Falling due" row) and past due receivables, with an indication of the expired period (rows "0-180 days", and "180-360 days" and "After 360 days"):

Amounts in Eur

	31.03.2014		
	Nominal value	Write-downs	Net value
Falling due	8.431.686	(1.525.898)	6.905.788
0-180 days	2.649.670	(570.493)	2.079.177
180-360 days	1.256.474	(1.196.660)	59.814
After 360 days	3.839.942	(3.724.150)	115.792
	16.177.772	**(7.017.201)**	**9.160.571**

Positions for which there is an objective condition of partial or total uncollectability are subject to an individual write-down. The amount of the write-down takes account of the estimate of recoverable flows, the relative collection date and the fair value of any guarantees.
With reference to the valuation criteria of loans and receivables, it should be noted that these financial assets are subject to impairment only if there is objective evidence of a reduction in value as a result of one or more events that occurred after the initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the asset.
Expected losses from future events are not incorporated in the impairment estimates, regardless of the likelihood of occurrence (expected loss). If the presence of impairment is verified, Group companies proceed with the evaluation with reference to each receivable when individually significant or when it becomes significant in consideration of the receivables as a whole.
Group companies calculate impairment according to rules which are differentiated by the different credit accounting methods; in particular, the method for calculating the amount of impairment applicable to the loans and receivables recorded at amortised cost requires the impairment loss on loans and receivables or investments held to maturity and recognised at amortised cost to be measured as the difference between the book value of the asset and present value of estimated future cash flows discounted at the original effective interest rate of the financial instrument.
From an accounting point of view, the value of the asset must be reduced directly or indirectly through an allocation to the liability provision; the amount of the adjustment is recognised in the income statement in the period.

Cash and cash equivalents

Cash and cash equivalents of the Group totalled EUR 59.577 thousand (EUR 45.617 thousand as at 30 September 2013) and are composed of bank deposits and certificates of deposit issued by a bank.
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 2014, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given

The financial statement values as at 31 March 2014 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:

	31.03.2014	31.03.2013
Commercial guarantees issued	49.870	57.416
Irrevocable commitments to disburse funds	19.258	20.094
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	5.216	5.688
	74.344	**83.197**

The main guarantees include EUR 20 million for the guarantees issued by Mittel S.p.A. following the transfer, by Mittel, of shares making up 100% of the share capital of Mittel Generale Investimenti S.p.A. to Liberata S.p.A. (hereinafter “the Acquirer”), a company in which Mittel S.p.A. ended up holding a stake of 27%. In this regard, it is noted that based on the transfer contract, Mittel issued declarations and guarantees in favour of the Aquirer according to the practice provided for similar transactions. In particular, Mittel S.p.A. issued declarations and guarantees in relation to the economic, financial and equity position, the existence and collectability of the receivables of Mittel Generale Investimenti S.p.A. deriving from financing transactions carried out during its company activities, as well as payment at the respective expiry dates, compliance with the legislation and the absence of labour law, social security and tax disputes, and the absence of disputes in general. The potential indemnity obligations deriving from a breach of the aforementioned declarations and guarantees are subject to a maximum total limit of EUR 20,0 million, limited to losses relating to the credit portfolio existing at the date of the transfer and an absolute excess of EUR 50,0 thousand. This guarantee will remain in place until the 24th month after the closing date. Pursuant to the transfer contract, the amount of any indemnities must be reduced by an amount equal to the specific provisions and/or allocations in the financial statements, insurance indemnities or third party reimbursements and contingent assets. The indemnity obligations assumed by Mittel shall remain valid and effective until the 24th month after the date of execution of the transfer of the 100% investment in Mittel Generale Investimenti S.p.A. (25 July 2012), with the exception of indemnities relating to any labour law liabilities for which the indemnity obligation is valid for five years.

2. Market risks

Interest rate risk

General aspects

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

Derivative financial instruments hedging interest rate risk

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

Hedge accounting is carried out from the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate relationship (so-called hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness.
In particular, the “cash flow hedge” method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, adjusting the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary prospective tests.
The total cash flow hedge reserve recognised in equity as at 31 March 2014 with reference to said derivative instruments totalled a negative EUR 0,8 million.

The fair value of the interest rate swap contracts is obtained by using a cash flow model on the basis of the values of the forward curve recorded as at 31 March 2014.
The fair value of the interest rate swap contracts is obtained by discounting cash flows, determined as the differential between fixed and variable interest rates provided for in the contract.

Quantitative information

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

Distribution by residual duration of financial assets and liabilities

Amounts in thousands of Euro

Items/residual duration	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Assets							
Debt securities							-
Medium/long-term financial receivables			93.733	32.250	15.367	3.339	144.689
Current financial receivables	14.788	25.942					40.730
Available-for-sale financial assets							-
Financial assets designated at fair value							-
	14.788	**25.942**	**93.733**	**32.250**	**15.367**	**3.339**	**185.419**
Liabilities							
Non-current bank loans			(78.507)		(11.996)		(90.503)
Current bank loans	(90.230)	(10.450)					(100.680)
Other financial payables due to related pa	(5.591)					(2.840)	(8.431)
Bonds	(1.280)				(96.386)		(97.666)
	(95.821)	**(10.450)**	**(78.507)**	**-**	**(11.996)**	**(2.840)**	**(297.280)**
Financial derivatives							
Hedging derivatives	(494)	(161)	(431)	(2.080)			(3.166)
Trading derivatives	(619)						(619)
	(1.113)	**(161)**	**(431)**	**(2.080)**	**-**	**-**	**(3.785)**
	(82.146)	**15.331**	**14.795**	**30.170**	**3.371**	**499**	**(115.646)**

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

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

Interest rate risk is a variable which the Group dedicates considerable attention to and has provided the basis for the operational decisions taken, regarding both financing instruments and lending.
In fact, positions are mostly short on the funding side and loans are characterised by indexed rates. These strategic decisions represent an important factor in mitigating risk and involve a moderate impact in respect of unexpected changes in interest rates on the economic value of the Parent Company and of Group companies.

Qualitative information

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
Market risks are composed of position, settlement and concentration risk, with reference to the trading portfolio for supervisory purposes; from exchange risk to the position risk on commodities, with reference to the entire financial statements.
The investment process starts with an analytical activity carried out jointly on a daily basis by the Manager of Securities Investments and the Front Office Manager, which together form the Securities Investments Area. This activity consists essentially of an analysis of the market scenario (i.e. the existing macroeconomic context in terms of real variables, monetary conditions, current dominant themes..) plus verification of the temporary phase of the various financial markets (in terms of volatility, liquidity,..), supplementing the data with detailed technical information available (research on specific aspects). This analysis is conducted by using IT platform media (mainly Bloomberg and the Internet) and written research distributed via e-mail and the web by the main foreign and Italian intermediaries. Subsequently, via discussions and an exchange of

opinions, the “market view” is prepared, which is, in any case, updated constantly during each day of operations. This phase of the process consists of: (i) the preparation/revision of expectations regarding development in the values of the various asset classes (bonds, shares, currencies,..); (ii) the identification of the target asset classes for the construction of investment portfolios; (iii) the evaluation of relationships of correlation between the different asset classes.

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

Quantitative information

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

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

Other quantitative information on price risk

Qualitative information

General aspects

Currency risk may be generally defined as the effects of variations in the different pairs of non-Euro currencies on the performances of the company in terms of economic results of operations and cash flows.
Financial intermediaries are required, as per the legislation, to contain their “net exchange positions” to an amount not exceeding twice the regulatory capital.
Monitoring of the incidence of the trend in exchange rates as regards transactions realised on real estate securities in the various non-Euro currencies, is carried out through reporting which shows the overall exposure and the incidence on the level of intra-year loss.
These indicators are produced on a daily basis and made available to the managers of the operating and control units.
At the current state of play, the Group has no operations in place in areas subject to exchange rate risks.

Quantitative information

The Group has no exposures in foreign currency.

Sensitivity analysis

The exposure to the different market risks is measured through sensitivity analysis, as provided 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 half-yearly report values as at 31 March 2014, assuming that said values are representative of the entire year;
- changes in the value of fixed rate financial instruments, other than derivative instruments, brought about by variations in interest rates, generate an impact on profit only when accounted for at their fair value, as per IAS 39. All fixed rate instruments which are accounted for at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- changes in the value of the financial instruments designated in a cash flow hedge relationship, brought about by variations in interest rate, generate an impact on the level of debt and equity and, therefore, are taken into consideration in this analysis;
- changes of value brought about by variations in interest rates, variable rate financial instruments, other than derivative instruments, which are not part of a cash flow hedge relationship, generate an impact on financial income and expenses in the year; therefore, they are taken into consideration in this analysis.

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 2014**			**30 September 2013**		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank loans	34.242	156.965	**191.207**	31.394	179.283	**210.677**
Bonds	97.666		**97.666**	97.424		**97.424**
Other financial liabilities	5.622	-	**5.622**	6.249	4.296	**10.545**
Total	**137.530**	**156.965**	**294.495**	**135.066**	**183.579**	**318.645**

Amounts in thousands of Euro	**31 March 2014**			**30 September 2013**		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Financial receivables	13.951	171.511	**185.462**	6.514	182.348	**188.863**
Other financial assets						**0**
Total	**13.951**	**171.511**	**185.462**	**6.514**	**182.348**	**188.863**

The tables indicated above, relating to financial receivables and payables, include the value of non-interest bearing receivables and payables considered fixed rate. Moreover, the bank loans of the Fashion District Group hedged through the subscription of derivatives were considered to be variable rate (see also note 28 "Other financial liabilities").

Effective interest rate

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

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

Amounts in thousands of Euro

	31 March 2014		30 September 2013	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	59.577	0,7%	45.617	0,5%
Financial receivables	185.419	1,6%	188.863	4,6%
Total	**244.996**	**1,38%**	**234.480**	**3,77%**

Amounts in thousands of Euro

	31 March 2014		30 September 2013	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	191.183	(3,58)%	210.677	(4,17)%
Bonds	97.666	(6,53)%	97.424	(6,38)%
Other financial liabilities	8.431	(3,13)%	10.544	(3,61)%
Total	**297.280**	**(4,54)%**	**318.645**	**(4,83)%**

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

Currency risk - Sensitivity analysis

As at 31 March 2014 (as at 30 September 2013), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the individual companies and, therefore, currency risk is not subject to sensitivity analysis.

3. Liquidity risk

Liquidity risk is the risk that the Group could find it difficult to fulfil future obligations associated to the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and expiry dates.
The Group pursues the objective of having an adequate degree of financial flexibility, by maintaining a solvency margin that allows refinancing requirements to be met at least for the next twelve months through the availability of irrevocable bank credit lines, liquidity and short-term hot money.
The 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.
Current financial assets as at 31 March 2014, together with unused committed lines, allow expiry dates to be fully observed as regards the repayment of debt provided over the coming 24 months.

A total of 11,11% of gross non-current financial debt as at 31 March 2014 (nominal repayment values) will fall due and/or is subject to revocation within twelve subsequent months.

With reference to the expiries of cash flows related to the Group's financial exposure, for liquidity risk purposes, the repayment plan set forth for medium-term debt, including medium-term loans obtained for projects to acquire investments, assumes particular significance.
The risk analysis performed is aimed at quantifying, based on contractual expiries, the cash flows deriving from the repayment of non-current financial liabilities held by the company as at 31 March 2014, given deemed relevant for liquidity risk purposes.
For the purposes of a representation of the liquidity risk on the financial exposure of the company deriving from expected cash flows for the repayment of financial debt and other non-current liabilities, the development of cash flows relating to the plan of payments for annual periods is shown below.

Amounts in thousands of Euro	**expiring within 30.9 of the year:**				
	2014	**2015**	**2016**	**After 2016**	**Total**
Bank loans	100.680	9.798	10.129	70.599	191.207
Other loans	8.431				8.431
Bonds	2.996	5.992	5.992	117.830	132.810
Derivative financial instruments	655	431	402	1.678	3.166
Total	**112.763**	**16.221**	**16.523**	**190.107**	**335.614**

The assets pledged as collateral for third party bonds are composed of EUR 7,6 million in shares owned by Mittel Partecipazioni Stabili S.r.l, represented by 6.230.000 ordinary shares of Intesa Sanpaolo S.p.A. and 1.381.763 shares of UBI Banca Scpa, to secure a credit facility of which around EUR 0,5 million was used as at 31 March 2014.

In relation to information on the financial assets used as collateral for liabilities, set forth in paragraph 14 of IFRS 7, the Group pledged a share package comprising 6,2 million ordinary Intesa Sanpaolo S.p.A. shares and 1,4 million UBI Banca Scpa shares, classified under available-for-sale financial assets, to secure a credit facility of which around EUR 0,5 million was used as at 31 March 2014.
It should be noted that Fashion District Group S.p.A. has mortgages in place for a total residual value of EUR 25,7 million, stipulated with GE Capital Interbanca S.p.A. and with a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A. which make provision for equity and profit covenants. The covenants are linked to equity ratios (equity/debt) and profit ratios (rents collected/debt).

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

For additional information on the covenants of the Mittel Group, please refer to the paragraph Risk of default and debt covenants in the report on operations.

4. Information on equity

Shareholders have always been worried about providing the Group with sufficient equity to allow it carry out its activities and to cover risks. For this reason, a portion of the profits achieved has been carried forward over the years.

The objectives of the Parent Company Mittel S.p.A. as regards the management of capital are based on the protection of the Group's ability to continue, simultaneously, to ensure profitability for shareholders and to retain an efficient capital structure.

55. Ongoing disputes

It should be noted that certain Group companies have disputes in progress. The main legal proceedings in progress (i.e. Snia S.p.A. in amministrazione straordinaria - “in extraordinary administration”) are detailed in the paragraph “Main ongoing legal proceedings”. In light of the opinions of its consultants, the Directors did not deem it necessary to set aside any provision for risks with respect to potential liabilities.

Milan, 28 May 2014

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

Annexes and supplementary statements

Mittel Group

List of investments

				%			€/000		€/000	€/000	€/000	€/000	€/000
	Registered office	Share capital	Nominal value	Interest	Availability votes in shareholders' meeting	Business performed	Book value	Close of the year	Assets Statements of financial position	Liabilities Statements of financial positions	Shareholders' equity	Last result	Revenues
Investments													
Direct													
Chase Mittel Capital Holding II NV in liquidation	Netherlands Antilles	€ 18.720	-	27,55	27,55	Financial	6	31 Dicembre	-	-	9	-	-
Tower 6 bis S.a.r.l.	Luxembourg	€ 4.500.000	10	49	49	Investment holding	23.526	31 Dicembre	25.194	20.117	5.077	1	-
Brands Partners 2 S.p.A.	Milan - Italy	€ 150.000	1	25,2	25,2	Investment holding	8.355	31 Ottobre	9.851	-	9.732	1.275	1.553
Liberata S.p.A.	Milan - Italy	€ 6.750.000	1	27	27	Investment holding	2.203	30 Settembre	79.914	69.450	10.464	3.711	4.661
Bios S.p.A.	Milan - Italy	€ 3.000.000	1	50	50	Investment holding	36.812	31 Dicembre	165.049	112.956	52.093	(7.265)	-
Everel Group S.p.A.	Verona - Italy	€ 15.359.290	-	30	30	Industrial	3.300	31 Dicembre	42.236	29.343	12.893	446	39.238
Sunset S.r.l. in liquidation	Brescia - Italy	€ 55.529	1	100	100	in liquidation	1	31 Dicembre	135	1.364	(1.229)	(36)	-
Castello SGR S.p.A.	Milan - Italy	€ 2.664.556	1	20,24	20,24	Fund management	2.988	31 Dicembre	10.458	2.206	8.252	1.539	6.313
Mit.Fin S.p.A.	Milan - Italy	€ 200.000	1	30	30	Financial	229	31 Dicembre	1.254	387	867	65	1.988
MiRe SGR S.p.A.	Milan - Italy	€ 2.500.000	1	35	35	Fund management	950	31 Dicembre	2.624	206	2.418	239	1.127
Indirect													
Mittel Generale Investimenti S.p.A.	Milan - Italy	€ 17.000.000	1	27	27	Financial	1.325	30 Settembre	216.491	130.175	86.316	5.666	8.823
Iniziative Nord Milano S.r.l.	Milan - Italy	€ 50.000	1	50	50	Property	-	31 Dicembre	10.568	9.825	743	(375)	136
Total							**79.695**						

Certification of the consolidated condensed half-yearly financial statements as at 31 March 2014 pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Franco Dalla Sega, Executive Director and Pietro Santicoli, the Manager responsible for preparing the company financial reports of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, attest to the adequacy of the characteristics of the company and the effective application of administrative and accounting procedures for the preparation of the consolidated condensed half-yearly financial statements for the period ended as at 31 March 2014.

It is also certified that the consolidated condensed half-yearly financial statements for the period ended as at 31 March 2014:

a) were drafted in compliance with the international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the book results and accounting records;

c) provide a true and fair view of the equity, economic and financial situation of the issuer and of the group of consolidated companies.

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

Milan, 28 May 2014

Executive Director	Manager responsible for preparing the Company's financial reports
Prof. Franco Dalla Sega	Pietro Santicoli

Independent Auditors' Report

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: + 39 02 83322111
Fax: + 39 02 83322112
www.deloitte.it

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

To the Shareholders of
MITTEL S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements of Mittel S.p.A. and subsidiaries (the "Mittel Group"), which comprise the statement of financial position as of March 31, 2014, and the income statement, statement of comprehensive income, statement of changes in shareholders'equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

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

   The half-year condensed consolidated financial statements present the corresponding figures included in the annual consolidated and half-year condensed consolidated financial statements of the previous year. As disclosed in the explanatory notes, the Directors have restated some of the corresponding figures of the previous year annual consolidated and half-year condensed consolidated financial statements respectively audited and reviewed by us, whose reports were dated January 27, 2014 and May 29, 2013. We have examined the methods adopted to restate such corresponding figures and the related disclosure for the purpose of issuing our review report on the half-year condensed consolidated financial statements as of March 31, 2014.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of Mittel Group as of March 31, 2014 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
May 30, 2014

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