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

M&C S.p.A.

Registered office - Via Valeggio 41 - Turin
Head office - Via Ciovassino 1/A - Milan
Tax code and Turin company registration no. 09187080016
Share capital €80,000,000.00 fully paid-up
Managed and coordinated by PER S.p.A.

2014 Annual Report

M & C S.p.A.

Honorary chair

Carlo De Benedetti

Board of directors (*)

Franco Girard (Chair)
Emanuele Bosio (Managing director)
Orazio Mascheroni
François Pauly
Marina Vaciago

Statutory auditors (*)

Vittorio Ferreri (Chair)
Pietro Bessi
Leonilde Petito

Independent auditors

KPMG S.p.A.

(*) Elected by the shareholders on 29 April 2014

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Directors' report

2014 results

Separate financial statements of M&C S.p.A.

M&C made a loss of €6.7 million for 2014 (2013: loss of €1.6 million), due to the impairment losses on non-current assets of €6.3 million and the operating loss of €0.4 million.

The impairment losses related to the investment in Treofan (€5.2 million) resulting from the impairment test performed at 30 June 2014, the profit participation rights issued by Comital S.p.A. (€0.6 million) and the investment in the IDeA EESS fund (€0.5 million) equal to the portion of the fair value loss to adjust the units' NAV at 31 December 2014, exceeding the recurring management fees.

The operating loss of €0.4 million (2013: €1.6 million) is the sum of the following:

a) income of €2.2 million, mainly arising on liquidity management and consisting of interest, dividends and other income (2013: €2.0 million);

b) operating expenses of €2.2 million (2013: €2.5 million), comprising:

- personnel expense of €1.3 million (2013: €1.7 million), including €0.8 million for employees and €0.5 million of directors' and statutory auditors' fees;
- professional services, other general expenses and amortisation and depreciation and income tax expense of €0.9 million (2013: €0.8 million);

c) the fair value loss on the IDeA EESS units to align them with their NAV at the reporting date, which equals the recurring fund management fees of €0.4 million (2013: €1.0 million); in addition, the company accrued €0.1 million to the provision for future risks and charges in 2013.

The directors did not recognise deferred tax assets on the carry forward tax losses as the company's activities and financial market trends do not allow them to quantify future taxable profits and their timing with reasonable certainty as would be required for their recognition.

At 31 December 2014, M&C had a net financial position of €20.4 million (31 December 2013: €26.6 million), equal to €0.05 per outstanding share, and equity of €77.7 million (31 December 2013: €84.4 million), equal to €0.19 per outstanding share.

Its net financial position includes available-for-sale financial assets, such as:

(i) listed high yield bonds of €1.3 million;

(ii) listed shares of €0.5 million;

(iii) units of the Kairos International KEY fund of €2.1 million;

and financial assets for bank current account balances of €16.5 million.

The reduction in the company's net financial position is due to payment of the second instalment of the Treofan shareholder loan of €6.6 million, payments of €2.3 million to the IDeA EESS fund manager as drawdowns, cash outflows for operations of €1.5 million and the collection of IRES tax assets of €4.2 million (related to 2008), for which the company had claimed reimbursement. As is generally the case for private equity funds, the investment in the IDeA EESS fund is not liquid enough to be considered in the net financial position and, therefore, it has been excluded.

At 31 December 2014, the company's portfolio also includes the 41.6% investment in Treofan Holdings GmbH of €37.7 million (31 December 2013: €41.1 million), in addition to the €12.4 million receivable for the shareholder loan granted to Treofan, and the IDeA EESS fund units of €4.4 million (31 December 2013: €3.0 million).

Treofan Holdings GmbH

The carrying amount of the Treofan investment (€37.7 million) reflects the €5.2 million impairment loss recognised in the 2014 interim financial report and the €1.8 million increase following recognition of payment of the second instalment (€6.6 million) of the shareholder loan in November 2014.

The shareholder loan of €35 million was approved in December 2013 with the other shareholders, Goldman Sachs and Merced Partners. M&C's share is €16.5 million, of which it provided the first instalment of €9.9 million in December 2013.

The impairment test carried out at 31 December 2014 based on the Treofan group's new business plan (prepared on the basis of the reorganisation and development strategies put in place by management in 2014) confirmed the carrying amount of €50.1 million and represents M&C's total exposure to the German group, being the investment's carrying amount and the receivable for the shareholder loan.

Given this investment's significance, although it is not of a controlling nature, the Treofan group's key figures for the year provided by its management are reported herein.

The Treofan group recorded sales volumes of 156.8 thousand tonnes (2013: 153.9 thousand tonnes) and turnover of €431.6 million (2013: €428.0 million). The group's gross operating profit worsened by €2.3 million from €20.3 million to €18.0 million for 2014, mainly as a result of the European division's performance.

The European division, whose gross operating profit went from €10.4 million to €8.1 million in 2014, was affected by (i) production issues that arose at the start of the year during the post-extraordinary maintenance start-up of the 7-metre lines at Neunkirchen, which negatively affected volumes and output, (ii) tough competition in its sector, especially for packaging film and condensers, which had an adverse effect on prices and margins, and (iii) the policy of decreasing raw materials and finished goods in stock introduced by management in the second quarter of 2014. This policy reinforced the group's financial position but had a negative impact on profitability.

Despite the difficult market scenario, management expects the reorganisation procedures put in place will lead to an increase in the European division's profitability over the next few months. These procedures mainly focused on strengthening the commercial structure, reducing the volumes of commodities with smaller margins, carefully managing overheads and making changes at management level in the Italian subsidiary.

The US division's performance was substantially in line with that of the previous year with EBITDA of USD13.2 million compared to USD13.8 million for 2013.

At 31 December 2014, the group's equity was €106.5 million compared to €111.7 million at 31 December 2013 while its net financial indebtedness amounted to €27.9 million (€33.4 million at 31 December 2013), without considering the shareholder loan of €35 million.
Treofan management also signed a €15.9 million loan agreement with DZ Bank to be used to finance the investment in a new production line at the Neunkirchen site together with the shareholder loan. The agreement's main terms are:

- annual interest rate equal to the Euribor with a spread of 2.5%;
- repayment in 10 six-monthly instalments starting six months after the production line has been completed, scheduled for September 2015 or February 2016 at the latest;
- first level guarantee on the new production line;
- compliance with financial covenants.

The shareholder loan of €35 million provided pro rata by Treofan's main shareholders (M&C, Goldman Sachs and Merced Partners) in December 2013 has the following characteristics:

- subordination to all Treofan group's liabilities;
- PIK interest rate tied to the profit of the financed company (stand alone), up to a maximum of an annual 5%;
- expiry in the third month after reimbursement of the revolving credit facility (described below) granted by the bank syndicate.

The shareholder loan is part of a larger project to refinance the group, finalised in December 2014, which included renewal of the revolving credit facility granted in 2010 for €62 million expiring on 31 December 2016.

Renewal of the revolving credit facility is characterised by:

- expiry at the end of December 2016;
- interest rate equal to the Euribor with a spread of 5%;
- first level guarantee on all the group's assets, excluding the new production line;
- no financial covenants.

<u>IDeA EESS fund</u>

The carrying amount of the fund units increased by €1.4 million over 31 December 2013 following payment of the draw-downs of €2.3 million and the adjustments of the fund's units to their NAV at year end (€0.9 million), substantially equal to the management fees paid to the fund manager for 2014 (€0.4 million), and another adjustment to the units' NAV due to the full impairment of the investment in Domotecnica (€0.5 million).

M&C's outstanding commitment is €8.9 million as per the agreements of March 2013.

The fund became operational in August 2011 and invests in small and mid-sized manufacturing and services companies active in the energy savings and efficient use of natural resources sector. Its portfolio currently comprises:

1) a 48% interest in Domotecnica S.p.A. (an independent Italian franchise of thermo-hydraulic installers) for an investment of €2.6 million, increased by €1.0 million by subsequent subscriptions of share capital, as provided for in the acquisition agreement;

2) a 10% stake in Elemaster S.p.A., a leading operator in the design and construction of electronic equipment for control systems used in the railway, aerospace, electromedical and industrial automation sectors for €8.5 million;

3) a 29.9% interest in SMRE S.p.A., an engineering company specialised in the design and construction of industrial machines for cutting and working textiles and power trains for electric vehicles, for €3.5 million;

4) a 10% investment in GreenItaly 1 (a special purpose acquisition company - SPAC - listed on AIM Italia - the alternative investment market organised and managed by Borsa Italiana S.p.A. - at the end of 2013, set up to acquire a mid-sized Italian unlisted company active in the efficient use of resources, energy efficiency or the environment sector within 24 months of its IPO) for €3.9 million, including special shares without voting rights of €0.4 million, obtained thanks to M&C's role as owner/promoter;

5) a 16% interest in Meta System S.p.A. for €12.5 million acquired in 2014; this company produces telematic systems for the automotive and home telematics sectors and alarm systems and battery chargers for electric vehicles.

Individual financial statements of M&C

The investment in the associate (Treofan Holdings GmbH) is measured using the equity method in the individual financial statements while it is measured at cost in the separate financial statements, in line with the treatment applied in the 2013 separate financial statements. The two measurement methods have led to a difference in the investment's carrying amount over time which was cancelled with the impairment loss recognised at 30 June 2014, generating an additional loss of €3.3 million in the individual financial statements. At 31 December 2014, adoption of the two different methods resulted in a new variation between the carrying amount of the investment in the separate and individual financial statements, which, as well as affecting the equity investments caption by €4.0 million, also led to recognition of deferred tax expense (€12 thousand) and another loss of €2.9 million recognised under net losses on equity investments and securities in the income statement.

Therefore, the individual financial statements show a loss for the year of €12.9 million (2013: profit of €2.3 million) and equity of €75.7 million (31 December 2013: €89.7 million).

The reconciliation of equity and the loss for the year of M&C with the equity and loss for the year shown in the individual financial statements is as follows:

(€'000)	31 December 2014	
	Equity	Loss for 2014
M&C S.p.A. - separate financial statements	**77.668**	**(6.733)**
Reinstatement of the equity investment at cost	5.180	5.180
Measurement of the equity investment using the equity method from previous years	5.370	-
Impairment of equity investment as a result of the impairment test	(8.500)	(8.460)
Measurement of the equity investment using the equity method at 31 December 20'	(2.163)	(2.912)
Reversal of 2014 increase in the equity investment	(1.823)	-
M&C - individual financial statements	**75.732**	**(12.925)**

Shareholding structure

There are no shareholders' agreements.

The company's ordinary shares are listed on the stock exchange managed by Borsa Italiana in the investment vehicles market (MIV) segment set up for investment companies.

Its share capital consists of 474.2 million ordinary shares for €80 million.

Treasury shares

At the reporting date, M&C held 66,754,352 treasury shares repurchased for €50.0 million (average unit price of €0.7495). The number of treasury shares held and their value did not change during the year. The shareholders have not taken any resolutions to repurchase treasury shares at present.

Main shareholders, based on available information:

Name	**% of share capital**
PER S.p.A. (Carlo De Benedetti)	54.0
Treasury shares in portfolio	*14.1*
Compagnie Financière La Luxembourgeoise SA	9.3
Tamburi Investments Partners S.p.A.	3.5
Banca Intermobiliare di Investimenti e Gestioni S.p.A. (Veneto Banca S.c.p.A.)	2.1
Orazio Mascheroni (including through Consulta S.p.A.)	1.5
Other and market	15.5
Total	100.0

Other information

Management and coordination, related party transactions

M&C is managed and coordinated, as per the definition of article 2497-sexies of the Italian Civil Code, by PER S.p.A., which is controlled by Carlo De Benedetti.

Pursuant to article 2.6.2 of the Regulation for the stock exchanges organised and managed by Borsa Italiana S.p.A., M&C's directors state that the company complies with the provisions of article 37 of Consob regulation no. 16191/2007 as subsequently amended and integrated.

Reference should be made to Section D.3.3 of the notes to the separate and individual financial statements for information about related party transactions.

Stock option plans

The stock option plans changed during the year following Mr. Corrado Ariaudo's (former director) waiver of all the stock options assigned to him. This waiver was part of an agreement between the former director and M&C, described in Section D.3.1. of the notes to the separate and individual financial statements.

Workforce and personnel expense

Information about the workforce is given in Section C.2.1 of the notes to the separate and individual financial statements.

Financial risk objectives and their taking on, management and hedging

M&C invests in equity investments and other financial instruments and is exposed to different types of risks which are described in Section D.2 of the notes to the separate and individual financial statements.
Uncertainty is defined as a possible event, the potential impact of which (related to one of the identified risk categories) cannot be presently determined and which is, therefore, not quantifiable. The main uncertainties are tied to changes in the macroeconomic situation, the performance of financial markets and legislative changes. Management assesses and monitors risks and uncertainties regularly and deems that such risks and uncertainties are not urgent, thus confirming the parent and group's solid financial standing.

Research and development

M&C does not carry out any research and development activities directly. The investee researches and develops innovative production processes and products in order to increase turnover and profitability.

Personal data protection code

The company complies with the requirements of Legislative decree no. 196 of 30 June 2003 (the Personal Data Protection Code).

Corporate Governance

Reference should be made to the Annual report on corporate governance and compliance with the Code of Conduct of Listed Companies, approved and published jointly with this annual report for the disclosures required by article 123-bis of the Consolidated Finance Act. This report is also posted in the "Corporate governance" section on M&C's internet site.

Atypical and/or unusual transactions

Pursuant to the Consob communication of 28 July 2006, it is noted that the company has not undertaken atypical and/or unusual transactions during the year.

Significant non-recurring events and/or transactions

No such transactions or events, as per the above Consob communication, took place during the year.

Other significant events that took place during the year

As the three-year term of office of the directors and statutory auditors ended with the shareholders' meeting called to approve the financial statements at 31 December 2013, the shareholders appointed a new board of directors on 29 April 2014. The appointed five directors, namely, Franco Girard, Emanuele Bosio, Orazio Mascheroni, François Pauly and Marina Vaciago.
In turn, the board of directors confirmed Franco Girard as chair and appointed Emanuele Bosio as managing director, giving them the necessary executive powers.
The shareholders appointed Vittorio Ferreri (chair), Leonilde Petito and Pietro Bessi as standing statutory auditors and Eugenio Randon and Maria Cristina Bassi as alternate statutory auditors.

Investment policy and other information

The company continued its investment policy in 2014 in line with that approved by the shareholders in their extraordinary meeting of 1 July 2011. During the year, it paid the drawdowns for the IDeA EESS fund, as per the March 2013 agreement, and temporarily invested liquidity in listed financial instruments.
The company opted not to publish the information required for significant mergers, demergers, capital increases through the contribution of assets in kind, acquisitions and disposals as allowed by articles 70.8 and 71.1-bis of Consob regulation no. 11971/99, as amended by Consob resolution no. 18079 of 20 January 2012.

Events after the reporting date

In February 2015, M&C took part in a new drawdown request for the IDeA EESS fund paying in €1.2 million to invest in Baglioni S.p.A.. This company is based in the province of Novara and produces and sells pressure vessels for industrial, professional and hobby use all around the world, including the oil&gas and cryogenics sectors.
On 25 March 2015, the board of directors approved payment of a bonus to the managing director should the sale of the Treofan investment take place before 31 December 2016 at a price higher than a set amount. The bonus will be paid if the sales price, compared to 100% of the Treofan group, is greater than €115 million, including repayment of the shareholder loan (the "ceiling"). The bonus will be equal to 10% of M&C's share of the sales price (41.6%) in excess of the ceiling.

Outlook

The EU Directive about alternative investment fund managers (Directive 2011/61/EU or the AIFMD Directive) was transposed into Italian law with (i) Legislative decree no. 44/2014 which made important changes to Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act); (ii) the Commission Delegated Regulation (EU) no. 231/2013 (directly applicable to the member states without their having to approve implementing laws); and (iii) the new regulation about fund management introduced by Bank of Italy on 19 January 2015 (the Bank of Italy Regulation). The new regulations applicable in Italy mean that M&C qualifies as a fixed capital investment company (SICAF), self-managed by its board of directors, as part of the closed and not reserved alternative investment fund category. In order to operate, the SICAFs must request authorisation from Bank of Italy and comply with the Bank of Italy Regulation which provides, inter alia, that their risk concentration in unlisted financial instruments of a single issuer be limited to 20% of their total assets. M&C's risk concentration vis-à-vis Treofan exceeds this percentage, meaning that it cannot obtain authorisation to operate from Bank of Italy. As provided for by the transitional measures of the Bank of Italy Regulation, parties managing alternative investment funds at 22 July 2013 that did not make additional investments after that date are not required to apply to Bank of Italy for authorisation and may continue to operate as long as they do not make new investments. As M&C falls into the category of self-managed alternative investment funds, the board of directors deems that the transitional measures are applicable and, hence, has decided to suspend the company's investment policy and focus on its investment in Treofan, in order to properly enhance the value of and monetise the investment in the medium to long term. M&C will thus be able to decrease its risk concentration to within the limits set by Bank of Italy.

M&C will continue to focus on its investment in Treofan, the financial restructuring of which underpinned its reorganisation, mostly finalised in 2014, as provided for in the group's development plans. M&C will also continue to carefully manage its liquidity to put together a balanced portfolio in terms of its risk/return ratio and analyse new investment and disinvestment opportunities for the IDeA EESS fund in line with the financial and collaboration commitments taken on with IDeA SGR.

The risks and uncertainties that characterise the company's business do not affect its overall financial position even though the economic situation continues to be difficult.

Proposed allocation of the loss for the year

Dear shareholders, based on the above, we propose you approve the following resolution:

"*In their ordinary meeting, the shareholders of M&C S.p.A.*

- *after having examined the separate financial statements as at and for the year ended 31 December 2014 and the accompanying directors' report,*
- *after having acknowledged the reports of the board of statutory auditors and the independent auditors,*

resolve

1. *to approve the financial statements as at and for the year ended 31 December 2014;*
2. *to carry forward the loss for the year of €6,733,210.86*".

Milan, 25 March 2015

The Chair

Franco Girard

(signed on the original)

Relazione del Collegio Sindacale
al bilancio al 31 dicembre 2014

ai sensi dell'art. 153 del D.Lgs. 58/1998
e dell'art. 2429 del Codice Civile

All'Assemblea degli Azionisti di M&C S.p.A.

Il Collegio Sindacale ha svolto la propria attività di vigilanza secondo i Principi di Comportamento del Collegio Sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. Avuto riguardo alle modalità con cui si è svolta l'attività di nostra competenza, in ossequio a quanto previsto dagli articoli 2429 del Codice Civile e 153 del D.Lgs. 58/1998, e considerate le indicazioni fornite nella Comunicazione Consob n. DEM/1025564 del 6 aprile 2001, riferiamo quanto segue.

Operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate nel corso del 2014
Gli Amministratori ci hanno tempestivamente informato sulle operazioni di maggior rilievo effettuate dalla Società che sono state oggetto di analisi nelle relative riunioni del Consiglio di Amministrazione e sono illustrate nella Relazione sulla gestione.
Il Collegio ha acquisito adeguate informazioni ed ha riscontrato che le operazioni effettuate non erano imprudenti, azzardate, in conflitto di interesse o contrarie alle delibere assembleari o allo statuto o comunque tali da compromettere l'integrità del patrimonio aziendale.

Operazioni atipiche e/o inusuali e operazioni con parti correlate
Non risultano poste in essere operazioni atipiche e/o inusuali con terzi o con parti correlate.
Le operazioni ordinarie con parti correlate sono adeguatamente e puntualmente descritte nelle note esplicative a cui si rinvia per quanto attiene alle caratteristiche delle stesse e ai loro effetti economici.
Il Collegio ritiene che tali operazioni siano congrue e che rispondano all'interesse societario.

Relazione della società di revisione
La società di revisione KPMG S.p.A., con la quale abbiamo avuto periodici incontri, ed alla quale è stata affidata ai sensi degli articoli 14 e 16 del D. Lgs. 39/2010 la revisione legale dei conti, ha emesso in data 3 aprile 2015 le proprie relazioni relative al bilancio d'esercizio separato e al bilancio individuale al 31 dicembre 2014.
Tali relazioni non contengono rilievi o richiami di informativa e attestano che il bilancio d'esercizio separato e il bilancio individuale sono redatti con chiarezza e in conformità alle norme che ne disciplinano la redazione e rappresentano in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico e i flussi di cassa della Società per l'esercizio chiuso al 31 dicembre 2014. Le predette relazioni attestano altresì la coerenza della relazione sulla gestione con il bilancio d'esercizio separato e il bilancio individuale.

Presentazione di denunce ex articolo 2408 del Codice Civile e di esposti
Non sono pervenuti al Collegio Sindacale esposti né denunce ex articolo 2408 del Codice Civile.

Indicazione di eventuali incarichi supplementari alla società di revisione e/o a soggetti ad essa legati
A KPMG S.p.A., società incaricata della revisione legale dei conti, nell'esercizio è stato conferito:
- l'incarico di effettuare la revisione contabile limitata del bilancio individuale semestrale abbreviato per il semestre chiuso al 30/06/2014, predisposto ai fini di quanto richiesto dall'articolo 154-ter del D.Lgs. 58/1998;
- l'incarico di effettuare le procedure di verifica per la sottoscrizione obbligatoria da parte della società di revisione della dichiarazione IVA 2014 ai sensi dell'articolo 10 del D.L. 78/2009;

- l'incarico di effettuare le procedure di verifica per la sottoscrizione obbligatoria da parte della società di revisione della dichiarazione Modello UNICO 2014 ai sensi dell'articolo 1, comma 574, della L. 147/2013.

Indicazione dei pareri rilasciati ai sensi di legge
Nel corso dell'esercizio sono stati rilasciati pareri da parte del Collegio Sindacale ai sensi dell'articolo 2389 del Codice Civile.
Ai sensi delle previsioni dell'art. 13 del D. Lgs. D. Lgs. 39/2010 il Collegio Sindacale - in considerazione della scadenza dell'incarico conferito a KPMG S.p.A. con l'approvazione del bilancio al 31 dicembre 2014 - ha formulato in data 9 marzo 2015 la proposta di incarico per il conferimento della revisione legale dei conti per gli esercizi dal 2015 al 2023

Numero delle riunioni degli organi societari
Nell'esercizio 2014 il Collegio Sindacale ha tenuto sei riunioni e ha partecipato alle cinque riunioni tenute dal Consiglio di Amministrazione.

Osservazione sui principi di corretta amministrazione
Il Collegio Sindacale non ha rilievi da formulare in ordine al rispetto dei principi di corretta amministrazione che risultano essere stati costantemente osservati.

Osservazioni sull'adeguatezza della struttura organizzativa
Non abbiamo particolari osservazioni da segnalare sull'adeguatezza della struttura organizzativa che riteniamo idonea al soddisfacimento della buona gestione aziendale.

Osservazioni sull'adeguatezza del sistema di controllo interno
Abbiamo partecipato alle riunioni del Comitato Controllo e Rischi raccogliendo informazioni sulle attività da questo svolte e da cui non sono emerse problematiche significative. Nella sua relazione annuale il Comitato Controllo e Rischi attesta di non avere rilevato criticità nel sistema di controllo interno e di gestione dei rischi della Società.

Il Collegio, con riferimento al Modello di gestione, organizzazione e controllo per la prevenzione dei reati previsti dal D.Lgs. 231/2001 adottato dalla Società, ha verificato la coerenza degli aggiornamenti del Modello con le modifiche intervenute nella normativa di riferimento e nella struttura organizzativa societaria. Nell'esercizio chiuso al 31 dicembre 2014 il Collegio Sindacale ha partecipato alle tre riunioni tenute dall'Organismo di Vigilanza.

Adeguatezza del sistema amministrativo-contabile e sua affidabilità
Il Collegio Sindacale valuta adeguato e affidabile il sistema amministrativo-contabile e lo ritiene idoneo a rappresentare correttamente i fatti di gestione.

Adeguatezza delle disposizioni impartite alla società partecipata
Abbiamo monitorato la funzionalità del sistema di controllo sulla società partecipata Treofan Holdings GmbH e l'adeguatezza delle disposizioni alla stessa impartite.
Non abbiamo osservazioni da formulare sull'adeguatezza dei flussi informativi resi a M&C SpA, dalla società partecipata e volti ad assicurare il tempestivo adempimento degli obblighi di comunicazione previsti dalla legge.

Eventuali aspetti rilevanti emersi negli incontri con la società di revisione
Nel corso delle riunioni tenute con la società di revisione, ai sensi dell'art. 150, terzo comma, del D. Lgs. 58/1998, non sono emersi aspetti rilevanti o degni di essere segnalati nella presente relazione.

Adesione al Codice di Autodisciplina
La Società ha aderito alle raccomandazioni contenute nel Codice di Autodisciplina delle società quotate promosso da Borsa Italiana e ha illustrato il proprio modello di governo societario nell'apposita relazione sul sistema di *corporate governance*, predisposta ai sensi dell'art. 123-bis del D. Lgs. 58/1998, inserita nel fascicolo annuale di bilancio.

Il Collegio Sindacale ha espresso parere positivo circa la sussistenza dei requisiti di indipendenza in capo ai Consiglieri di Amministrazione non esecutivi che hanno dichiarato di potersi qualificare indipendenti.

Bilancio al 31 dicembre 2014

È sottoposto al Vostro esame e approvazione il bilancio di esercizio separato di M&C S.p.A. al 31 dicembre 2014 redatto secondo i principi contabili internazionali Ias/Ifrs, che presenta una perdita di esercizio di euro 6,7 milioni.

Viene inoltre presentato il bilancio individuale al 31 dicembre 2014 che evidenzia una perdita di esercizio di euro 12,9 milioni.

Abbiamo verificato l'osservanza delle norme di legge regolanti la formazione e l'impostazione degli schemi del bilancio d'esercizio separato e di quello individuale e della relazione sulla gestione, nonché dei relativi documenti di corredo.

Il Presidente del Consiglio di Amministrazione ed il Dirigente preposto alla redazione dei documenti contabili societari hanno rilasciato la dichiarazione e le attestazioni previste ai sensi dell'art. 154-bis del D. Lgs. 58/1998 e dell'art. 81-ter del Regolamento Consob 11971 del 14 maggio 1999.

Valutazioni conclusive e proposte all'Assemblea

Il Collegio - nel fornire un giudizio positivo sulle risultanze dell'attività di vigilanza da esso svolta e da cui non sono emersi fatti significativi tali da richiedere la segnalazione agli organi di controllo o menzione nella presente relazione - esprime parere favorevole all'approvazione del bilancio di esercizio separato al 31 dicembre 2014 e alla proposta di rinvio a nuovo della perdita di esercizio di euro 6.733.210,86.

Milano, 7 Aprile 2015

Il Collegio Sindacale

Avv. Vittorio Ferreri – presidente

Dott.ssa Leonilde Petito – sindaco effettivo Leonilde Petito

Dott. Pietro Bessi – sindaco effettivo

A.1 SEPARATE FINANCIAL STATEMENTS

- Statement of financial position
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- Statement of cash flows
- Notes to the financial statements
    - Part A - Accounting policies
    - Part B - Notes to the statement of financial position
    - Part C - Notes to the income statement
    - Part D - Other information

M&C S.p.A.

Separate financial statements as at and for the year ended 31 December 2014

STATEMENT OF FINANCIAL POSITION (*)

(in Euros)

ASSETS	Note	31.12.2014	31.12.2013
Non-current assets			
Property, plant and equipment	1.1	7,420	9,426
Intangible assets	1.2	92	-
Equity investments	1.3	37,726,638	41,095,359
Other non-current assets	1.4	1,414,396	1,547,405
Non-current financial assets	1.5	12,440,862	6,721,618
Deferred tax assets	1.6	-	-
Total non-current assets		**51,589,408**	**49,373,808**
Current assets			
Loans and receivables	2.1	689,604	685,116
Current tax assets	2.2	482,165	4,363,124
Other current assets	2.3	904,702	920,467
Current financial assets	2.4	8,197,522	6,430,003
Cash and cash equivalents	2.5	16,537,711	23,793,312
Total current assets		**26,811,704**	**36,192,022**
Total assets		**78,401,112**	**85,565,830**

LIABILITIES AND EQUITY	Note	31.12.2014	31.12.2013
Equity			
Share capital	3.1	80,000,000	80,000,000
Treasury shares	3.2	(50,032,057)	(50,032,057)
Reserves	3.3	54,308,006	55,909,007
Valuation reserves	3.4	125,575	88,213
Loss for the year		(6,733,211)	(1,601,001)
Total		**77,668,313**	**84,364,162**
Liabilities			
Non-current liabilities			
Employee benefits	4.1	55,807	57,410
Total non-current liabilities		**55,807**	**57,410**
Current liabilities			
Trade payables	5.1	214,730	258,726
Other current liabilities	5.2	462,262	805,841
Provisions for risks and charges	5.3	-	79,691
Total current liabilities		**676,992**	**1,144,258**
Total liabilities		**732,799**	**1,201,668**
Total liabilities and equity		**78,401,112**	**85,565,830**

(*) The effects of related party transactions on the statement of financial position are disclosed in the notes (Section D.3.3) pursuant to Consob communication no. 15519 of 27 July 2006.

M&C S.p.A.			
Separate financial statements as at and for the year ended 31 December 2014			
INCOME STATEMENT (*)			
(in Euros)	**Note**	**2014**	**2013**
Revenue from sales and services	1.1	160,000	12,000
Other revenue	1.2	193,110	98,678
Personnel expense	2.1	(1,342,126)	(1,723,301)
Amortisation, depreciation and impairment losses	2.2	(5,061)	(31,895)
Other operating expenses	2.3	(833,119)	(814,608)
Operating loss		**(1,827,196)**	**(2,459,126)**
Financial income	3.1	1,853,523	1,418,329
Financial expense	3.2	(1,678)	(66,518)
Net financial income		**1,851,845**	**1,351,811**
Gains on investments and securities	3.3	20,950	507,112
Losses from investments and securities	3.4	(6,726,867)	(987,559)
Net losses from investments and securities		**(6,705,917)**	**(480,447)**
Pre-tax loss for the year		**(6,681,268)**	**(1,587,762)**
Current and deferred taxes	4.1	(51,943)	(13,239)
Loss from continuing operations		**(6,733,211)**	**(1,601,001)**
Loss for the year		**(6,733,211)**	**(1,601,001)**
Loss per share (**)		(0.0165)	(0.0039)
Diluted loss per share (**)		(0.0165)	(0.0039)

(*) The effects of related party transactions on the income statement are disclosed in the notes (Section D.3.3) pursuant to Consob communication no. 15519 of 27 July 2006.
(**) Calculated using outstanding shares, less treasury shares.

M&C S.p.A.		
Separate financial statements as at and for the year ended 31 December 2014		
STATEMENT OF COMPREHENSIVE INCOME		
(in Euros)	**2014**	**2013**
Loss for the year	**(6,733,211)**	**(1,601,001)**
Other comprehensive income (expense), net of income taxes which will not be reclassified subsequently to profit or loss		
Utili (Perdite) attuariali su piani a benefici definiti	(2,199)	668
	(2,199)	**668**
Other comprehensive income (expense), net of income taxes that may be reclassified subsequently to profit or loss		
Gains (losses) on available-for-sale financial assets	39,561	(27,495)
	39,561	**(27,495)**
Comprehensive expense	**(6,695,849)**	**(1,627,828)**

M&C S.p.A.

Separate financial statements as at and for the year ended 31 December 2014

STATEMENT OF CHANGES IN EQUITY

				Changes in 2014						
		Allocation of prior year loss			Equity transactions					
(in Euros)	Equity at 31.12.2013	Reserves	Dividends and other allocations	Changes in reserves	Share capital reduction	Repurchase of treasury shares	Stock options	Other changes	Comprehensive expense	Equity at 31.12.2014
Share capital	80,000,000									80,000,000
Share premium	-									-
Reserves	55,909,007	(1,601,001)					(2,357,759)	2,357,759		54,308,006
Valuation reserves	88,213								37,362	125,575
Equity instruments	-									-
Treasury shares	(50,032,057)									(50,032,057)
Loss for the year	(1,601,001)	1,601,001							(6,733,211)	(6,733,211)
Equity	**84,364,162**	**-**	**-**	**-**	**-**	**-**	**(2,357,759)**	**2,357,759**	**(6,695,849)**	**77,668,313**

M&C S.p.A.

Separate financial statements as at and for the year ended 31 December 2014

STATEMENT OF CHANGES IN EQUITY

				Allocation of prior year loss		Changes in 2013						
							Equity transactions					
(in Euros)	Equity at 31.12.2012	Change to opening balances (*)	Equity at 1.01.2013	Reserves (**)	Dividends and other allocations	Changes in reserves	Share capital reduction	Repurchase of treasury shares	Stock options	Other changes	Comprehensive expense	Equity at 31.12.2013
Share capital	80,000,000		80,000,000									80,000,000
Share premium	-											-
Reserves	57,698,233	5,493	57,703,726	(1,794,719)								55,909,007
Valuation reserves	127,787	(12,747)	115,040								(26,827)	88,213
Equity instruments	-											-
Treasury shares	(50,032,057)		(50,032,057)									(50,032,057)
Loss for the year	(1,801,973)	7,254	(1,794,719)	1,794,719							(1,601,001)	(1,601,001)
Equity	**85,991,990**	**-**	**85,991,990**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,627,828)**	**84,364,162**

(*) Shows the effects of applying the revised IAS 19, mandatory from 1 January 2013, to equity at 31 December 2012.

(**) The allocation of the loss for 2012 includes the amount resolved by the shareholders on 23 April 2013 and the effect of applying the revised IAS 19, mandatory from 1 January 2013.

M&C S.p.A.		
Separate financial statements as at and for the year ended 31 December 2014		
STATEMENT OF CASH FLOWS - direct method		
(in Euros)	**2014**	**2013**
A. OPERATING ACTIVITIES		
1. Operations	**2,600,366**	**(1,210,542)**
Interest income	765,892	1,165,540
Dividends and similar income	18,450	30,750
Fee and commission expense	(20,249)	(1,359)
Personnel expense	(1,623,424)	(1,473,703)
Other costs		
2008 VAT inspection	-	(146,250)
Leases and car hire	(114,045)	(109,793)
Sundry services	(759,139)	(751,041)
Other revenue	332,881	75,314
Income taxes	4,000,000	-
2. Cash flows generated by the decrease in financial assets	**33,977**	**439,708**
Current financial assets (change in fair value)	39,561	(27,494)
Net gains (losses) due to the decrease in financial assets	(5,584)	467,202
3. Cash flows used in the increase in financial assets	**-**	**-**
4. Cash flows generated by the increase in financial assets	**-**	**-**
Cash flows generated by (used in) operating activities	**2,634,343**	**(770,834)**
B. INVESTING ACTIVITIES		
1. Cash flows generated by the decrease in	**-**	**243**
Property, plant and equipment	-	243
2. Cash flows used for the increase in	**(8,902,983)**	**(13,875,939)**
Equity investments	(6,580,000)	(9,872,000)
IDeA EESS fund	(2,319,392)	(4,001,355)
Property, plant and equipment	(3,406)	(2,584)
Intangible assets	(185)	-
Net cash flows used in investing activities	**(8,902,983)**	**(13,875,696)**
NET CASH FLOWS FOR THE YEAR	**(6,268,640)**	**(14,646,530)**
RECONCILIATION		
Opening net financial position	**26,642,340**	**41,288,870**
Total net cash flows for the year	(6,268,640)	(14,646,530)
Closing net financial position	**20,373,700**	**26,642,340**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES

M&C S.p.A. ("M&C" or the "company") has not been required to prepare consolidated financial statements since September 2011. However, pursuant to IAS 28, it has prepared individual financial statements, in which it has measured its sole investment over which it has significant influence using the equity method, like in the individual financial statements at 31 December 2013. The revised IAS 27 also gives the option to prepare other financial statements in which investments are measured at cost (separate financial statements).

Like in previous years, M&C has decided to prepare both individual financial statements, in which the investment is measured using the equity method, and separate financial statements, in which it is measured at cost, for 2014.

The decision to prepare both sets of financial statements is due to the fact that, should M&C have a controlling investment in the future, as well as the consolidated financial statements (continuing on from the individual financial statements), it would also be required to prepare separate financial statements, in which the corresponding figures presented for comparative purposes would no longer be taken from a published and audited set of financial statements.

In order to ensure continuity with the resolutions passed in previous years, the directors decided to present these separate financial statements, in which the investment is measured at cost, to the shareholders for their approval.

Section A.1 - Statement of compliance

The separate financial statements of M&C as at and for the year ended 31 December 2014 have been prepared pursuant to Legislative decree no. 38 of 28 February 2005 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, as established by EC regulation 1606 of 19 July 2002. The IFRS include all the current applicable standards and the interpretations issued by the International Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

Section A.2 - Basis of preparation

Pursuant to IAS 1, the separate financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (the "separate financial statements") and these notes. They are accompanied by a directors' report which illustrates the company's financial performance and results of operations.

The separate financial statements: (i) are clearly stated and give a true and fair view of the company's financial position at 31 December 2014 and its results of operations and cash flows for the year then ended; (ii) are consistent with the accounting records which faithfully show the transactions carried out during the year; and (iii) have been prepared in accordance with the fundamental concepts of the IFRS and specifically:

- the accruals basis of accounting: the effect of events and transactions is recognised when they occur and not when the related cash movements take place;
- going concern: the separate financial statements have been prepared on a going concern basis for the next twelve months. The directors have carefully assessed this assumption given the current economic and financial crisis. As described in their report, they deem that the risks and uncertainties to which the company is exposed do not compromise its financial position and assets;
- materiality: priority is given to the economic substance of events and transactions rather than their form;
- comparative information: the separate financial statements include comparative information in respect of the previous year.

These criteria are unchanged with respect to those applied to prepare the 2013 separate financial statements.

Pursuant to article 5 of Legislative decree no. 38/2005, the reporting currency is the Euro. Unless specified otherwise, the figures in the financial statements and the notes are in Euros. No departures from such standards have been made.

The directors' report and these notes include the disclosures required by law, Consob (the Italian Commission for Listed Companies and the Stock Exchange) and the IFRS.

Section A.3 - Events after the reporting date

In February 2015, M&C took part in a new drawdown request for the IDeA EESS fund paying in €1.2 million to invest in Baglioni S.p.A.. This company is based in the province of Novara and produces and sells pressure vessels for industrial, professional and hobby use all around the world, including the oil&gas and cryogenics sectors.

On 25 March 2015, the board of directors approved payment of a bonus to the managing director should the sale of the Treofan investment take place before 31 December 2016 at a price higher than a set amount. The bonus will be paid if the sales price, compared to 100% of the Treofan group, is greater than €115 million, including repayment of the shareholder loan (the "ceiling"). The bonus will be equal to 10% of M&C's share of the sales price (41.6%) in excess of the ceiling.

Section A.4 - Other issues

The board of directors authorised the publication of these draft separate financial statements within the legal terms. They will be subjected to the approval of the shareholders, called to meet on 29 April 2015 on first call and on 13 May 2015 on second call.

Section A.5 - Key financial statements captions

The recognition, classification, measurement and derecognition criteria for the key financial statements captions are set out below.

Current and non-current assets and liabilities

An asset is considered as current when it meets at least one of the following conditions:

- it will be realised during the entity's normal operating cycle, generally assumed to be 12 months;
- it is held primarily for trading purposes;
- it consists of cash and cash equivalents, the use of which is not restricted within the 12 months after the reporting date.

All other assets are analysed analytically to separate the "current" portion from the "non-current" portion.

If recognised, deferred tax assets are classified as non-current assets.

A liability is considered as current when it meets at least one of the following conditions:

- it will be settled during the entity's normal operating cycle, generally assumed to be 12 months;
- it is held primarily for trading purposes;

- the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are analysed analytically to separate the "current" portion from the "non-current" portion.

If recognised, deferred tax liabilities are classified as non-current assets.

Equity investments

Recognition

This caption includes investments held in subsidiaries and associates recognised at cost, including transaction costs.

Measurement

If there is objective evidence that an investment may be impaired, its recoverable amount is estimated considering the present value of future cash flows the investment will generate, including the disposal value. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised in profit or loss. When the reasons for impairment are eliminated due to an event that takes place after recognition of the impairment loss, the impairment loss is reversed up to the limits of the historical cost and is taken to profit or loss.

Derecognition

Investments are derecognised when the contractual rights to cash flows generated by the assets expire or the financial asset is sold, transferring substantially all the related risks and rewards.

Financial assets

Recognition

Financial assets are classified as such at initial recognition pursuant to IAS 39. Specifically, available-for-sale financial assets are measured at fair value, increased by any directly-related transaction costs, if these are material and can be determined.

Measurement

They are subsequently measured at fair value with any fair value gains or losses recognised in equity until their disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (this excludes a forced liquidation or a distress sale) between market participants at the measurement date. It is assumed that the entity can operate normally and does not intend to sell its assets, to cut back its operations significantly or agree transactions at unfavourable conditions.

According to IFRS 13, the fair value of financial instruments is determined using a hierarchy considering the origin, type and quality of the inputs available for measurement. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. There are three different levels of input:

a) Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

c) Level 3 inputs are unobservable inputs for the asset or liability.

Equity instruments (shares) that are not quoted on an active market and whose fair value cannot be determined reliably are measured at cost, decreased for impairment.

Impairment tests are performed at every reporting date and whenever necessary. Any significant impairment losses are taken to profit or loss.

When the reasons for impairment are eliminated due to an event that takes place subsequently to recognition of the impairment loss, the reversal of the impairment loss is taken to: (i) profit or loss for debt instruments; and (ii) equity for equity instruments.

A significant or prolonged decline in the fair value of equity instruments to below their cost is considered objective evidence of impairment.

In this respect, the IFRS make reference to quantitative thresholds without however imposing quantitative limits to define when the decline is to be considered significant or prolonged.

M&C has therefore adopted a policy that defines these thresholds. Specifically, the policy considers a significant decline in fair value of more than 20% as objective evidence of an impairment loss. In this case, an impairment loss is recognised in profit or loss without any further investigation.

Moreover, the policy defines a prolonged decline in fair value giving rise to impairment when it lasts for more than nine months. When this period is exceeded, an impairment loss is recognised in profit or loss without any further investigation.

Derecognition

Financial assets are derecognised when the contractual rights to cash flows generated by the asset expire or the financial asset is sold, transferring substantially all the related risks and rewards. The gain or loss on the sale of available-for-sale financial assets is recognised in profit or loss. Upon derecognition, any related accumulated fair value gain or loss is reclassified from equity to profit or loss.

Loans, receivables and other assets

Recognition

Loans and receivables are initially recognised at fair value, equal to the amount disbursed or consideration paid, plus directly attributable transaction costs/income, if material and determinable.

Measurement

After initial recognition, they are recognised at amortised cost, that is, they are measured at initial recognition minus/plus principal repayments, impairment losses/reversals of impairment losses and cumulative amortisation, using the effective interest method. Loans and receivables are tested for impairment which could determine a reduction in their estimated realisable value.

Derecognition

Loans and receivables are derecognised when the contractual rights to cash flows deriving therefrom expire or when they are sold, transferring substantially all the related risks and rewards.

Cash and cash equivalents

Cash and cash equivalents include cash and on sight deposits. Their carrying amount equals their fair value.

Current and deferred taxes

Income taxes, determined in accordance with the relevant national legislation, are recognised on an accruals basis and are the sum of current and deferred taxes.

Deferred tax assets and liabilities are determined considering the temporary differences between the carrying amounts and tax bases of assets and liabilities.

When the item generating the difference is recognised in profit or loss, the deferred tax is netted against income taxes, while when the item is recognised directly in equity, the deferred tax is also recognised directly in equity.

Current and deferred tax assets are recognised to the extent that their recovery is probable, determined considering the entity's ability to generate taxable income on an ongoing basis.

Deferred tax assets and liabilities are assessed systematically to reflect any changes in the relevant legislation or tax rates.

They are determined using the expected tax rates for the difference in income in the years in which the temporary differences will reverse, based on the tax rates and legislation enacted or substantially enacted at the reporting date. The effect of changes in tax rates on these taxes is taken to profit or loss in the period in which the change arises. Deferred tax assets and liabilities are offset only when legally allowed.

Deferred tax assets and liabilities are recognised as non-current assets and liabilities, respectively.

Treasury shares

Treasury shares held by the company are deducted from equity. No gains or losses arising from their repurchase, sale, issue or derecognition are recognised in profit or loss. Any differences between the repurchase price and the sales price are recognised under equity.

Employee benefits

Post-employment benefits which are defined plan benefits are recognised during their vesting period and the company's obligation consists of granting and ensuring the agreed benefits for the employees. Therefore, it bears the actuarial and investment risk. Under IAS 19, Italian post-employment benefits are to be treated as defined benefit plans and the related liability is measured by an independent actuary.

The benefits vested by employees during the year are recognised under personnel expense while the interest expense, which is the cost to the company should it finance itself on the market for an amount equal to the post-employment benefits, is recognised under financial income and expense. The actuarial gains and losses are recognised directly in the valuation reserve under equity.

Provisions for risks and charges

The company recognises a provision when it has a constructive or legal obligation as the result of a past event and it is more probable than not that an outflow of resources will be necessary to meet the obligation, which can be estimated reliably. If the effect is significant, provisions are calculated by discounting the estimated future cash flows using a pre-tax discount rate which reflects the present market value of money and specific risks of the liability.

Financial and other liabilities

Financial liabilities are initially recognised at fair value, equal to the consideration received net of any directly related transaction costs, if material and determinable. Financial liabilities with normal settlement dates are initially recognised at fair value and subsequently at amortised cost, if significant.

They are derecognised upon settlement.

Revenue and cost recognition

Revenue from services is recognised at the fair value of the consideration received in the period in which the services are rendered.

Revenue from the sale of goods is recognised at the fair value of the consideration received when all the risks and rewards of ownership are transferred to the buyer.

Interest, income and expense are recognised using the effective interest method.

Costs are recognised in profit or loss on an accruals basis in the year in which the related revenue is recognised. Costs that cannot be matched to income are expensed immediately.

Share-based payments

The company recognises additional benefits for certain directors and employees in the form of stock option plans. Under IFRS 2 - Share-based payment, the company's plans are equity-settled share-based payment transactions. Therefore, the fair value of the stock options is measured at the grant date considering market conditions and any subsequent changes in fair value do not affect initial recognition.

Fair value measured at the grant date is recognised under personnel expense on a straight-line basis over the vesting period with a balancing entry under equity. At each reporting date, the company redetermines the number of vested and vesting options based on changes in the plan's vesting conditions.

Use of estimates

Financial statements captions are recognised and measured using the above accounting policies, the application of which sometimes requires the use of estimates which may significantly affect the carrying amounts. The estimates and related assumptions are based on historical experience and reasonable factors and are used when the carrying amounts of assets and liabilities cannot be easily derived from other sources. However, being estimates, the forecast results may not match actual results.

The use of reasonable estimates is essential to preparation of financial statements. They are mostly used for the following financial statements captions:

- measurement of financial assets for which an active market does not exist;
- measurement of financial assets listed on active markets but which are illiquid on the reference market;
- measurement of equity investments.

The above procedure is particularly complex given the current macro-economic and market climate and is characterised by unusual volatility affecting the main financial ratios, which are relevant for this measurement.

An estimate can be adjusted following changes in the underlying circumstances or due to new information. Changes in estimates are applied prospectively and affect profit or loss in the year in which the change takes place and, possibly, the future years.

Assets and liabilities not carried at fair value or carried at fair value on an non-recurring basis: breakdown by fair value level

Except for the tax assets and shareholder loan granted to Treofan, the assets and liabilities recognised in the financial statements are all of a current nature. Therefore and as required by IFRS 7.29, their carrying amount is a reasonable approximation of their fair value.

The shareholder loan granted to Treofan was recognised at level 3 *fair* value at the initial recognition date.

Earnings (loss) per share

Pursuant to IAS 33, basic earnings (loss) per share are determined by dividing the profit or loss for the year by the weighted average number of outstanding shares, excluding treasury shares held by the company and/or its subsidiaries. Diluted earnings per share are calculated by adjusting the weighted average number of outstanding shares, considering all potential ordinary shares arising from the exercise of assigned and exercisable stock options. The effect of dilutive options not yet exercised is included in the calculation of diluted earnings (loss) per share when they are in-the-money.

Standards, amendments and interpretations applicable to annual periods beginning on or after 1 January 2014

New standards, amendments and interpretations issued by the IASB and endorsed by the EU to be applied to annual periods beginning on or after 1 January 2014 if they are applicable:

Name	Issue date	Application date	Endorsement date	EU regulation and publication date
Amendments to IAS 32 - Financial instruments: presentation - Offsetting of financial assets and financial liabilities	December 2011	1 January 2014	13 December 2012	(EC) 1256/2012 29 December 2012
IFRS 10 - Consolidated financial statements	May 2011	1 January 2014 (1 January 2013 for the IASB)	11 December 2012	(EC) 1254/2012 29 December 2012
IFRS 11 - Joint arrangements	May 2011	1 January 2014 (1 January 2013 for the IASB)	11 December 2012	(EC) 1254/2012 29 December 2012

Name	Issue date	Application date	Endorsement date	EU regulation and publication date
IFRS 12 - Disclosure of interests in other entities	May 2011	1 January 2014 (1 January 2013 for the IASB)	11 December 2012	(EC) 1254/2012 29 December 2012
IAS 27 (2011) - Separate financial statements	May 2011	1 January 2014 (1 January 2013 for the IASB)	11 December 2012	(EC) 1254/2012 29 December 2012
IAS 28 (2011) - Investments in associates and joint ventures	May 2011	1 January 2014 (1 January 2013 for the IASB)	11 December 2012	(EC) 1254/2012 29 December 2012
Transition guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	June 2012	1 January 2014 (1 January 2013 for the IASB)	4 April 2013	(EU) 313/2013 5 April 2013
Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27 (2011))	October 2012	1 January 2014	20 November 2013	(EU) 1174/2013 21 November 2013
Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets	May 2013	1 January 2014	19 December 2013	(EU) 1374/2013 20 December 2013
Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting	June 2013	1 January 2014	19 December 2013	(EU) 1375/2013 20 December 2013

New standards, amendments and interpretations issued by the IASB and endorsed by the EU to be applied early starting from these separate financial statements if they are applicable:

Name	Issue date	Application date	Endorsement date	EU regulation and publication date	Note and reference to this check list
IFRIC 21 - *Levies*	May 2013	17 June 2014 (1 January 2014 for the IASB)	13 June 2014	(EU) 634/2014 14 June 2014	Early application is allowed.

PART B - NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

Section B.1 - Non-current assets

1.1 - Property, plant and equipment

(in Euros)	31.12.2014	31.12.2013	Variation
Owned			
a) land			
b) buildings			
c) furniture		50	(50)
d) electronic systems	6,327	7,729	(1,402)
e) other	1,093	1,647	(554)
Under finance lease			
Total	**7,420**	**9,426**	**(2,006)**

Property, plant and equipment: changes

(in Euros)		Furniture	Electronic systems	Other	Total
A	**Opening balance**	**50**	**7,729**	**1,647**	**9,426**
B.	**Increases**				
	B.1 Purchases		2,247	715	2,962
	B.2 Reversals of impairment losses				
	B.3 Fair value gains				
	B.4 Other increases				
C.	**Decreases**				
	C.1 Sales				
	C.2 Amortisation	50	3,649	1,269	4,968
	C.3 Impairment losses				
	C.4 Fair value losses				
	C.5 Other decreases				
D.	**Closing balance**	**-**	**6,327**	**1,093**	**7,420**

None of the property, plant and equipment have been pledged as guarantee or committed.

1.2 - Intangible assets

Immaterial amount of software licences.

1.3 - Equity investments

(€'000)	Carrying amount	% of investment	Voting rights %	Registered office	Total assets	Total revenue	Equity	Profit (loss) for the year	Listed (Yes/No)
A. Subsidiaries									
B. Jointly controlled entities									
C. Companies over which M&C has significant influence									
Treofan Holdings GmbH (*)	37,727	41.59	41.59	Raunheim (D)	306,515	431,895	106,497	(6,999)	No

(*) Figures taken from the consolidated reporting package at 31 December 2014 drawn up for inclusion in M&C's individual financial statements.

Investments: changes

(in Euros)	Investments in subsidiaries	Investments in companies over which M&C has significant influence	Other investments	Total
A. Opening balance	**-**	**41,095,359**	**-**	**41,095,359**
B. Increases				
B.1 Purchases				
B.2 Reversals of impairment losses				
B.3 Revaluations				
B.4 Other increases		1,811,226		1,811,226
C. Decreases				
C.1 Sales				
C.2 Impairment losses		5,179,947		5,179,947
C.3 Other decreases				
D. Closing balance	**-**	**37,726,638**	**-**	**37,726,638**

M&C has an investment of 41.59% in Treofan Holdings GmbH with a carrying amount of €37.7 million.

Treofan management revised the 2014 budget and 2015 forecasts in early 2014 to reflect the disappointing results recorded by the European division. During preparation of the 2014 interim financial report, M&C's directors tested the carrying amount of the investment in Treofan and the receivable for the shareholder loan for impairment to check their recoverability. The test showed an impairment loss of €5.2 million, recognised in full at 30 June 2014.

In November 2014, the carrying amount of the investment was increased by €1.8 million, following recognition of the receivable for the second instalment of the shareholder loan (€6.6 million) at fair value. M&C granted €16.5 million as its share of the loan in two instalments, the first of which (€9.9 million) was provided in December 2013.

The shareholder loan's key characteristics are:

- expiry in the third month after reimbursement of the revolving credit facility (described below) granted by the bank syndicate;
- subordination to all Treofan group's liabilities;
- PIK interest rate (to be paid on the repayment date) tied to the profit of the financed company (stand alone), up to a maximum of an annual 5%.

These loan characteristics show that it was not agreed at market rates. A similar unsecured subordinate loan agreement between independent parties would bear interest at a higher rate (14.25%).

Pursuant to the IFRS, the second instalment of the shareholder loan has been recognised at its grant-date fair value, which equals the present value of the estimated future cash flows discounted using the market interest rate for a similar instrument. If the market rate of 14.25% is used, the fair value would be €4.8 million; the €1.8 million difference between the amount disbursed (€6.6 million) and its fair value (€4.8 million) has been used to increase the investment's carrying amount as it qualifies as an equity contribution to Treofan by M&C. It represents the benefit enjoyed by Treofan of the loan granted at other than market conditions by M&C.

Given the materiality of this investment for M&C and disbursement of the second instalment of the shareholder loan, management tested the investment for impairment again at 31 December 2014. It found that the carrying amounts of the investment (€37.7 million), and the prudently included shareholder loan (€12.4 million) reflect their recoverable amounts. Three methods were used to determine the recoverable amount:

1) ***Discounted cash-flow analysis*** (**DCF)**: this method was used to discount the cash flows included in Treofan's 2015 budget and the 2016-2018 business plan, recently approved by Treofan's advisory board, to the weighted average cost of capital (WACC);

   The discounted cash flow method determines the value of an asset considering the net expected operating cash flows (unlevered free cash flow) discounted to the cost of the sources of funding necessary to generate the cash flows (discount rate or WACC or cost of capital). In order to find the investment's and shareholder loan's recoverable amounts, management adjusted the DCF results (enterprise value) by the investee's net financial position at 31 December 2014, including the shareholder loan, to obtain the equity value. They obtained the value of M&C's investment by prudently adding M&C's portion of the equity value (41.6%) to the shareholder loan (€16.5 million). The following parameters were used: WACC of 10.1%, estimated considering a cost of debt (kd) of 5.3% and cost of equity (ke) of 12.6% and a long-term sector growth rate (G-Rate) of 1.0%.

   In order to estimate the cost of equity, management used the capital asset pricing model and the following parameters:

   - a risk free (Rf) rate of 2.1%, estimated considering the weighted average of the return on ten-year Bunds issued by the German government and the ten-year bond issued in US dollars by the Mexican government, calculated using the gross operating profit by production country expected for 2015;
   - a levered Beta factor (β), estimated to equal 0.89, based on the unlevered Beta defined by Damodaran for the packaging sector of 0.70, an effective average tax rate for the period from 2015 to 2018 of 30.0% and an average expected debt ratio (or gearing ratio) for the same period of 38.9%;
   - an equity risk premium (Rm), estimated to be 7.0% obtained using the weighted average of the equity risk premium in Germany (6.3%) and Mexico (7.6%), considering the gross operating profit by production country expected for 2015 [source: Damodaran].

2) ***Market multiples***, applying the average multiple (Enterprise Value/gross operating profit) of a sample of the leading listed companies active in the BOPP film and packaging sectors to Treofan's 2015 budgeted gross operating profit. Specifically, the 2015 average enterprise value/gross operating profit ratio was 9.8x.

3) ***Comparable transactions multiples***, applying the average multiple (Enterprise Value/gross operating profit) of a sample of the main M&A transactions of the period from 2011 to 2014 involving companies in the BOPP film sector to Treofan's 2015 budgeted gross operating profit. Specifically, the enterprise value/gross operating profit multiple was 7.0x.

Each method included a sensitivity analysis, using changes in the WACC (+/-10%) and the multiples (+/-10%), respectively.

The recoverable amount of an equity investment is the higher of its value in use and fair value less costs to sell at the reporting date. The value in use is obtained using the DCF method, as it represents the present value of future cash flows, while the fair value is obtained using the comparable transactions method. The market multiples method was only used as the control method given that Treofan is unlisted and its management does not expect it to be listed in the medium to long term.

In this case, the impairment test showed the higher amount to be that obtained using the DCF method, equal to the carrying amount of the equity investment and the receivable for the shareholder loan of €50 million.

None of the investments have been pledged as guarantee or committed. The revolving credit facility granted by a bank syndicate is secured with a first level guarantee on all Treofan group's assets, excluding the new production line to be rolled out at Neunkirchen.

There are no restrictions to the transfer of funds to M&C by its investee in the form of repayments and loans. On the other hand, Treofan's financial restructuring agreements provide for specific authorisation clauses for the distribution of dividends.

M&C's investment policy includes certain quantitative risk diversification rules, in compliance with the Stock Exchange Regulation for investment companies, including the requirement for no single asset to make up more than 50% of its total assets. Preparation of these separate financial statements showed that M&C's exposure to Treofan group is now greater than 50% of its assets following disbursement of the second instalment of the shareholder loan to Treofan. If this situation continues for more than 12 months, the shareholders will be required to amend the company's investment policy or take other measures in an extraordinary meeting to comply with Borsa Italiana's requirements.

1.4 - Other non-current assets

(in Euros)	31.12.2014	31.12.2013	Variation
Guarantee deposits	500	500	-
Tax assets	1,413,753	1,500,005	(86,252)
Non-current prepayments	143	46,900	(46,757)
Total	**1,414,396**	**1,547,405**	**(133,009)**

Tax assets include the VAT asset that cannot be used for offsetting purposes during the next 12 months.

Prepayments relate to the outstanding non-current portion of the costs incurred for the five-year run off of the Directors & Officers policy in place at 31 December 2010 (an insurance policy covering the company bodies' third party liability as a result of their duties).

1.5 - Loans and receivables

(in Euros)	31.12.2014	31.12.2013	Variation
Loan to Treofan	12,440,862	6,721,618	5,719,244
Loan to Botto Fila S.p.A. in liquidation	1,163,763	1,163,763	-
Allowance for impairment	(1,163,763)	(1,163,763)	-
Total	**12,440,862**	**6,721,618**	**5,719,244**

The balance of the loan to Treofan is the fair value of the instalments provided for in the December 2013 agreements and the related interest calculated using the amortised cost method at the reporting date (€967 thousand).

The shareholder loan to Botto Fila was provided in 2008 and restructured in September 2011, before M&C sold its investment, reducing it to €1.1 million. The balance of €1,163,763 includes interest accrued to 15 November 2013, when the Biella Court handed down its ruling on the company's insolvency. In 2014, the Court accepted M&C's application for inclusion in the insolvency proceedings as a subordinated creditor.

1.6 - Deferred tax assets

Recognisable deferred tax assets amount to approximately €14.0 million, due to the tax losses for previous years. However, the directors opted not to recognise deferred tax assets on the tax loss for previous years as the company's activities and financial market trends do not allow them to quantify future taxable profits and when they will be realised with reasonable certainty in order to allow the recognition of deferred tax assets on losses carried forward.

Section B.2 - Current assets

2.1 - Loans and receivables

(in Euros)	31.12.2014	31.12.2013	Variation
Other related parties	71,531	67,052	4,479
Third parties	790,740	793,522	(2,782)
Allowance for impairment	(172,667)	(175,458)	2,791
Total	**689,604**	**685,116**	**4,488**

Loans and receivables with related parties refer to the consultancy contract with Starfin SA (€42 thousand) and involvement in Treofan's restructuring steering committee as well as reimbursements for costs incurred on behalf of the Treofan group (€30 thousand).

Loans and receivables with third parties include the invoice of €617 thousand issued to Tiscali Financial Services SA pursuant to article 60 of Presidential decree no. 633/72 in relation to the amount paid for the mutually-agreed settlement of the assessment relating to the 2008 VAT return. M&C has engaged a law firm to recover the amount which has recently served the debtor with a claim form.

The allowance for impairment did not undergo any change during the year and mainly refers to an overdue receivable, for which negotiations are ongoing with the counterparty to agree recovery.

2.2 - Current tax assets

(in Euros)	31.12.2014	31.12.2013	Variation
IRES and IRAP		4,000,000	(4,000,000)
Unified tax return credit	466,476	338,296	128,180
IRAP payment on account	15,689	24,828	(9,139)
Total	**482,165**	**4,363,124**	**(3,880,959)**

In November 2014, M&C collected €4 million claimed for reimbursement when it filed its 2010 unified tax return, as well as accrued interest of €240 thousand.

During the year, the company used €86 thousand of the asset from the unified tax return, including €80 thousand for the mutually-agreed settlement of the assessment relating to the 2009 tax return and €6 thousand to pay the 2014 IRAP tax advance.

2.3 - Other current assets

(in Euros)	31.12.2014	31.12.2013	Variation
Withholdings on interest	137,099	214,190	(77,091)
VAT	700,597	621,634	78,963
Tax assets	837,696	835,824	1,872
INAIL (National insurance institute for industrial accidents)	243		243
Employees		13,610	(13,610)
Other loans and receivables	3,109	154	2,955
Prepayments	63,654	70,879	(7,225)
Total	**904,702**	**920,467**	**(15,765)**

2.4 - Current financial assets

(in Euros)		31.12.2014	31.12.2013	Variation
Available-for-sale financial assets				
Debt instruments				
	issued by governments and central banks			
	issued by banks			
	issued by other issuers	1,282,575	2,352,242	(1,069,667)
		1,282,575	**2,352,242**	**(1,069,667)**
OEIC units				
	issued by other issuers	2,047,380		2,047,380
		2,047,380		**2,047,380**
Equity instruments				
	issued by listed companies	506,034	496,785	9,249
	issued by unlisted companies	4,361,533	3,580,976	780,557
		4,867,567	**4,077,761**	**789,806**
Total		**8,197,522**	**6,430,003**	**1,767,519**

At the reporting date, current financial assets comprise the following available-for-sale financial instruments: (i) investments of €1.3 million in listed high yield bonds, including interest; (ii) units of the Kairos International KEY fund of €2 million; (iii) investments of €0.5 million in listed companies; and (iv) units of the IDeA EESS fund of €4.4 million.

Changes in available-for-sale financial assets during the year are as follows:

(in Euros)		Debt instruments	Equity instruments	OEIC units	Total
A.	**Opening balance**	**2,352,243**	**4,077,761**	**-**	**6,430,004**
B.	**Increases**				
	B1. Purchases	1,015,577	2,319,392	2,000,000	5,334,969
	B2. Fair value gains	7,050	9,249		16,299
	B3. Reversals of impairment losses				
	B4. Transfers from other portfolios				
	B5. Other increases	61,491		47,380	108,871
C.	**Decreases**				
	C1. Sales				
	C2. Repayments	2,020,485			2,020,485
	C3. Fair value losses	29,703	914,331		944,034
	C4. Impairment losses		624,504		624,504
	C5. Transfers to other portfolios				
	C6. Other decreases	103,598			103,598
D.	**Closing balance**	**1,282,575**	**4,867,567**	**2,047,380**	**8,197,522**

Debt instruments

They include high yield listed bonds, selected prudently to improve the portfolio's profitability. During the year, certain bonds were redeemed in advance and the company purchased new bonds.

Equity instruments

The equity instruments refer to the profit participation rights issued by Comital, which M&C fully impaired at the reporting date (€625 thousand), shares of listed Italian companies (€506 thousand) and IDeA EESS fund units (€4.4 million).

In 2014, M&C took part in drawdown requests for the IDeA EESS fund paying in €2.3 million. Its outstanding commitment is €8.9 million as per the agreements of 14 March 2013.

The increase in the carrying amount of the fund units is due to payments made during the year, net of the fair value loss of €0.9 million on the units' net asset value (NAV), substantially equal to the 2014 fees paid to the fund manager (€0.4 million) and the additional reduction in NAV due to the full impairment of the investment in Domotecnica (€0.5 million). As the fund is unlisted, reference cannot be made to market prices and M&C uses the reports prepared by the fund manager every six months as required by Bank of Italy. These requirements provide that equity investments be measured at the lower of the purchase cost and estimated realisable value, without considering any gains obtained by the equity investments through their measurement at fair value (estimated realisable value). The fund manager supplements the reports by measuring the equity investments at their fair value, whereby M&C's investment would equal €5.9 million.

The directors' report provides a brief description of the fund's activities.

OEIC units

In September 2014, M&C approved an investment of €3.0 million (in three €1.0 million instalments) in the Kairos Equity Yield fund, which acquires shares of listed regulated entities. At the reporting date, the company had invested the first two instalments.

The available-for-sale financial assets are measured at fair value using a three-level hierarchy that reflects the significance of the inputs used in the measurements:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1);

(b) inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (ie, as prices) or indirectly (ie, derived from prices) (level 2);

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table shows the fair value levels used:

(in Euros)	31.12.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments						
- structured instruments						
- other instruments	1,282,575			2,352,242		
2. Equity instruments and OEIC units	2,553,414	4,361,533		496,785	2,956,472	624,504
3. Loans						
Total	**3,835,989**	**4,361,533**	**-**	**2,849,027**	**2,956,472**	**624,504**

Financial assets at level 1-fair value include high yield bonds, shares held by M&C and the investment in the Kairos fund; they were all measured using prices on the reference markets on which these instruments are traded.

Financial assets at level 2-fair value comprise the IDeA EESS fund units, for which the fund manager provides their NAV every six months as required by Bank of Italy.

Financial assets at level 3-fair value include profit participation rights, with a nil fair value, issued by Comital S.p.A..

None of the current financial assets have been pledged as guarantee or committed.

There were no transfers of financial assets from one fair value level to another in 2014.

2.5 - Cash and cash equivalents

(in Euros)	31.12.2014	31.12.2013	Variation
Bank and postal accounts	16,536,009	23,791,941	(7,255,932)
Cash and cash equivalents	1,702	1,371	331
Total	**16,537,711**	**23,793,312**	**(7,255,601)**

This caption consists of unrestricted bank current accounts.

The company's net financial position is shown below with details of its main components as required by Consob communication no. 6064293 and CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses".

NET FINANCIAL POSITION (in Euros)		31.12.2014	31.12.2013
A.	Cash and available bank current accounts	16,537,711	23,793,312
B.	Other cash and cash equivalents		
C.	Available-for-sale financial assets	3,835,990	2,849,028
D.	**TOTAL CASH AND CASH EQUIVALENTS (A)+(B)+(C)**	**20,373,701**	**26,642,340**
E.	Other current financial assets (from related parties)		
	CURRENT FINANCIAL ASSETS (E)	**-**	**-**
F.	Current financial liabilities		
G.	Current portion of non-current indebtedness		
H.	Other current financial liabilities		
I.	**CURRENT FINANCIAL LIABILITIES (F)+(G)+(H)**	**-**	**-**
J.	**NET CURRENT FINANCIAL POSITION (D)+(E)-(I)**	**20,373,701**	**26,642,340**
K.	Non-current bank loans and borrowings		
L.	Bonds issued		
M.	Other non-current payables		
N.	**NON-CURRENT FINANCIAL INDEBTEDNESS (K)+(L)+(M)**	**-**	**-**
O.	**NET FINANCIAL POSITION**	**20,373,701**	**26,642,340**

The reduction in the company's net financial position is basically due to payment of the second tranche of the shareholder loan (€6.6 million) to the Treofan group, payment of roughly €2.3 million to the IDeA EESS fund as drawdowns and collection of the IRES tax assets of €4.2 million related to 2008 and claimed for reimbursement. Like the shareholder loan, the fund units are not liquid enough to be considered in its financial position and, therefore, they are excluded. The statement of cash flows provides more information about changes in the company's net financial position during the year.

LIABILITIES

Section B.3 - Equity

3.1 - Share capital

(in Euros)	31.12.2014	31.12.2013	Variation
Ordinary shares	80,000,000	80,000,000	-
Total	**80,000,000**	**80,000,000**	**-**

At 31 December 2014, the company's fully subscribed and paid-up share capital amounts to €80.0 million, consisting of 474,159,596 ordinary shares without a nominal amount.

3.2 - Treasury shares

(in Euros)	31.12.2014	31.12.2013	Variation
Ordinary shares	50,032,057	50,032,057	-
Total	**50,032,057**	**50,032,057**	**-**

The company has 66,754,352 treasury shares from: (i) the repurchase of ordinary shares after the procedure recognising the shareholders' right to withdraw in 2008, when the board of directors repurchased 64,372,907 shares for € 0.7402 per share and a total of €47,648,826; and (ii) the repurchase of 2,381,445 preferred shares in April 2010, leading to the conversion of preferred shares into ordinary shares.

At the reporting date, there were 407,405,244 outstanding M&C shares.

3.3 - Reserves

(in Euros)	31.12.2014	31.12.2013	Variation
Reserves			
a) legal			
b) statutory			
c) treasury shares	50,032,057	50,032,057	-
d) losses carried forward	(12,318,371)	(13,075,129)	756,758
e) share capital decrease	20,790,261	20,790,261	-
f) stock options	3,011,739	5,369,498	(2,357,759)
g) share capital increase costs	(7,207,680)	(7,207,680)	-
Total	**54,308,006**	**55,909,007**	**(1,601,001)**

This caption comprises the following reserves:

c) the *reserve for treasury shares* was set up for the treasury shares held by M&C following two shareholders' resolutions to decrease share capital in 2007 and 2008 for a total €70,822,318, to be used to repurchase treasury shares. The shareholders' resolutions about the repurchase of treasury shares have now expired and the difference between the cost incurred for the treasury shares (€50,032,060) and the reduction in share capital (€70,822,318) has been classified to an available reserve from the share capital reduction. M&C's shareholders have not currently approved the repurchase of treasury shares;

d) *losses carried forward* from previous years, the variation in which is due to the carry forward of the loss for 2013 and reclassification of €2.4 million from the stock option reserve, following the waiver of his options by a former director;

e) the *reserve from the share capital decrease* consists of the difference between the reduction carried out to repurchase treasury shares in 2007 and 2008 and the treasury shares' historical cost, as specified in point c) above;

f) the *stock option reserve*, set up to cover the cost of the stock options assigned by the company. The variation for the year is due to the waiver of all his options by a former director as part of an agreement between him and M&C (see section D.3.1)

g) the *reserve for the share capital increase costs* being the result of the offsetting against equity (as the negative reserve for the share capital increase) of the costs incurred to organise the capital increase and the stock exchange listing in June 2006.

3.4 - Valuation reserves

These reserves of €125,575 may be analysed as follows:

(in Euros)	31.12.2014 Fair value gains	31.12.2014 Fair value losses	31.12.2013 Fair value gains	31.12.2013 Fair value losses
1. Debt instruments	15,475		32,544	
2. Equity instruments	76,998		67,748	
3. OEIC units	47,380			
4. Actuarial gains (losses) on defined benefit plans		(14,278)		(12,079)
5. Loans				
Total	**139,853**	**(14,278)**	**100,292**	**(12,079)**

The table required by article 2427-7.bis of the Italian Civil Code is set out below:

(in Euros)	Amount	Possible use	Distributable amount	Available amount	Use in last three years: To cover losses	Use in last three years: Other reasons
Share capital	80,000,000	B,C				
Stock option reserve	3,011,739					
Reserve for share capital increase costs	(7,207,680)					
Valuation reserve	125,575					
Reserve for the repurchase of treasury shares	50,032,057					
Reserve for share capital decrease	20,790,261	A, B, C	20,790,261	20,790,261		
Losses carried forward	(12,318,371)	A, B, C				
Key:						
A: share capital increase						
B: to cover losses						
C: dividend distribution						

Section B.4 - Non-current liabilities

4.1 - Employee benefits

(in Euros)		31.12.2014	31.12.2013
A.	**Opening balance**	**57,410**	**40,342**
B.	**Increases**		
B1.	Accruals	59,217	65,372
B2.	Other increases		
C.	**Decreases**		
C1.	Payments	11,489	
C2.	Other decreases	49,331	48,304
D.	**Closing balance**	**55,807**	**57,410**

An independent actuary's appraisal was used to determine the post-employment benefits at year end. This appraisal considered information provided by the company using the following assumptions:

	31.12.2014	31.12.2013
Annual discount rate	1.86%	3.39%
Annual inflation rate	0.60% for 2015 1.20% for 2016 1.50% for 2017 2.0% from 2019	2.00%
Annual increase in post-employment benefits rate	1.950% for 2015 2.400% for 2016 2.625% for 2017 3.000% from 2019	3.00%
Annual salary increase rate	3.00%	3.00%

At the reporting date, the caption includes actuarial losses of €14.3 thousand compared to €12.1 thousand at 31 December 2013. The difference was recognised in other comprehensive income.

Other decreases relate to the benefits that accrued during the year and were transferred to the pension funds.

Section B.5 - Current liabilities

5.1 - Trade payables

(in Euros)	31.12.2014	31.12.2013	Variation
Trade payables - third parties	167,616	237,010	(69,394)
Trade payables - related parties	47,114	21,716	25,398
Total	**214,730**	**258,726**	**(43,996)**

Section D.3.3 of these notes provides information about the company's suppliers that are related parties.

5.2 - Other current liabilities

(in Euros)	31.12.2014	31.12.2013	Variation
Related parties			
Employees	219,143	426,457	(207,314)
Statutory auditors		65,520	(65,520)
Other	5,635	5,635	-
Tax authorities			
Current tax liabilities	51,949	13,239	38,710
Withholdings	82,541	103,526	(20,985)
Social security institutions	100,930	190,747	(89,817)
Accrued expenses	2,064	717	1,347
Total	**462,262**	**805,841**	**(343,579)**

Payables to employees relate to the variable part of their remuneration recognised at the reporting date and paid in February 2015 as well as accrued untaken holidays.

5.3 - Provisions for risks and charges

The company set up these provisions at 31 December 2013 following the inspections by the tax authorities of the 2009 tax return after which it received an assessment report of €80 thousand. In February 2014, M&C agreed to settle paying the amount requested by using its tax credits.

PART C - NOTES TO THE INCOME STATEMENT

Section C.1 - Revenue

1.1 - Revenue from goods and services

(in Euros)	2014	2013	Variation
Services	160,000	12,000	148,000
Total	**160,000**	**12,000**	**148,000**

1.2 - Other revenue

(in Euros)	2014	2013	Variation
Recharges of costs incurred	40,042	60,206	(20,164)
Other revenue and income	153,068	38,472	114,596
Total	**193,110**	**98,678**	**94,432**

Section C.2 - Operating expenses

2.1 - Personnel expense

(in Euros)	2014	2013	Variation
1. Employees			
a) wages and salaries and similar expense	464,017	958,059	(494,042)
b) social security charges	138,956	274,691	(135,735)
c) termination benefits			
d) pension costs			
e) accrual for post-employment benefits	34,638	65,372	(30,734)
f) accrual for pension and similar provisions			
g) payments to third-party complementary pension funds			
h) other expenses	163,416	14,605	148,811
2. Other operating personnel			
3. Directors' and statutory auditors' fees	541,099	410,574	130,525
4. Retired personnel			
5. Cost recoveries for personnel seconded to other companies			
6. Cost reimbursements for personnel seconded to the company			
7. Accrual for stock option plans			
Total	**1,342,126**	**1,723,301**	**(381,175)**

The company's workforce is as follows:

Position	31.12.2014	2014 average	31.12.2013	2013 average
Managers	2	2.0	3	3.0
White collars	1	1.3	2	2.8
Total	**3**	**3.3**	**5**	**5.8**

For comparative purposes, it is noted that the 2014 expense includes €150 thousand paid as a novation transaction to the general manager on his resignation.

The balance related to the directors and statutory auditors comprises:

- directors' fees of €294 thousand;
- fees of €46 thousand paid to directors and statutory auditors who sit on internal committees;
- social security contributions of €4 thousand;
- statutory auditors' fees of €70 thousand;
- insurance premiums (D&O) of €127 thousand paid for the directors and statutory auditors.

The options of the existing stock option plans vested in 2011. They may be exercised until approval of the financial statements at 31 December 2015.

2.2 – Amortisation, depreciation and impairment losses

(in Euros)		Depreciation/ amortisation	Impairment losses	Reversals of impairment losses	2014	2013	Variation
1.	**Operating assets**						
1.1	owned						
	a) land						
	b) buildings						
	c) furniture	50			50	2,712	(2,662)
	d) electronic systems	3,649			3,649	3,455	194
	e) others	1,269			1,269	2,383	(1,114)
1.2	Under finance lease						
1.3	Intangible assets	93			93	635	(542)
2.	Impairment						
3.	Impairment losses				-	22,710	(22,710)
Total		**5,061**	**-**	**-**	**5,061**	**31,895**	**(26,834)**

2.3 - Other operating expenses

(in Euros)	2014	2013	Variation
1. Consultancy and professional services for investments	13,740	22,080	(8,340)
2. Other professional services for administrative, corporate, legal, tax, etc. services	224,984	228,520	(3,536)
3. Audit fees and costs	98,423	96,680	1,743
4. General costs	310,058	255,508	54,550
5. Travel expenses	54,251	84,099	(29,848)
6. Use of third party assets	107,127	103,371	3,756
7. Utilities	24,536	24,350	186
Total	**833,119**	**814,608**	**18,511**

Consultancy and professional services for investments relate to the costs incurred during the year to assess new investment and disinvestment opportunities.

Other professional services for administrative, corporate, legal, tax, etc. services mainly relate to the costs for outsourcing and specific consultancies.

The increase in the general costs is due to the contract with Starfin SA for the services that Mr. Giovanni Canetta continues to provide M&C as a member of Treofan's advisory board and restructuring steering committee (€75 thousand) and the costs of the revenue stamps on the securities deposit accounts (€19 thousand), which did not exist in 2013.

Section C.3 - Financial income and expense

3.1 - Financial income

(in Euros)	Debt instruments	Loans	Other	2014	2013	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	61,252			61,252	307,530	(246,278)
4. Held-to-maturity investments						
5. Loans and receivables						
5.1 Loans and receivables with banks			601,739	601,739	1,070,949	(469,210)
5.2 Loans and receivables with financial institutions						
5.3 Other loans		950,471		950,471	39,537	910,934
6. Other assets			240,061	240,061	313	239,748
7. Hedging derivatives						
Total	**61,252**	**950,471**	**841,800**	**1,853,523**	**1,418,329**	**435,194**

Interest income on debt instruments relates to the bonds. Interest on loans refers to the loan granted to the Treofan group. Income from other transactions relates to bank current account interest income, interest on tax assets and exchange rate gains.

3.2 - Financial expense

(in Euros)	Securitites	Loans	Other	2014	2013	Variation
1. Bank loans and borrowings						
2. Loans and borrowings from financial institutions						
3. Sums due to customers						
4. Outstanding securities						
5. Financial liabilities held for trading						
6. Financial liabilities at fair value through profit or loss						
7. Other liabilities			1,678	1,678	66,518	(64,840)
8. Hedging derivatives						
Total	**-**	**-**	**1,678**	**1,678**	**66,518**	**(64,840)**

3.3 - Gains on investments and securities

(in Euros)	Debt instruments	Equity instruments	OEIC units	2014	2013	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	2,500	18,450		20,950	507,112	(486,162)
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets						
7. Hedging derivatives						
Total	**2,500**	**18,450**	**-**	**20,950**	**507,112**	**(486,162)**

Gains on debt instruments

These gains relate to the early redemption of a bond purchased in 2013 for a nominal amount of €1.0 million, on which interest of €74 thousand had accrued from the purchase date.

Gains on equity instruments

These gains include dividends received on investments in listed shares.

3.4 - Losses on investments and securities

(in Euros)	Debt instruments	Equity instruments	OEIC units	2014	2013	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	8,084	6,718,783		6,726,867	987,559	5,739,308
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets						
7. Hedging derivatives						
Total	**8,084**	**6,718,783**	**-**	**6,726,867**	**987,559**	**5,739,308**

Losses on debt instruments

These losses include the loss on the early redemption of a bond purchased in 2013 for a nominal amount of €1.5 million, on which interest of €92 thousand had accrued from the purchase date.

Losses on equity instruments

These losses include the impairment of the investment in Treofan (€5.2 million), recognised in the 2014 interim financial statements to align the investment's carrying amount with the amount resulting from the impairment test.

The caption also includes the impairment of the Comital profit participation rights of €0.6 million that M&C recognised to align their carrying amount with their nil fair value.

It also comprises €0.9 million to align the IDeA EESS fund units to their NAV at the reporting date. This amount is equal to the 2014 fees paid to the fund manager (€0.4 million) and the additional reduction in the NAV following the full impairment of the investment in Domotecnica (€0.5 million).

Section C.4 - Current and deferred taxes

4.1 - Current and deferred taxes

M&C's tax loss for the year led to the recognition of current IRAP of €50.6 thousand and IRES of €1.3 thousand.

Reconciliation between the effective and theoretical tax expense (IRES)				
(in Euros)	2014		2013	
	Carrying amount	Theoretical tax expense	Carrying amount	Theoretical tax expense
Pre-tax loss	(6,681,268)		(1,587,762)	
Theoretical tax expense (%)	27.5	(1,837,349)	27.5	(436,635)
Temporary differences taxable in future years:				
Impairment losses on securities	6,718,784		979,648	
impairment losses on loans and receivables	-		-	
	6,718,784		979,648	
Differences which will not reverse in future years:				
Reversal of prior year taxes			(544,200)	
Prior year income on taxes relative to prior years	2,223		615,284	
Other decreases	(35,552)		(73,612)	
Non-deductible sundry expenses	20,220		18,662	
	(13,109)		16,134	
Taxable income	24,407		(591,980)	
Prior year losses	(19,526)			
Net taxable income	4,881		(591,980)	
Current income taxes		**1,342**		**-**

4.2 - Basic earnings (loss) per share

The basic earnings (loss) per share are calculated by dividing the profit (loss) for the year by the average number of shares outstanding in the year.

The diluted earnings (loss) per share are calculated by dividing the profit for the year by the average number of ordinary shares outstanding in the year, adjusted to reflect the diluting effects of options.

Information on the shares used to calculate the basic and diluted earnings per share is given below:

(in Euros)	2014	2013	Variation
Loss for the year	**(6,733,211)**	**(1,601,001)**	**(5,132,210)**
Average number of outstanding shares (total issued less treasury shares)	407,405,244	407,405,244	-
Basic earnings (loss) per share	**(0.0165)**	**(0.0039)**	**(0.0126)**
Dilutive adjustment to loss for the year	-	-	-
Loss for the year adjusted for dilution	**(6,733,211)**	**(1,601,001)**	**(5,132,210)**
Number of potential shares to be issued after exercise of stock options	-	-	-
Total average number of shares outstanding and to be issued	407,405,244	407,405,244	-
Diluted loss per share	**(0.0165)**	**(0.0039)**	**(0.0126)**

The company did not assign a diluting effect to the stock options in 2014 as it recognises this effect only when the exercise price is lower than the market price of the issuer's shares, even though this is not material, as required by IAS 33.46.

PART D - OTHER INFORMATION

Section D.1 - The company's activities

M&C invests in equity and other financial instruments. The difficult financial market conditions and related credit restrictions for companies imposed by banks as well as the ongoing recession, characterising the last few years, have led the company to adopt an extremely prudent and selective approach. During the year, the company focused on managing its investment, analysing certain investment opportunities and the temporary investment of liquidity in financial instruments.

Section D.2 - Information on risks and related hedging policies

Considering the nature of the company's activities, its investments and lack of debt, it is not significantly exposed to financial risks such as credit risk, price risk, liquidity risk or cash flow risk.

With respect to risk deriving from the company's existing credit exposure, the assets other than the investment, the shareholder loan and the IDeA EESS fund units recognised in the financial statements mainly relate to liquidity deposited with banks or invested in bonds, fund units and listed shares. The carrying amount of the fund units, the investment and related shareholder loan bear a more business type risk.

The company does not grant loans, except possibly to its subsidiaries and associates.

Section D.3 - Related party transactions

3.1 Directors' fees and managers' salaries

The Remuneration report, prepared pursuant to article 84-quater of Consob regulation no. 11971 of 24 February 1998 (the Issuer Regulation) and published as an annex to the Corporate Governance Report, provides exhaustive details about the fees paid and due to the directors and key management personnel.

Fees of the members of the board of directors, board of statutory auditors, CEOs and key management personnel

The annual fees of the board of directors amount to €15 thousand per director, increased by €75 thousand for the chair, €200 thousand pa for the managing directors and by €5 thousand for each board committee member.

In March 2010, M&C agreed to pay the director Mr. Corrado Ariudo a premium should the Treofan investment be sold before 30 December 2019 for more than €55 million. In December 2014 as part of a specific agreement signed with M&C, the former director Mr. Ariaudo waived his right to the Treofan premium and all his stock options. The agreement also provided that M&C would waive its right to the earn-out tied to the sale of Comital. All the components waived under the agreement are out of the money.

On 25 March 2015, the board of directors approved payment of a bonus to the managing director, Mr. Emanuele Bosio, should the sale of the Treofan investment take place before 31 December 2016 at a price higher than a set amount. The bonus will be paid if the sales price, compared to 100% of the Treofan group, is greater than €115 million, including repayment of the shareholder loan (the "ceiling"). The bonus will be equal to 10% of M&C's share of the sales price (41.6%) in excess of the ceiling.

The fees of the board of statutory auditors amount to €20 thousand per annum per standing statutory auditor and to €30 thousand per annum for the chair.

In January 2014, the company's general manager resigned but continues to be a member of Treofan's advisory board on M&C's behalf. As part of the mutually-agreed employment termination contract, the company paid Mr. Canetta €150 thousand as a general novation transaction.

Stock option plans

Former directors and managers have stock option plans (Original stock option plan agreed on 24 November 2005 and the Integrating plan, agreed on 24 May 2006) with the following key characteristics, as required by IFRS 2.45:

	Options								
							Held at year end		
Name	Assigned in previous years (number)	Assigned during the year (number)	Average exercise price	Expiry date	Exercised during the year	Cancelled during the year	Number	Average exercise price	Expiry date
Former directors	44,042,000	-	€ 0.38	2016	-	18,050,000	25,992,000	€ 0.38	2016
Former general manager	1,180,000	-	€ 0.38	2016	-	-	1,180,000	€ 0.38	2016
	45,222,000	**-**			**-**	**18,050,000**	**27,172,000**		

In December 2014 as part of a specific agreement signed with M&C, the former director Mr. Ariaudo waived his right to all his stock options and the above-mentioned Treofan premium. The agreement also provided that M&C would waive its right to the earn-out tied to the sale of Comital. All the components waived under the agreement are out of the money.

The assigned options may be exercised up to the thirtieth day after the date of approval of M&C's separate financial statements as at and for the year ending 31 December 2015. They vest in four annual instalments, the last of which vested on 25 November 2011.

At the date of this Report, none of the Plans' beneficiaries had exercised their options.

3.2 Loans and receivables granted to, and guarantees given on behalf of directors and statutory auditors

The company has not given any guarantees on behalf of its directors or statutory auditors.

3.3 Related party transactions

Management and coordination, related party transactions

With respect to article 2497-sexies of the Italian Civil Code, M&C was managed and coordinated by PER S.p.A., controlled by Carlo De Benedetti, in 2014. The key figures of the most recently approved financial statements of PER S.p.A. are those at 31 December 2013:

STATEMENT OF FINANCIAL POSITION (in Euros)		
Assets	**31.12.2013**	**31.12.2012**
Intangible assets	6,349	9,090
Non-current financial assets	55,641,326	55,380,209
Loans and receivables	128,950	-
Cash and cash equivalents	91,391	1,677,293
Total assets	**55,868,016**	**57,066,592**
Liabilities	**31.12.2013**	**31.12.2012**
Equity	120,000	120,000
Current liabilities	55,748,016	56,946,592
Total liabilities and equity	**55,868,016**	**57,066,592**
Memorandum and contingency accounts - Securities pledged as gu	**26,379,085**	**26,379,085**
INCOME STATEMENT(in Euros)	**2013**	**2012**
Production cost	(122,862)	(125,757)
Net financial expense	(1,229,804)	395,024
Current and deferred taxes	-	(320,355)
Loss for the year	**(1,352,666)**	**(51,088)**

Related parties and related party transactions:

- Starfin S.A., a Swiss company in which the honorary chair, Carlo De Benedetti, has significant interests and with which M&C has signed a deal management and deal execution agreement effective from 1 January 2014 for an half-yearly amount of €70 thousand. At 31 December 2014, accrued fees amounted to €140 thousand, plus €17 thousand for expenses reimbursement, of which €42 thousand as a credit at the reporting date. M&C also has an agreement with Starfin SA for the services that Giovanni Canetta will continue to provide to it, as member of Treofan's advisory board starting from 7 January 2014 (annual fee of €75 thousand, plus €13 thousand for expenses reimbursement, of which €47 thousand has been accrued under invoices to be received).

- Embed Capital S.r.l., in which the managing director Emanuele Bosio has an investment, which receives fees for the position of managing director starting from 29 April 2014, when Mr. Bosio was elected to this position, based on an ongoing reversibility agreement between Embed Capital S.r.l. and Mr. Bosio. The fees accrued for the year amount to €145 thousand.

- Treofan Holdings GmbH, in which M&C has an investment, on whose behalf costs of €94 thousand were incurred and will be recharged to it, including €30 thousand recognised as invoices to be issued at 31 December 2014. At the reporting date, M&C also has a receivable for the shareholder loan and related interest of €12,441 thousand (calculated using the amortised cost method); interest accrued during the year came to €950 thousand.

- PER S.p.A., which controls M&C, to which fees for consultancy services of €20 thousand accrued during the year.

- Aholding S.r.l., controlled by the former director Corrado Ariaudo, which received fees for his position as per an existing reversibility agreement between Aholding and Mr. Ariaudo accrued up to 29 April 2014, when his term of office expired (€5 thousand).
- Omniservizi Finanziari&Amministrativi S.r.l., which is 33% owned by Aholding S.r.l. and with which M&C has an annual contract for the supply of accounting and administrative services. The related fee was €23 thousand at 39 April 2014, when the contract ended.

Transactions carried out with related parties take place at normal market conditions.

Brief description of related party transactions:

	31.12.2014			2014			
(€'000)	Non-current financial assets	Loans and receivables	Trade payables	Personnel expense	Other operating expenses	Revenue and other income	Interest income
Starfin SA		42	47		75	157	
Embed Capital S.r.l.				145			
Treofan Holdings GmbH	12,441	30				94	950
PER S.p.A.						20	
Aholding S.r.l.				5			
Omniservizi S.r.l.					23		
Total	**12,441**	**72**	**47**	**150**	**98**	**271**	**950**
% of financial statements caption	**100.0%**	**10.4%**	**21.9%**	**11.2%**	**11.8%**	**76.8%**	**51.2%**

Shareholder agreement

There are no shareholder agreements.

Section D.4 - Other information

4.1 Changes in the corporate governance system and company bodies

On 29 April 2014, the shareholders appointed new boards of directors and statutory auditors, in office until approval of the financial statements at 31 December 2016. After the shareholders' meeting, the board of directors appointed the executive chair and resolved to create the position of managing director and not a general manager.

4.2 Atypical and/or unusual transactions

Pursuant to the Consob communication of 28 July 2006, it is noted that the company has not undertaken atypical and/or unusual transactions during the year.

4.3 Significant non-recurring events and/or transactions

As required by the above Consob communication, no significant non-recurring transactions took place during the year.

4.4 Publication of the fees for audit and other services pursuant to article 149-duodecies of Consob's Issuer Regulation

In accordance with article 149-duodecies of the Consob Issuer Regulation, the following table sets out information about the fees paid to the independent auditors, KPMG S.p.A., for the services provided:

1) audit services which include:

- audit of annual financial statements in order to express opinions;
- reviews of interim reports.

2) other non-attestation services.

(in Euros)	Provider	Fees
Audit		
Annual separate and individual financial statements and interim financial report (1)	KPMG S.p.A.	88,085
Other attestation services		
Check of compliance of the unified tax return and the 2014 VAT return for the offsetting of tax credits	KPMG S.p.A.	3,500
Total		**91,585**

(1) includes fees for the signing of the unified tax return, the 770 form and the IRAP return.

The fees shown in the table for 2014 are those agreed by contract and include any index-linked adjustments (net of out-of-pocket expenses, supervisory contributions and VAT).

Statement on the separate financial statements pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

Pursuant to article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, Franco Girard, as chair, and Marco Viberti, as manager in charge of financial reporting, state that:

- the administrative and accounting procedures are adequate given the company's characteristics; and
- they have been applied effectively during 2014 to prepare the separate financial statements.

No issues arose.

Moreover, they state that the 2014 separate financial statements:

- have been prepared in accordance with the IFRS endorsed by the European Community pursuant to EC regulation 1606/2002 of the European Parliament and Council dated 19 July 2002;
- are consistent with the accounting records and entries;
- are suitable to give a true and fair view of the financial position of the Issuer at 31 December 2014 and its results of operations and changes in equity and cash flows for the year then ended;
- the directors' report includes a reliable analysis of the Issuer's performance and results of operations, as well as its financial position, together with a description of the main risks and uncertainties to which it is exposed.

25 March 2015

The Chair	Manager in charge of financial reporting
Franco Girard	Marco Viberti
(signed on the original)	(signed on the original)

KPMG S.p.A.
Revisione e organizzazione contabile
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Relazione della società di revisione ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010, n. 39

Agli Azionisti della
M&C S.p.A.

1 Abbiamo svolto la revisione contabile del bilancio d'esercizio separato, costituito dalla situazione patrimoniale-finanziaria, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della M&C S.p.A. chiuso al 31 dicembre 2014. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05, compete agli amministratori della M&C S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio separato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione da noi emessa in data 7 aprile 2014.

3 A nostro giudizio, il bilancio d'esercizio separato della M&C S.p.A. al 31 dicembre 2014 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico e i flussi di cassa della M&C S.p.A. per l'esercizio chiuso a tale data.

4 Come richiesto dalla legge, gli amministratori della Società hanno inserito nelle note esplicative i dati essenziali dell'ultimo bilancio della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio della M&C S.p.A. non si estende a tali dati.

5 La responsabilità della redazione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari, pubblicata nella sezione "Corporate Governance" del sito internet della M&C S.p.A., in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della M&C S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e delle informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98, presentate nella relazione sul governo societario e gli assetti proprietari con il bilancio come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio d'esercizio separato della M&C S.p.A. al 31 dicembre 2014.

Milano, 3 aprile 2015

KPMG S.p.A.

Alberto Andreini
Socio

A.1 INDIVIDUAL FINANCIAL STATEMENTS

- Statement of financial position
- Income statement
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements
  - Part A - Accounting policies
  - Part B - Notes to the statement of financial position
  - Part C - Notes to the income statement
  - Part D - Other information

M&C

Individual financial statements as at and for the year ended 31 December 2014

STATEMENT OF FINANCIAL POSITION

(€'000)

ASSETS	Note	31.12.2014	31.12.2013
Non-current assets			
Property, plant and equipment	1.1	7	9
Equity investments	1.2	35,803	46,466
Other non-current assets	1.3	1,414	1,547
Loans and receivables	1.4	12,441	6,722
Deferred tax assets	1.5	-	-
Total non-current assets		**49,665**	**54,744**
Current assets			
Loans and receivables	2.1	690	685
Current tax assets	2.2	482	4,363
Other current assets	2.3	905	920
Current financial assets	2.4	8,197	6,430
Cash and cash equivalents	2.5	16,538	23,793
Total current assets		**26,812**	**36,191**
Total assets		**76,477**	**90,935**

LIABILITIES AND EQUITY	Note	31.12.2014	31.12.2013
Equity			
Share capital	3.1	80,000	80,000
Treasury shares	3.2	(50,032)	(50,032)
Reserves	3.3	57,594	55,958
Valuation reserves	3.4	1,095	1,382
Profit (loss) for the year		(12,925)	2,348
Total		**75,732**	**89,656**
Liabilities			
Non-current liabilities			
Employee benefits	4.1	56	57
Deferred tax liabilities		12	78
Total non-current liabilities		**68**	**135**
Current liabilities			
Trade payables	5.1	215	259
Other current liabilities	5.2	462	805
Provisions for risks and charges	5.3	-	80
Total current liabilities		**677**	**1,144**
Total liabilities		**745**	**1,279**
Total liabilities and equity		**76,477**	**90,935**

(*) The effects of related party transactions on the statement of financial position are disclosed in the notes (Section D.3.3) pursuant to Consob communication no. 15519 of 27 July 2006.

M&C

Individual financial statements as at and for the year ended 31 December 2014

INCOME STATEMENT (*)

(€'000)	Note	2014	2013
Revenue from sales and services	1.1	160	12
Other revenue	1.2	193	99
Personnel expense	2.1	(1,342)	(1,723)
Amortisation, depreciation and impairment losses	2.2	(5)	(32)
Other operating expenses	2.3	(833)	(815)
Operating loss		**(1,827)**	**(2,459)**
Financial income	3.1	1,458	1,411
Financial expense	3.2	(2)	(66)
Net financial income		**1,456**	**1,345**
Gains on investments and securities	3.3	21	4,463
Losses from investments and securities	3.4	(12,563)	(988)
Net gains on (losses from) investments and securities		**(12,542)**	**3,475**
Pre-tax profit (loss) for the year		**(12,913)**	**2,361**
Current and deferred taxes	4.1	(12)	(13)
Profit (loss) from continuing operations		**(12,925)**	**2,348**
Profit (loss) for the year		**(12,925)**	**2,348**
Loss per share (**)		(0.0317)	0.0058
Diluted loss per share (**)		(0.0317)	0.0058

(*) The effects of related party transactions on the income statement are disclosed in the notes (Section D.3.3) pursuant to Consob communication no. 15519 of 27 July 2006.
(**) Calculated using outstanding shares, less treasury shares.

M&C

Individual financial statements as at and for the year ended 31 December 2014

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	2014	2013
Profit (loss) for the year	**(12,925)**	**2,348**
Other comprehensive income (expense), net of income taxes which will not be reclassified subsequently to profit or loss		
Actuarial gains (losses) on defined benefit plans	(2)	1
	(2)	**1**
Other comprehensive income (expense), net of income taxes that may be reclassified subsequently to profit or loss		
Gains (losses) on available-for-sale financial assets	39	(27)
Portion of valuation reserves of equity-accounted investees	(324)	(2,344)
	(285)	**(2,371)**
Comprehensive expense	**(13,212)**	**(22)**

M&C

Individual financial statements as at and for the year ended 31 December 2014

STATEMENT OF CHANGES IN EQUITY

(€'000)	Equity at 31.12.2013	Allocation of prior year profit: Reserves	Allocation of prior year profit: Dividends and other allocations	Changes in 2014: Changes in reserves	Changes in 2014 – Equity transactions: Repurchase of treasury shares	Changes in 2014 – Equity transactions: Stock options	Changes in 2014 – Equity transactions: Other changes	Changes in 2014: Comprehensive expense	Equity at 31.12.2014
Share capital	80,000								80,000
Share premium	-								-
Reserves	55,958	2,348		(713)		(2,358)	2,358		57,594
Valuation reserves	1,382							(287)	1,095
Equity instruments	-								-
Treasury shares	(50,032)								(50,032)
Loss for the year	2,348	(2,348)						(12,925)	(12,925)
	89,656	**-**	**-**	**(713)**	**-**	**(2,358)**	**2,358**	**(13,212)**	**75,732**

M&C

Individual financial statements as at and for the year ended 31 December 2014

STATEMENT OF CHANGES IN EQUITY

				Allocation of prior year loss		Changes in 2013					
							Equity transactions				
(€'000)	Equity at 31.12.2012	Change to opening balances (*)	Equity at 1.01.2013	Reserves (**)	Dividends and other allocations	Changes in reserves	Repurchase of treasury shares	Stock options	Other changes	Comprehensive expense	Equity at 31.12.2013
Share capital	80,000		80,000								80,000
Share premium	-										-
Reserves	61,426	5	61,431	(3,918)		(1,555)					55,958
Valuation reserve	3,765	(13)	3,752							(2,370)	1,382
Equity instruments	-										-
Treasury shares	(50,032)		(50,032)								(50,032)
Loss for the year	(3,925)	7	(3,918)	3,918						2,348	2,348
Equity	**91,234**	**-**	**91,233**	**-**	**-**	**(1,555)**	**-**	**-**	**-**	**(22)**	**89,656**

(*) Shows the effects of applying the revised IAS 19, mandatory from 1 January 2013, to equity at 3 December 2012.

(**) The allocation of the loss for 2012 includes the amount resolved by the shareholders on 23 April 2013 and the effect of applying the revised IAS 19, mandatory from 1 January 2013.

M&C

Individual financial statements as at and for the year ended 31 December 2014

STATEMENT OF CASH FLOWS - indirect method

(€'000)	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the year	(12,925)	2,348
Adjustments to reconcile profit (loss) for the year with cash flows generated by (used in) operating activities:		
Amortisation and depreciation and net impairment losses on non-current assets	5	9
Net change in deferred tax assets (liabilities) and current taxes	(66)	251
Impairment losses on equity investments and other costs and revenue	10,663	(3,306)
Impairment losses on illiquid financial assets	1,177	1,045
Change in post-employment benefits and recognition of stock options	(2)	17
Change in current assets and liabilities		
Change in trade receivables and payables	(48)	(537)
Net change in provisions for risks and charges	(80)	80
Change in other assets and liabilities	3,554	125
CASH FLOWS GENERATED BY OPERATING ACTIVITIES (A)	**2,278**	**32**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments/disinvestments in property, plant and equipment and intangible assets	(3)	(4)
Change in illiquid financial assets	(5,586)	(6,722)
Purchase/sale of equity investments	(1,811)	
Change in loan assets and other illiquid financial assets	(1,958)	(4,001)
CASH FLOWS USED IN INVESTING ACTIVITIES (B)	**(9,358)**	**(10,727)**
CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES		
Other changes in equity	812	(3,952)
CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES (C)	**812**	**(3,952)**
TOTAL CASH FLOWS (D=A+B+C)	**(6,268)**	**(14,647)**
OPENING CASH AND CASH EQUIVALENTS (E)	**26,642**	**41,289**
CLOSING CASH AND CASH EQUIVALENTS (G=D+E+F)	**20,374**	**26,642**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES

M&C S.p.A. ("M&C" or the "company") has not been required to prepare consolidated financial statements since September 2011. However, pursuant to IAS 28, it has prepared individual financial statements, in which it has measured its sole investment with significant influence using the equity method, like in the individual financial statements at 31 December 2013. The revised IAS 27 also gives the option to prepare other financial statements in which investments are measured at cost (separate financial statements).

Like in previous years, M&C has decided to prepare both individual financial statements, in which the investment is measured using the equity method, and separate financial statements, in which it is measured at cost, for 2014.

The decision to prepare both sets of financial statements is due to the fact that, should M&C have a controlling investment in the future, as well as the consolidated financial statements (continuing on from the individual financial statements), it would also be required to prepare separate financial statements, in which the corresponding figures presented for comparative purposes would no longer be taken from a published and audited set of financial statements.

In order to ensure continuity with the resolutions passed in previous years, the directors decided to present separate financial statements, in which the investment is measured at cost, to the shareholders for their approval.

Section A.1 - Statement of compliance

The individual financial statements of M&C as at and for the year ended 31 December 2014 have been prepared pursuant to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, as established by EC regulation 1606 of 19 July 2002. The IFRS include all the current applicable standards and the interpretations issued by the International Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

Section A.2 - Basis of preparation

Pursuant to IAS 1, the individual financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (the "individual financial statements") and these notes. They are accompanied by a directors' report which illustrates the company's financial performance and results of operations.

The individual financial statements: (i) are clearly stated and give a true and fair view of the company's financial position at 31 December 2014 and its results of operations and cash flows for the year then ended; (ii) are consistent with the accounting records (appropriately adjusted, where necessary, to comply with the IFRS), which faithfully show the transactions carried out during the year; and (iii) have been prepared in accordance with the fundamental concepts of the IFRS and specifically:

- the accruals basis of accounting: the effect of events and transactions is recognised when they occur and not when the related cash movements take place;
- going concern: the individual financial statements have been prepared on a going concern basis for the next twelve months. The directors have carefully assessed this assumption given the current economic and financial crisis. As described in their report, they deem that the risks and uncertainties to which the company is exposed do not compromise its financial position and assets;
- materiality: priority is given to the economic substance of events and transactions rather than their form;

- comparative information: the individual financial statements include comparative information in respect of the previous year.

These criteria are unchanged with respect to those applied to prepare the 2013 individual financial statements.

Pursuant to article 5 of Legislative decree no. 38/2005, the reporting currency is the Euro. Unless specified otherwise, the figures in the financial statements and the notes are in Euros. No departures from such standards have been made.

The directors' report and these notes include the disclosures required by law, Consob (the Italian Commission for Listed Companies and the Stock Exchange) and the IFRS.

Section A.3 - Events after the reporting date

In February 2015, M&C took part in a new drawdown request for the IDeA EESS fund paying in €1.2 million to invest in Baglioni S.p.A.. This company is based in the province of Novara and produces and sells pressure vessels for industrial, professional and hobby use all around the world, including the oil&gas and cryogenics sectors.
On 25 March 2015, the board of directors approved payment of a bonus to the managing director should the sale of the Treofan investment take place before 31 December 2016 at a price higher than a set amount. The bonus will be paid if the sales price, compared to 100% of the Treofan group, is greater than €115 million, including repayment of the shareholder loan (the "ceiling"). The bonus will be equal to 10% of M&C's share of the sales price (41.6%) in excess of the ceiling.

Section A.4 - Other issues

The board of directors approved these individual financial statements on 25 March 2015. They will be published together with the separate financial statements and presented to the shareholders, called to meet on 29 April 2015 on first call and on 13 May 2015 on second call.

Section A.5 - Key financial statements captions

The recognition, classification, measurement and derecognition criteria for the key financial statements captions are set out below.

Current and non-current assets and liabilities

An asset is considered as current when it meets at least one of the following conditions:

- it will be realised during the entity's normal operating cycle, generally assumed to be 12 months;
- it is held primarily for trading purposes;
- it consists of cash and cash equivalents, the use of which is not restricted within the 12 months after the reporting date.

All other assets are analysed analytically to separate the "current" portion from the "non-current" portion.

If recognised, deferred tax assets are classified as non-current assets.

A liability is considered as current when it meets at least one of the following conditions:

- it will be settled during the entity's normal operating cycle, generally assumed to be 12 months;
- it is held primarily for trading purposes;
- the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are analysed analytically to separate the "current" portion from the "non-current" portion.

If recognised, deferred tax liabilities are classified as non-current assets.

Equity investments

Recognition

An associate is an entity over whose financial and operating policy decisions the group has significant influence but not control or joint control.

Measurement

Investments in associates are recognised at equity. Any loss exceeding the parent's share of their equity is recognised to the extent that the parent is obliged to meet legal or constructive obligations on behalf of the associate or to cover its losses.

The individual financial statements include the company's share of its associates' profits or losses, recognised using the equity method, from the date when significant influence is acquired until when it ceases. Unrealised profits with third parties are eliminated for the company's portion. Unrealised losses with third parties are also eliminated when they do not represent the effective smaller value of the asset sold.

If there is objective evidence that an investment in an associate may be impaired, the directors compare its carrying amount with its recoverable amount, ie, the higher of its fair value less costs to sell and value in use.

Derecognition

Investments are derecognised when the contractual rights to cash flows generated by the assets expire or the financial asset is sold, transferring substantially all the related risks and rewards.

Financial assets

Recognition

Financial assets are classified as such at initial recognition pursuant to IAS 39. Specifically, available-for-sale financial assets are measured at fair value, increased by any directly-related transaction costs, if these are material and can be determined.

Measurement

They are subsequently measured at fair value with any fair value gains or losses recognised in equity until their disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (this excludes a forced liquidation or a distress sale) between market participants at the measurement date. It is assumed that the entity can operate normally and does not intend to sell its assets, to cut back its operations significantly or agree transactions at unfavourable conditions.

According to IFRS 13, the fair value of financial instruments is determined using a hierarchy considering the origin, type and quality of the inputs available for measurement. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. There are three different levels of input:

a) Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

c) Level 3 inputs are unobservable inputs for the asset or liability.

Equity instruments (shares) that are not quoted on an active market and whose fair value cannot be determined reliably are measured at cost, decreased for impairment.

Impairment tests are performed at every reporting date and whenever necessary. Any significant impairment losses are taken to profit or loss.

When the reasons for impairment are eliminated due to an event that takes place after recognition of the impairment loss, the reversal of the impairment loss is taken to: (i) profit or loss for debt instruments; and (ii) equity for equity instruments.

A significant or prolonged decline in the fair value of equity instruments to below their cost is considered objective evidence of impairment.

In this respect, the IFRS make reference to quantitative thresholds without however imposing quantitative limits to define when the decline is to be considered significant or prolonged.

M&C has therefore adopted a policy that defines these thresholds. Specifically, the policy considers a significant decline in fair value of more than 20% as objective evidence of an impairment loss. In this case, an impairment loss is recognised in profit or loss without any further investigation.

Moreover, the policy defines a prolonged decline in fair value giving rise to impairment when it lasts for more than nine months. When this period is exceeded, an impairment loss is recognised in profit or loss without any further investigation.

Derecognition

Financial assets are derecognised when the contractual rights to cash flows generated by the asset expire or the financial asset is sold, transferring substantially all the related risks and rewards. The gain or loss on the sale of available-for-sale financial assets is recognised in profit or loss. Upon derecognition, any related accumulated fair value gain or loss is reclassified from equity to profit or loss.

Loans, receivables and other assets

Recognition

Loans and receivables are initially recognised at fair value, equal to the amount disbursed or consideration paid, plus directly attributable transaction costs/income, if material and determinable.

Measurement

After initial recognition, they are recognised at amortised cost, that is, they are measured at initial recognition minus/plus principal repayments, impairment losses/reversals of impairment losses and cumulative amortisation, using the effective interest method. Loans and receivables are tested for impairment which could determine a reduction in their estimated realisable value.

Derecognition

Loans and receivables are derecognised when the contractual rights to cash flows deriving therefrom expire or when they are sold, transferring substantially all the related risks and rewards.

Cash and cash equivalents

Cash and cash equivalents include cash and on sight deposits. Their carrying amount equals their fair value.

Current and deferred taxes

Income taxes, determined in accordance with the relevant national legislation, are recognised on an accruals basis and are the sum of current and deferred taxes.

Deferred tax assets and liabilities are determined considering the temporary differences between the carrying amounts and tax bases of assets and liabilities.

When the item generating the difference is recognised in profit or loss, the deferred tax is netted against income taxes, while when the item is recognised directly in equity, the deferred tax is also recognised directly in equity.

Current and deferred tax assets are recognised to the extent that their recovery is probable, determined considering the entity's ability to generate taxable income on an ongoing basis.

Deferred tax assets and liabilities are assessed systematically to reflect any changes in the relevant legislation or tax rates.

They are determined using the expected tax rates for the difference in income in the years in which the temporary differences will reverse, based on the tax rates and legislation enacted or substantially enacted at the reporting date. The effect of changes in tax rates on these taxes is taken to profit or loss in the period in which the change arises. Deferred tax assets and liabilities are offset only when legally allowed.

Deferred tax assets and liabilities are recognised as non-current assets and liabilities, respectively.

Treasury shares

Treasury shares held by the company are deducted from equity. No gains or losses arising from their repurchase, sale, issue or derecognition are recognised in profit or loss. Any differences between the repurchase price and the sales price are recognised under equity.

Employee benefits

Post-employment benefits which are defined plan benefits are recognised during their vesting period and the company's obligation consists of granting and ensuring the agreed benefits for the employees.

Therefore, it bears the actuarial and investment risk. Under IAS 19, Italian post-employment benefits are to be treated as defined benefit plans and the related liability is measured by an independent actuary.

The benefits vested by employees during the year are recognised under personnel expense while the interest expense, which is the cost to the company should it finance itself on the market for an amount equal to the post-employment benefits, is recognised under financial income and expense. The actuarial gains and losses are recognised directly in the valuation reserve under equity.

Provisions for risks and charges

The company recognises a provision when it has a constructive or legal obligation as the result of a past event and it is more probable than not that an outflow of resources will be necessary to meet the obligation, which can be estimated reliably. If the effect is significant, provisions are calculated by discounting the estimated future cash flows using a pre-tax discount rate which reflects the present market value of money and specific risks of the liability.

Financial and other liabilities

Financial liabilities are initially recognised at fair value, equal to the consideration received net of any directly related transaction costs, if material and determinable. Financial liabilities with normal settlement dates are initially recognised at fair value and subsequently at amortised cost, if significant.

They are derecognised upon settlement.

Revenue and cost recognition

Revenue from services is recognised at the fair value of the consideration received in the period in which the services are rendered.

Revenue from the sale of goods is recognised at the fair value of the consideration received when all the risks and rewards of ownership are transferred to the buyer.

Interest, income and expense are recognised using the effective interest method.

Costs are recognised in profit or loss on an accruals basis in the year in which the related revenue is recognised. Costs that cannot be matched to income are expensed immediately.

Share-based payments

The company recognises additional benefits for certain directors and employees in the form of stock option plans. Under IFRS 2 - Share-based payment, the company’s plans are equity-settled share-based payment transactions. Therefore, the fair value of the stock options is measured at the grant date considering market conditions and any subsequent changes in fair value do not affect initial recognition.

Fair value measured at the grant date is recognised under personnel expense on a straight-line basis over the vesting period with a balancing entry under equity. At each reporting date, the company redetermines the number of vested and vesting options based on changes in the plan’s vesting conditions.

Criteria for the determination of fair value and use of estimates

Fair value is the amount paid or received for the exchange of an asset (or liability) in a transaction between independent parties that have reasonable knowledge of the market conditions and pertinent facts about the exchanged item. The assumption that the entity is fully operational and does not need to liquidate or considerably reduce its operations or undertake operations at unfavourable conditions is fundamental to the definition of fair value. The estimate of fair value also considers the counterparty's credit standing.

Financial statements captions are recognised and measured using the above accounting policies, the application of which sometimes requires the use of estimates which may significantly affect the carrying amounts.

The use of reasonable estimates is essential to preparation of financial statements. They are mostly used for the following financial statements captions:

- measurement of financial assets for which an active market does not exist;
- measurement of financial assets listed on active markets but which are illiquid on the reference market;
- measurement of equity investments.

The above procedure is particularly complex given the current macro-economic and market climate and is characterised by unusual volatility affecting the main financial ratios, which are relevant for this measurement.

An estimate can be adjusted following changes in the underlying circumstances or due to new information. Changes in estimates are applied prospectively and affect profit or loss in the year in which the change takes place and, possibly, the future years.

Assets and liabilities not carried at fair value or carried at fair value on an non-recurring basis: breakdown by fair value level

Except for the tax assets and shareholder loan granted to Treofan, the assets and liabilities recognised in the financial statements are all of a current nature. Therefore and as required by IFRS 7.29, their carrying amount is a reasonable approximation of their fair value.

The shareholder loan granted to Treofan was recognised at level 3 fair value at the initial recognition date.

Earnings (loss) per share

Pursuant to IAS 33, basic earnings (loss) per share are determined by dividing the profit or loss for the year by the weighted average number of outstanding shares, excluding treasury shares held by the company and/or its subsidiaries. Diluted earnings per share are calculated by adjusting the weighted average number of outstanding shares, considering all potential ordinary shares arising from the exercise of assigned and exercisable stock options. The effect of dilutive options not yet exercised is included in the calculation of diluted earnings (loss) per share when they are in-the-money.

New standards

Section A.5 of the notes to the separate financial statements describes the new standards and interpretations endorsed by the European Union and applicable from 1 January 2014.

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PART B - NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

Section B.1 - Non-current assets

1.1 Property, plant and equipment

(€'000)	31.12.2014	31.12.2013	Variation
Owned			
a) land			
b) buildings			
c) furniture			
d) electronic systems	6	8	(2)
e) other	1	1	-
Under finance lease			
Total	**7**	**9**	**(2)**

None of the property, plant and equipment have been pledged as guarantee or committed.

1.2 - Equity investments

(€'000)	Carrying amount	% of investment	Voting rights %	Registered office	Total assets	Total revenue	Equity	Profit (loss) for the year	Listed (Yes/No)
A. Subsidiaries									
B. Jointly controlled entities									
C. Companies over which M&C has significant influence									
Treofan Holdings GmbH (*)	35,803	41.59	41.59	Raunheim (D)	306,515	431,895	106,497	(6,999)	No

(*) Figures taken from the consolidated reporting package at 31 December 2014 drawn up for inclusion in M&C's individual financial statements.

Investments: changes

(€'000)	Investments in companies over which M&C has significant influence	Other investments	Total
A. Opening balance	**46,466**	**-**	**46,466**
B. Increases			
B.1 Purchases			
B.2 Reversals of impairment losses			
B.3 Revaluations			
B.4 Other increases			
C. Decreases			
C.1 Sales			
C.2 Impairment losses	10,663		10,663
C.3 Other decreases			
D. Closing balance	**35,803**	**-**	**35,803**

M&C has an investment of 41.59% in Treofan Holdings GmbH with a carrying amount of €35.8 million.

Treofan management revised the 2014 budget and 2015 forecasts in early 2014 to reflect the disappointing results recorded by the European division. During preparation of the 2014 interim financial report, M&C's directors tested the carrying amount of the investment in Treofan and the receivable for the shareholder loan for impairment to check their recoverability. The test showed an impairment loss of €8.5 million, recognised in full at 30 June 2014.

At the reporting date, measurement of the equity investment using the equity method showed another impairment loss of €2.2 million, being the sum of the loss of €2.9 million, which is M&C's share of the investee's loss for the year, and an increase in equity of €0.7 million (M&C's share) arising on exchange rate differences from the translation of the Treofan group's accounting figures, the actuarial losses and recognition of the second instalment of the shareholder loan.

Given the materiality of this investment for M&C and disbursement of the second instalment of the shareholder loan, management tested the investment for impairment again at 31 December 2014. It found that the carrying amounts of the investment (€35.8 million), and the prudently included shareholder loan (€12.4 million) reflect their recoverable amounts. Three methods were used to determine the recoverable amount:

1) ***Discounted cash-flow analysis*** (**DCF**): this method was used to discount the cash flows included in Treofan's 2015 budget and the 2016-2018 business plan, recently approved by Treofan's advisory board, to the weighted average cost of capital (WACC);

   The discounted cash flow method determines the value of an asset considering the net expected operating cash flows (unlevered free cash flow) discounted to the cost of the sources of funding necessary to generate the cash flows (discount rate or WACC or cost of capital). In order to find the investment's and shareholder loan's recoverable amounts, management adjusted the DCF results (enterprise value) by the investee's net financial position at 31 December 2014, including the shareholder loan, to obtain the equity value. They obtained the value of M&C's investment by prudently adding M&C's portion of the equity value (41.6%) to the shareholder loan (€16.5 million). The following parameters were used: WACC of 10.1%, estimated considering a cost of debt (kd) of 5.3% and cost of equity (ke) of 12.6% and a long-term sector growth rate (G-Rate) of 1.0%.

   In order to estimate the cost of equity, management used the capital asset pricing model and the following parameters:

   - a risk free (Rf) rate of 2.1%, estimated considering the weighted average of the return on ten-year Bunds issued by the German government and the ten-year bond issued in US dollars by the Mexican government, calculated using the gross operating profit by production country expected for 2015;

- a levered Beta factor (β), estimated to equal 0.89, based on the unlevered Beta defined by Damodaran for the packaging sector of 0.70, an effective average tax rate for the period from 2015 to 2018 of 30.0% and an average expected debt ratio (or gearing ratio) for the same period of 38.9%;
- an equity risk premium (Rm), estimated to be 7.0% obtained using the weighted average of the equity risk premium in Germany (6.3%) and Mexico (7.6%), considering the gross operating profit by production country expected for 2015 [source: Damodaran].

2) ***Market multiples***, applying the average multiple (Enterprise Value/gross operating profit) of a sample of the leading listed companies active in the BOPP film and packaging sectors to Treofan's 2015 budgeted gross operating profit. Specifically, the 2015 average enterprise value/gross operating profit ratio was 9.8x.

3) ***Comparable transactions multiples***, applying the average multiple (*Enterprise Value*/gross operating profit) of a sample of the main M&A transactions of the period from 2011 to 2014 involving companies in the BOPP film sector to Treofan's 2015 budgeted gross operating profit. Specifically, the enterprise value/gross operating profit multiple was 7.0x.

Each method included a sensitivity analysis, using changes in the WACC (+/-10%) and the multiples (+/-10%), respectively.

The recoverable amount of an equity investment is the higher of its value in use and fair value less costs to sell at the reporting date. The value in use is obtained using the DCF method, as it represents the present value of future cash flows, while the fair value is obtained using the comparable transactions method. The market multiples method was only used as the control method given that Treofan is unlisted and its management does not expect it to be listed in the medium to long term.

In this case, the impairment test showed the higher amount to be that obtained using the DCF method, equal to the carrying amount of the equity investment and the receivable for the shareholder loan of €50 million.

None of the investments have been pledged as guarantee or committed. The revolving credit facility granted by a bank syndicate is secured with a first level guarantee on all Treofan group's assets, excluding the new production line to be rolled out at Neunkirchen.

There are no restrictions to the transfer of funds to M&C by its investee in the form of repayments and loans. On the other hand, Treofan's financial restructuring agreements provide for specific authorisation clauses for the distribution of dividends.

The following table summarises the key financial figures of the Treofan group, taken from its consolidated reporting package at 31 December 2014 prepared for M&C's individual financial statements pursuant to the IFRS:

TREOFAN group (€'000)	2014	2013
Revenue	431,895	427,976
Profit (loss) from continuing operations	(5,104)	152
Profit (loss) net of financial income and expense	(13,241)	(4,668)
Profit (loss) for the year	(6,999)	9,494
Other comprehensive income (expense)	1,799	(1,547)
Comprehensive income (expense)	**(5,200)**	**7,947**
Attributable to non-controlling interests	-	-
Attributable to owners of the investee	(5,200)	7,947
Current assets	141,244	147,283
Non-current assets	165,271	150,280
Current liabilities	(135,803)	(133,029)
Non-current liabilities	(64,215)	(52,837)
Net assets	**106,497**	**111,697**
Attributable to non-controlling interests	-	-
Attributable to owners of the investee	106,497	111,697
Net assets attributable to M&C at the start of the year	46,466	42,628
Profit (loss) attributable to M&C	(2,163)	3,306
Net assets attributable to M&C at the end of the year	44,303	46,466
Impairment of the equity investment at 30 June 2014 recognised in the individual financial statements	(8,500)	-
Carrying amount of the investment at the reporting date	**35,803**	**46,466**

1.3 – Other non-current assets

(€'000)	31.12.2014	31.12.2013	Variation
Guarantee deposits	1	1	-
Tax assets	1,413	1,500	(87)
Non-current prepayments		46	(46)
Total	**1,414**	**1,547**	**(133)**

Tax assets include the VAT asset that cannot be used for offsetting purposes during the next 12 months.

At 31 December 2013, prepayments related to the outstanding non-current portion of the costs incurred for the five-year run off of the Directors & Officers policy in place at 31 December 2010 (an insurance policy covering the company bodies' third party liability as a result of their duties).

1.4 – Loans and receivables

(€'000)	31.12.2014	31.12.2013	Variation
Loan to Treofan	12,441	6,722	5,719
Loan to Botto Fila S.p.A.	1,164	1,164	-
Allowance for impairment	(1,164)	(1,164)	-
Total	**12,441**	**6,722**	**5,719**

The balance of the loan to Treofan is the fair value of the instalments provided for in the December 2013 agreements and the related interest calculated using the amortised cost method at the reporting date (€967 thousand).

The shareholder loan's key characteristics are:

- expiry in the third month after reimbursement of the revolving credit facility (described below) granted by the bank syndicate;
- subordination to all Treofan group's liabilities;
- PIK interest rate (to be paid on the repayment date) tied to the profit of the financed company (stand alone), up to a maximum of an annual 5%.

These loan characteristics show that it was not agreed at market rates. A similar unsecured subordinate loan agreement between independent parties would bear interest at a higher rate (14.25%).

Pursuant to the IFRS, the second instalment of the shareholder loan has been recognised at its grant-date fair value, which equals the present value of the estimated future cash flows discounted using the market interest rate for a similar instrument. If the market rate of 14.25% is used, the fair value would be €4.8 million; the €1.8 million difference between the amount disbursed (€6.6 million) and its fair value (€4.8 million) has been used to increase the investment's carrying amount and eliminated in the measurement using the equity method with a similar effect on Treofan's equity..

The shareholder loan to Botto Fila was provided in 2008 and restructured in September 2011, before M&C sold its investment, reducing it to €1.1 million. The balance of €1,163,763 includes interest accrued to 15 November 2013, when the Biella Court handed down its ruling on the company's insolvency. In 2014, the Court accepted M&C's application for inclusion in the insolvency proceedings as a subordinated creditor.

1.5 - Deferred tax assets

Recognisable deferred tax assets amount to approximately €14.0 million, due to the tax losses for previous years. However, the directors opted not to recognise deferred tax assets on the tax loss for previous years as the company's activities and financial market trends do not allow them to quantify future taxable profits and when they will be realised with reasonable certainty in order to allow the recognition of deferred tax assets on losses carried forward.

Section B.2 - Current assets

2.1 - Loans and receivables

(€'000)	31.12.2014	31.12.2013	Variation
Other related parties	72	67	5
Third parties	791	793	(2)
Allowance for impairment	(173)	(175)	2
Total	**690**	**685**	**5**

Loans and receivables with related parties refer to the consultancy contract with Starfin SA (€42 thousand) and involvement in Treofan's restructuring steering committee as well as reimbursements for costs incurred on behalf of the Treofan group (€30 thousand).

Loans and receivables with third parties include the invoice of €617 thousand issued to Tiscali Financial Services SA pursuant to article 60 of Presidential decree no. 633/72 in relation to the amount paid for the mutually-agreed settlement of the assessment relating to the 2008 VAT return. M&C has engaged a law firm to recover the amount, which has recently served the debtor with a claim form.

The allowance for impairment did not undergo any change during the year and mainly refers to an overdue receivable, for which negotiations are ongoing with the counterparty to agree recovery.

2.2 - Current tax assets

(€'000)	31.12.2014	31.12.2013	Variation
IRES		4,000	-
Unified tax return credit	466	363	103
2013 IRAP payment on account	16		16
Total	**482**	**4,363**	**119**

In November 2014, M&C collected €4 million claimed for reimbursement when it filed its 2010 unified tax return, as well as accrued interest of €240 thousand.

During the year, the company used €86 thousand of the asset from the unified tax return, including €80 thousand for the mutually-agreed settlement of the assessment relating to the 2009 tax return and €6 thousand to pay the 2014 IRAP tax advance.

2.3 - Other current assets

(€'000)	31.12.2014	31.12.2013	Variation
Withholdings on interest	137	214	(77)
VAT	701	621	80
Tax assets	838	835	3
Employees		14	(14)
Other receivables	3		3
Prepayments and accrued income	64	71	(7)
Total	**905**	**920**	**(15)**

2.4 - Current financial assets

(€'000)	31.12.2014	31.12.2013	Variation
Available-for-sale financial assets			
Debt instruments			
issued by governments and central banks			
issued by banks			
issued by other issuers	1,283	2,352	(1,069)
	1,283	**2,352**	**(1,069)**
OEIC units			
issued by other issuers	2,047		2,047
	2,047		**2,047**
Equity instruments			
issued by listed companies	506	497	9
issued by unlisted companies	4,361	3,581	780
	4,867	**4,078**	**789**
Total	**8,197**	**6,430**	**1,767**

At the reporting date, current financial assets comprise the following available-for-sale financial instruments: (i) investments of €1.3 million in listed high yield bonds, including interest; (ii) units of the Kairos International KEY fund of €2 million; (iii) investments of €0.5 million in listed companies; and (iv) units of the IDeA EESS fund of €4.4 million.

Changes in available-for-sale financial assets during the year are as follows:

(€'000)	Debt instruments	Equity instruments	OEIC units	Total
A. Opening balance	**2,352**	**4,078**	**-**	**6,430**
B. Increases				
B1. Purchases	1,016	2,319	2,000	5,335
B2. Fair value gains	7	9		16
B3. Reversals of impairment losses				
B4. Transfers from other portfolios				
B5. Other increases	61		47	108
C. Decreases				
C1. Sales				
C2. Repayments	2,020			2,020
C3. Fair value losses	30	914		944
C4. Impairment losses		625		625
C5. Transfers to other portfolios				
C6. Other decreases	103			103
D. Closing balance	**1,283**	**4,867**	**2,047**	**8,197**

Debt instruments

They include high yield listed bonds, selected prudently to improve the portfolio's profitability. During the year, certain bonds were redeemed in advance and the company purchased new bonds.

Equity instruments

The equity instruments refer to the profit participation rights issued by Comital, which M&C fully impaired at the reporting date (€624 thousand), shares of listed Italian companies (€506 thousand) and IDeA EESS fund units (€4.4 million).

In 2013, M&C took part in drawdown requests for the IDeA EESS fund paying in €2.3 million. Its outstanding commitment is €8.9 million as per the agreements of 14 March 2013.

The increase in the carrying amount of the fund units is due to payments made during the year, net of the fair value loss of €0.9 million on the units' net asset value (NAV), substantially equal to the 2014 fees paid to the fund manager (€0.4 million) and the additional reduction in NAV due to the full impairment of the investment in Domotecnica (€0.5 million). As the fund is unlisted, reference cannot be made to market prices and M&C uses the reports prepared by the fund manager every six months as required by Bank of Italy. These requirements provide that equity investments be measured at the lower of the purchase cost and estimated realisable value, without considering any gains obtained by the equity investments through their measurement at fair value (estimated realisable value). The fund manager supplements the reports by measuring the equity investments at their fair value, whereby M&C's investment would equal €5.9 million.

The directors' report provides a brief description of the fund's activities.

OEIC units

In September 2014, M&C approved an investment of €3.0 million (in three €1.0 million instalments) in the Kairos Equity Yield fund, which acquires shares of listed regulated entities. At the reporting date, the company had invested the first two instalments.

The available-for-sale financial assets are measured at fair value using a three-level hierarchy that reflects the significance of the inputs used in the measurements:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1);

(b) inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (ie, as prices) or indirectly (ie, derived from prices) (level 2);

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table shows the fair value levels used:

(€'000)	31.12.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments						
- structured instruments						
- other instruments	1,283			2,352		
2. Equity instruments and OEIC units	2,553	4,361		497	2,956	625
3. Loans						
Total	**3,836**	**4,361**	**-**	**2,849**	**2,956**	**625**

Financial assets at level 1-fair value include high yield bonds, shares held by M&C and the investment in the Kairos fund; they were all measured using prices on the reference markets on which these instruments are traded.

Financial assets at level 2-fair value comprise the IDeA EESS fund units, for which the fund manager provides their NAV every six months as required by Bank of Italy.

Financial assets at level 3-fair value include profit participation rights, with a nil fair value, issued by Comital S.p.A..

None of the current financial assets have been pledged as guarantee or committed.

There were no transfers of financial assets from one fair value level to another in 2014.

2.5 - Cash and cash equivalents

(€'000)	31.12.2014	31.12.2013	Variation
Bank and postal accounts	16,536	23,792	(7,256)
Cash and cash equivalents	2	1	1
Total	**16,538**	**23,793**	**(7,255)**

This caption consists of unrestricted bank current accounts.

The company's net financial position is shown below with details of its main components as required by Consob communication no. 6064293 and CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses".

	NET FINANCIAL POSITION (in Euros)	**31.12.2014**	**31.12.2013**
A.	Cash and available bank current accounts	16,538	23,793
B.	Other cash and cash equivalents		
C.	Available-for-sale financial assets	3,836	2,849
D.	**TOTAL CASH AND CASH EQUIVALENTS (A) +(B)+(C)**	**20,374**	**26,642**
E.	Other current financial assets (from related parties)		
	CURRENT FINANCIAL ASSETS (E)	**-**	**-**
F.	Current financial liabilities		
G.	Current portion of non-current indebtedness		
H.	Other current financial liabilities		
I.	**CURRENT FINANCIAL LIABILITIES (F)+(G)+(H)**	**-**	**-**
J.	**NET CURRENT FINANCIAL POSITION (D)+(E)-(I)**	**20,374**	**26,642**
K.	Non-current bank loans and borrowings		
L.	Bonds issued		
M.	Other non-current payables		
N.	**NON-CURRENT FINANCIAL INDEBTEDNESS (K)+(L)+(M)**	**-**	**-**
O.	**NET FINANCIAL POSITION**	**20,374**	**26,642**

The reduction in the company's net financial position is basically due to payment of the second tranche of the shareholder loan (€6.6 million) to the Treofan group, payment of roughly €2.3 million to the IDeA EESS fund as drawdowns and collection of the IRES tax assets of €4.2 million related to 2008 and claimed for reimbursement. Like the shareholder loan, the fund units are not liquid enough to be considered in its financial position and, therefore, they are excluded. The statement of cash flows provides more information about changes in the company's net financial position during the year.

LIABILITIES

Section B.3 - Equity

3.1 - Share capital

(€'000)	31.12.2014	31.12.2013	Variation
Ordinary shares	80,000	80,000	-
Total	**80,000**	**80,000**	**-**

At 31 December 2014, the company's fully subscribed and paid-up share capital amounts to €80.0 million, consisting of 474,159,596 ordinary shares without a nominal amount.

3.2 - Treasury shares

(€'000)	31.12.2014	31.12.2013	Variation
Ordinary shares	50,032	50,032	-
Total	**50,032**	**50,032**	**-**

The company has 66,754,352 treasury shares from: (i) the repurchase of ordinary shares after the procedure recognising the shareholders' right to withdraw in 2008, when the board of directors repurchased 64,372,907 shares for € 0.7402 per share and a total of €47,648,826; and (ii) the repurchase of 2,381,445 preferred shares in April 2010, leading to the conversion of preferred shares into ordinary shares.

At the reporting date, there were 407,405,244 outstanding M&C shares.

3.3 - Reserves

(€'000)	31.12.2014	31.12.2013	Variation
Reserves			
a) legal			
b) statutory			
c) treasury shares	50,032	50,032	-
d) losses carried forward	(9,033)	(13,025)	3,992
e) share capital decrease	20,790	20,790	-
f) stock options	3,012	5,369	(2,357)
g) share capital increase costs	(7,208)	(7,208)	-
Total	**57,594**	**55,958**	**1,635**

This caption comprises the following reserves:

c) the *reserve for treasury shares* was set up for the treasury shares held by M&C following two shareholders' resolutions to decrease share capital in 2007 and 2008 for a total €70,822,318, to be used to repurchase treasury shares. The shareholders' resolutions about the repurchase of treasury shares have now expired and the difference between the cost incurred for the treasury shares (€50,032,060) and the reduction in share capital (€70,822,318) has been classified to an available reserve from the share capital reduction. M&C's shareholders have not currently approved the repurchase of treasury shares;

d) *losses carried forward* from previous years, the variation in which is due to the carry forward of the loss for 2013 and reclassification of €2.4 million from the stock option reserve, following the waiver of his options by a former director;

e) the *reserve from the share capital decrease* consists of the difference between the reduction carried out to repurchase treasury shares in 2007 and 2008 and the treasury shares' historical cost, as specified in point c) above;

f) the *stock option reserve*, set up to cover the cost of the stock options assigned by the company. The variation for the year is due to the waiver of all his options by a former director as part of an agreement between him and M&C (see section D.3.1)

g) the *reserve for the share capital increase costs* being the result of the offsetting against equity (as the negative reserve for the share capital increase) of the costs incurred to organise the capital increase and the stock exchange listing in June 2006.

3.4 - Valuation reserves

These reserves of €1.1 million may be analysed as follows:

	31.12.2014		31.12.2013	
(€'000)	**Fair value gains**	**Fair value losses**	**Fair value gains**	**Fair value losses**
1. Debt instruments	15		32	
2. Equity instruments	77		68	
3. OEIC units	47			
4. Actuarial gains (losses) on defined benefit plans		(14)		(12)
5. Equity-accounted investments	970		1,294	
Total	**1,109**	**(14)**	**1,394**	**(12)**

Section B.4 - Non-current liabilities

4.1 - Employee benefits

(€'000)		31.12.2014	31.12.2013
A.	**Opening balance**	**57**	**40**
B.	**Increases**		
B1.	Accruals	59	65
B2.	Other increases		
C.	**Decreases**		
C1.	Payments	11	
C2.	Other decreases	49	48
D.	**Closing balance**	**56**	**57**

An independent actuary's appraisal was used to determine the post-employment benefits at year end. This appraisal considered information provided by the company using the following assumptions:

	31.12.2014	31.12.2013
Annual discount rate	1.86%	3.39%
Annual inflation rate	0.60% for 2015 1.20% for 2016 1.50% for 2017 2.0% from 2019	2.00%
Annual increase in post-employment benefits rate	1.950% for 2015 2.400% for 2016 2.625% for 2017 3.000% from 2019	3.00%
Annual salary increase rate	3.00%	3.00%

At the reporting date, the caption includes actuarial losses of €14.3 thousand compared to €12.1 thousand at 31 December 2013. The difference was recognised in other comprehensive income.

Other decreases relate to the benefits that accrued during the year and were transferred to the pension funds.

Section B.5 - Current liabilities

5.1 - Trade payables

(€'000)	31.12.2014	31.12.2013	Variation
Trade payables - third parties	168	237	(69)
Trade payables - related parties	47	22	25
Total	**215**	**259**	**(44)**

Section D.3.3 of these notes provides information about the company's suppliers that are related parties.

5.2 - Other current liabilities

(€'000)	31.12.2014	31.12.2013	Variation
Related parties			
Employees	219	426	(207)
Directors			
Statutory auditors		65	(65)
Other	6	6	-
Tax authorities			
Current taxes	52	13	39
Withholdings	82	103	(21)
Social security institutions	101	191	(90)
Accrued expenses	2	1	1
Total	**462**	**805**	**(343)**

Payables to employees relate to the variable part of their remuneration recognised at the reporting date and paid in February 2015 as well as accrued untaken holidays.

5.3 - Provisions for risks and charges

The company set up these provisions at 31 December 2013 following the inspections by the tax authorities of the 2009 tax return after which it received an assessment report of €80 thousand. In February 2014, M&C agreed to settle paying the amount requested by using its tax credits.

PART C - NOTES TO THE INCOME STATEMENT

Section C.1 - Revenue

1.1 - Revenue from goods and services

(€'000)	2014	2013	Variation
Services	160	12	148
Total	**160**	**12**	**148**

1.2 - Other revenue

(€'000)	2014	2013	Variation
Recharges of costs incurred	40	60	(20)
Other revenue and income	153	39	114
Total	**193**	**99**	**94**

Section C.2 - Operating expenses

2.1 - Personnel expense

(€'000)		2014	2013	Variation
1.	**Employees**			
	a) wages and salaries and similar expense	464	958	(494)
	b) social security charges	139	275	(136)
	c) termination benefits			
	d) pension costs			
	e) accrual for post-employment benefits	35	65	(30)
	f) accrual for pension and similar provisions			
	g) payments to third-party complementary pension funds			
	h) other expenses	163	14	-
2.	**Other operating personnel**			
3.	**Directors' and statutory auditors' fees**	541	411	130
4.	**Retired personnel**			
5.	**Cost recoveries for personnel seconded to other companies**			
6.	**Cost reimbursements for personnel seconded to the company**			
7.	**Accrual for stock option plans**			
Total		**1,342**	**1,723**	**(530)**

The company's workforce is as follows:

Position	31.12.2014	2014 average	31.12.2013	2013 average
Managers	2	2.0	3	3.0
White collars	1	1.3	2	2.8
Total	**3**	**3.3**	**5**	**5.8**

For comparative purposes, it is noted that the 2014 expense includes €150 thousand paid as a novation transaction to the general manager on his resignation.

The balance related to the directors and statutory auditors comprises:

- directors' fees of €294 thousand;
- fees of €46 thousand paid to directors and statutory auditors who sit on internal committees;
- social security contributions of €4 thousand;
- statutory auditors' fees of €70 thousand;
- insurance premiums (D&O) of €127 thousand paid for the directors and statutory auditors.

The options of the existing stock option plans vested in 2011. They may be exercised until approval of the financial statements at 31 December 2015.

2.2 – Amortisation, depreciation and impairment losses

Immaterial amount comprising amortisation and depreciation for the year.

2.3 - Other operating expenses

(€'000)	2014	2013	Variation
1. Consultancy and professional services for investments	14	22	(8)
2. Other professional services for administrative, corporate, legal, tax, etc. services	225	229	(4)
3. Audit fees and costs	98	97	1
4. General costs	310	256	54
5. Travel expenses	54	84	(30)
6. Use of third party assets	107	103	4
7. Utilities	25	24	1
Total	**833**	**815**	**18**

Consultancy and professional services for investments relate to the costs incurred during the year to assess new investment and disinvestment opportunities.

Other professional services for administrative, corporate, legal, tax, etc. services mainly relate to the costs for outsourcing and specific consultancies.

The increase in the general costs is due to the contract with Starfin SA for the services that Mr. Giovanni Canetta continues to provide M&C as a member of Treofan's advisory board and restructuring steering committee (€75 thousand) and the costs of the revenue stamps on the securities deposit accounts (€19 thousand), which did not exist in 2013.

Section C.3 - Financial income and expense

3.1 - Financial income

(€'000)	Debt instruments	Loans	Other	2014	2013	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	61			61	307	(246)
4. Held-to-maturity investments						
5. Loans and receivables						
5.1 Loans and receivables with banks			602	602	1,071	(469)
5.2 Loans and receivables with financial institutions						
5.3 Other loans		555		555	33	522
6. Other assets			240	240	-	240
7. Hedging derivatives						
Total	**61**	**555**	**842**	**1,458**	**1,411**	**47**

Interest income on debt instruments relates to the bonds. Interest on loans refers to the loan granted to the Treofan group. Income from other transactions relates to bank current account interest income, interest on tax assets and exchange rate gains.

3.2 - Financial expense

(€'000)		Securities	Loans	Other	2014	2013	Variation
1.	Bank loans and borrowings						
2.	Loans and borrowings from financial institutions						
3.	Sums due to customers						
4.	Outstanding securities						
5.	Financial liabilities held for trading						
6.	Financial liabilities at fair value through profit or loss						
7.	Other liabilities			2	2	66	(64)
8.	Hedging derivatives						
Total		**-**	**-**	**2**	**2**	**66**	**(64)**

3.3 - Gains on investments and securities

(€'000)		Debt instruments	Equity instruments	OEIC units	2014	2013	Variation
1.	Financial assets held for trading						
2.	Financial assets at fair value						
3.	Available-for-sale financial assets	3	18		21	507	(486)
4.	Held-to-maturity investments						
5.	Loans and receivables						
6.	Other assets				-	3,956	(3,956)
7.	Hedging derivatives						
Total		**3**	**18**	**-**	**21**	**4,463**	**(4,442)**

Gains on debt instruments

These gains relate to the advance redemption of bonds purchased in 2013 for a nominal amount of €1.0 million, on which interest of €74 thousand had accrued from the purchase date.

Gains on equity instruments

These gains include dividends received on investments in listed shares.

3.4 - Losses on investments and securities

(€'000)	Debt instruments	Equity instruments	OEIC units	2014	2013	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	8	1,538		1,546	988	558
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets		11,017		11,017	-	11,017
7. Hedging derivatives						
Total	**8**	**12,555**	**-**	**12,563**	**988**	**11,575**

Losses on debt instruments

These losses include the loss on the early redemption of a bond purchased in 2013 for a nominal amount of €1.5 million, on which interest of €92 thousand had accrued from the purchase date.

Losses on equity instruments

These losses include the impairment of the investment in Treofan (€11.0 million), being the combination of measurement of the investment using the equity method and the impairment loss recognised in the 2014 interim financial statements to align the investment's carrying amount with the amount resulting from the impairment test.

The caption also includes the impairment of the Comital profit participation rights of €0.6 million that M&C recognised to align their carrying amount with their nil fair value and €0.9 million to align the IDeA EESS fund units to their NAV at the reporting date. This amount is equal to the 2014 fees paid to the fund manager (€0.4 million) and the additional reduction in the NAV following the full impairment of the investment in Domotecnica (€0.5 million).

Section C.4 - Current and deferred taxes

4.1 - Current and deferred taxes

M&C's tax loss for the year led to the recognition of current IRES and IRAP of €52 thousand. Cancellation of deferred tax liabilities, as a result of the impairment of the Treofan investment, generated income of €40 thousand.

4.2 - Basic earnings (loss) per share

The basic earnings (loss) per share are calculated by dividing the profit (loss) for the year by the average number of shares outstanding in the year.

The diluted earnings (loss) per share are calculated by dividing the profit for the year by the average number of ordinary shares outstanding in the year, adjusted to reflect the diluting effects of options.

Information on the shares used to calculate the basic and diluted earnings per share is given below:

(€'000)	2014	2013	Variation
Loss for the year	**(12,925)**	**(1,989)**	**(10,936)**
Average number of outstanding shares (total issued less treasury shares)	407,405,244	407,405,244	-
Basic loss per share	**(0.0317)**	**(0.0049)**	**(0.0268)**
Dilutive adjustment to loss for the year	-	-	-
Loss for the year adjusted for dilution	**(12,925)**	**(1,989)**	**(10,936)**
Number of potential shares to be issued after exercise of stock options	-	-	-
Total average number of shares outstanding and to be issued	407,405,244	407,405,244	-
Diluted loss per share	**(0.0317)**	**(0.0049)**	**(0.0268)**

The company did not assign a diluting effect to the stock options in 2014 as it recognises this effect only when the exercise price is lower than the market price of the issuer's shares, even though this is not material, as required by IAS 33.46.

PART D - OTHER INFORMATION

Section D.1 – The company's activities

M&C invests in equity and other financial instruments. The difficult financial market conditions and related credit restrictions for companies imposed by banks as well as the ongoing recession, characterising the last few years, have led the company to adopt an extremely prudent and selective approach. During the year, the company focused on managing its investment, analysing certain investment opportunities and the temporary investment of liquidity in financial instruments.

Section D.2 - Information on risks and related hedging policies

Considering the nature of the company's activities, its investments and lack of debt, it is not significantly exposed to financial risks such as credit risk, price risk, liquidity risk or cash flow risk.

With respect to risk deriving from the company's existing credit exposure, the assets other than the investment, the shareholder loan and the IDeA EESS fund units recognised in the financial statements mainly relate to liquidity deposited with banks or invested in bonds, fund units and listed shares. The carrying amount of the fund units, the investment and related shareholder loan bear a more business type risk.

The company does not grant loans, except possibly to its subsidiaries and associates.

Section D.3 - Related party transactions

3.1 Directors' fees and managers' salaries

The Remuneration report, prepared pursuant to article 84-quater of Consob regulation no. 11971 of 24 February 1998 (the Issuer Regulation) and published as an annex to the Corporate Governance Report, provides exhaustive details about the fees paid and due to the directors and key management personnel.

Fees of the members of the board of directors, board of statutory auditors, CEOs and key management personnel

The annual fees of the board of directors amount to €15 thousand per director, increased by €75 thousand for the chair, €200 thousand pa for the managing directors and by €5 thousand for each board committee member.

In March 2010, M&C agreed to pay the director Mr. Corrado Ariaudo a premium should the Treofan investment be sold before 30 December 2019 for more than €55 million. In December 2014 as part of a specific agreement signed with M&C, the former director Mr. Ariaudo waived his right to the Treofan premium and all his stock options. The agreement also provided that M&C would waive its right to the earn-out tied to the sale of Comital. All the components waived under the agreement are out of the money.
On 25 March 2015, the board of directors approved payment of a bonus to the managing director, Mr. Emanuele Bosio, should the sale of the Treofan investment take place before 31 December 2016 at a price higher than a set amount. The bonus will be paid if the sales price, compared to 100% of the Treofan group, is greater than €115 million, including repayment of the shareholder loan (the "ceiling"). The bonus will be equal to 10% of M&C's share of the sales price (41.6%) in excess of the ceiling.

The fees of the board of statutory auditors amount to €20 thousand per annum per standing statutory auditor and to €30 thousand per annum for the chair.

In January 2014, the company's general manager resigned but continues to be a member of Treofan's advisory board on M&C's behalf. As part of the mutually-agreed employment termination contract, the company paid Mr. Canetta €150 thousand as a general novation transaction.

Stock option plans

Former directors and managers have stock option plans (Original stock option plan agreed on 24 November 2005 and the Integrating plan, agreed on 24 May 2006) with the following key characteristics, as required by IFRS 2.45:

		Options							
							Held at year end		
Name	Position held	Assigned in previous years (number)	Assigned during the year (number)	Average annual exercise price	Expiry date	Exercised during the year	Number	Average exercise price	Expiry date
Former directors	-	44,042,000	-	€ 0.38	2016	-	25,992,000	€ 0.38	2016
Former general manager	-	1,180,000	-	€ 0.38	2016	-		€ 0.38	2016
		45,222,000	**-**			**-**	**25,992,000**		

In December 2014 as part of a specific agreement signed with M&C, the former director Mr. Ariaudo waived his right to all his stock options and the above-mentioned Treofan premium. The agreement also provided that M&C would waive its right to the earn-out tied to the sale of Comital. All the components waived under the agreement are out of the money.

The options held at 31 December 2014 may be exercised up to the thirtieth day after the date of approval of M&C's financial statements as at and for the year ending 31 December 2014. They vest in four annual instalments, the last of which vested on 25 November 2011.

At the date of this Report, none of the Plans' beneficiaries had exercised their options.

3.2. Loans and receivables granted to, and guarantees given on behalf of directors and statutory auditors

The company has not given any guarantees on behalf of its directors or statutory auditors.

3.3 Related party transactions

Related party transactions

Related parties and related party transactions:

- Starfin S.A., a Swiss company in which the honorary chair, Carlo De Benedetti, has significant interests and with which M&C has signed a deal management and deal execution agreement effective from 1 January 2014 for an half-yearly amount of €70 thousand. At 31 December 2014, accrued fees amounted to €140 thousand, plus €17 thousand for expenses reimbursement, of which €42 thousand as a credit at the reporting date. M&C also has an agreement with Starfin SA for the services that Giovanni Canetta will continue to provide to it, as member of Treofan's advisory board starting from 7 January 2014 (annual fee of €75 thousand, plus €13 thousand for expenses reimbursement, of which €47 thousand have been accrued under invoices to be received).

- Embed Capital S.r.l., in which the managing director Emanuele Bosio has an investment, which receives fees for the position of managing director starting from 29 April 2014, when Mr. Bosio was elected to this position, based on an ongoing reversibility agreement between Embed Capital S.r.l. and Mr. Bosio. The fees accrued for the year amount to €145 thousand.
- Treofan Holdings GmbH, in which M&C has an investment, on whose behalf costs of €94 thousand were incurred and will be recharged to it, including €3 thousand recognised as invoices to be issued at 31 December 2014. At the reporting date, M&C also has a receivable for the shareholder loan and related interest of €12,441 thousand (calculated using the amortised cost method); interest accrued during the year came to €950 thousand.
- PER S.p.A., which controls M&C, to which fees for consultancy services of €20 thousand accrued during the year.
- Aholding S.r.l., controlled by the former director Corrado Ariaudo, which received fees for his position as per an existing reversibility agreement between Aholding and Mr. Ariaudo accrued up to 29 April 2014, when his term of office expired (€5 thousand).
- Omniservizi Finanziari&Amministrativi S.r.l., which is 33% owned by Aholding S.r.l. and with which M&C has an annual contract for the supply of accounting and administrative services. The related fee was €23 thousand at 39 April 2014, when the contract ended.

Transactions carried out with related parties take place at normal market conditions.

Brief description of related party transactions:

	31.12.2014			2014			
Name (€'000)	Non-current financial assets	Loans and receivables	Trade payables	Personnel expense	Other operating expenses	Revenue and other income	Interest income
Starfin SA		42	47		75	157	
Embed Capital S.r.l.				145			
Treofan Holdings GmbH	12,441	30				94	555
PER S.p.A.						20	
Aholding S.r.l.				5			
Omniservizi S.r.l.					23		
Total	**12,441**	**72**	**47**	**150**	**98**	**271**	**555**
% of financial statements caption	**100.0%**	**10.4%**	**21.9%**	**11.2%**	**11.8%**	**76.8%**	**38.1%**

Shareholder agreement

There are no shareholder agreements.

Section D.4 - Other information

4.1 Changes in the corporate governance system and company bodies

On 29 April 2014, the shareholders appointed new boards of directors and statutory auditors in office until approval of the financial statements at 31 December 2016. After the shareholders' meeting, the board of directors appointed the executive chair and resolved to create the position of managing director and not a general manager.

4.2 Atypical and/or unusual transactions

Pursuant to the Consob communication of 28 July 2006, it is noted that the company has not undertaken atypical and/or unusual transactions during the year.

4.3 Significant non-recurring events and/or transactions

As required by the above Consob communication, no significant non-recurring transactions took place during the year.

4.4 Publication of the fees for audit and other services pursuant to article 149-duodecies of Consob's Issuer Regulation

In accordance with article 149-duodecies of the Consob Issuer Regulation, the following table sets out information about the fees paid to the independent auditors, KPMG S.p.A., for the services provided:

1) audit services which include:

- audit of annual financial statements in order to express opinions;
- reviews of interim reports.

2) other non-attestation services.

Type of service (€'000)	**Provider**	**Fees**
Audit		
Annual separate and individual financial statements and interim financial report (1)	KPMG S.p.A	88
Other attestation services		
Check of compliance of the unified tax return and the 2014 VAT return for the offsetting of tax credits	KPMG S.p.A	3
Total		**91**

(1) includes fees for the signing of the unified tax return, the 770 form and the IRAP return.

The fees shown in the table for 2014 are those agreed by contract and include any index-linked adjustments (net of out-of-pocket expenses, supervisory contributions and VAT).

4.5. Segment reporting

The segment reporting disclosure required by IFRS 8 is not provided as the financial statements figures are substantially those of M&C.

Statement on the individual financial statements pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

Pursuant to article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, Franco Girard, as chair, and Marco Viberti, as manager in charge of financial reporting, state that:

- the administrative and accounting procedures are adequate given the company's characteristics; and
- they have been applied effectively during 2014 to prepare the individual financial statements.

No issues arose.

Moreover, they state that the 2014 individual financial statements:

- have been prepared in accordance with the IFRS endorsed by the European Community pursuant to EC regulation 1606/2002 of the European Parliament and Council dated 19 July 2002;
- are consistent with the accounting records and entries;
- are suitable to give a true and fair view of the financial position of the Issuer at 31 December 2014 and its results of operations and changes in equity and cash flows for the year then ended;
- the directors' report includes a reliable analysis of the Issuer's performance and results of operations, as well as its financial position, together with a description of the main risks and uncertainties to which it is exposed.

25 March 2015

The Chair	Manager in charge of financial reporting
Franco Girard	Marco Viberti
(signed on the original)	(signed on the original)

KPMG S.p.A.
Revisione e organizzazione contabile
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Relazione della società di revisione ai sensi degli artt. 14 e 16 del D.Lgs. 27 gennaio 2010, n. 39

Agli Azionisti della
M&C S.p.A.

1 Abbiamo svolto la revisione contabile del bilancio individuale, costituito dalla situazione patrimoniale-finanziaria, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della M&C S.p.A. chiuso al 31 dicembre 2014. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05, compete agli amministratori della M&C S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2 Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio individuale sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Per il giudizio relativo al bilancio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione da noi emessa in data 7 aprile 2014.

3 A nostro giudizio, il bilancio individuale della M&C S.p.A. al 31 dicembre 2014 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico e i flussi di cassa della M&C S.p.A. per l'esercizio chiuso a tale data.

4 La responsabilità della redazione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari, pubblicata nella sezione "Corporate Governance" del sito internet della M&C S.p.A., in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della M&C S.p.A.. E' di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e delle informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98, presentate nella relazione sul governo societario e gli assetti proprietari con il bilancio come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione n. 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b), dell'art. 123-bis del D.Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio individuale della M&C S.p.A. al 31 dicembre 2014.

Milano, 3 aprile 2015

KPMG S.p.A.

Alberto Andreini
Socio