(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.

2015 Annual Report

Honorary chair

Carlo De Benedetti

Board of directors

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

Board of statutory auditors

Vittorio Ferreri (chair)
Pietro Bessi
Leonilde Petito

Independent auditors

Deloitte & Touche S.p.A. (*)

(*) Engaged by the shareholders on 29 April 2015

Contents

Directors' report 1

Report of the board of statutory auditors (italian version) 9

Separate financial statements of M&C S.p.A. 13
Separate financial statements of M&C as at and for the year ended 31 December 2015 14
Notes to the separate financial statements
Accounting policies 21
Notes to the statement of financial position 31
Notes to the income statement 47
Other information 54

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 60

Report of the independent auditors (italian version) 61

Individual financial statements of M&C 63
Individual financial statements of M&C as at and for the year ended 31 December 2015 64
Notes to the individual financial statements
Accounting policies 71
Notes to the statement of financial position 80
Notes to the income statement 95
Other information 101

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 106

Report of the independent auditors (italian version) 107

Corporate Governance Report

Directors' report

2015 results

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

M&C made a profit of €0.7 million for 2015 compared to a loss of €6.7 million for 2014, which included the €5.2 million impairment loss recognised on the Treofan investment.

The profit for the year is the sum of:

a) income of €3.8 million (2014: €2.2 million), including €1.6 million mainly arising on liquidity management (interest, dividends, gains and other revenue) and €2.2 million of interest income on the shareholder loan granted to Treofan;

b) losses from equity investments and securities of €1.2 million (2014: €0.3 million), including €0.9 million of losses and €0.3 million of the recurring management fees for the IDeA EESS fund, as per the NAV at 31 December 2015;

c) operating expenses of €1.9 million (2014: €2.2 million), comprising:
   - personnel expense of €1.0 million (2014: €1.3 million), including €0.4 million for employees and €0.6 million of directors' and statutory auditors' fees;
   - professional services, other general expenses, amortisation and depreciation and income tax expense of €0.9 million (substantially unchanged from 2014).

Like in previous years, 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 when they would be earned with reasonable certainty as would be required for their recognition.

At 31 December 2015, M&C had a net financial position of €17.1 million (31 December 2014: €20.4 million), equal to €0.04 per outstanding share, and equity of €79.0 million (31 December 2014: €77.7 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 €3.8 million;

(iii) units of the Kairos International KEY fund of €4.3 million;

and cash in bank current accounts of €7.7 million.

The reduction in the company's net financial position is due to payments of €2.3 million to the IDeA EESS fund manager as drawdowns, the fair value losses on securities in portfolio of €0.1 million and the use of cash flows from operations of €0.9 million. The investment in the IDeA EESS fund is not liquid enough to be recognised as cash and cash equivalents and, therefore, is excluded. This is generally true of all closed-end private equity funds.

At 31 December 2015, the company's portfolio also includes the 41.6% investment in Treofan Holdings GmbH of €37.7 million, in addition to the €14.6 million receivable for the shareholder loan granted to Treofan and the IDeA EESS fund units of €7.2 million (31 December 2014: €4.4 million).
Up until 30 September 2015, the directors had confirmed the carrying amount of the Treofan investment at 31 December 2014 and the related receivable for the shareholder loan, given the absence of internal or external indications of impairment. They realigned the carrying amount to the investment's total amount by impairing the interest receivable recognised until 30 September 2015.
Following the Treofan advisory board's approval of the 2016 budget and the new 2017-2019 three-year business plan, the directors deemed it appropriate to test for impairment again at 31 December 2015 and reversed the entire impairment loss as a result.

Treofan Holdings GmbH

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

Treofan Group improved its results considerably in 2015 after the reorganisation implemented in 2014. The new management team, appointed at the start of the year, introduced efficient measures to cut costs and recoup profitability, with a commercial strategy focused on increasing volumes of special products with higher profit margins and decreasing the less profitable commodities. This led to a variation in the volumes produced and sold, down from 156.8 thousand tonnes in 2014 to 152.6 thousand tonnes, as well a contraction in turnover from €431.6 million to €419.3 million (-2.8%). This trend was true of both the European and North American divisions with sales of €277.8 million (2014: €287.8 million) and USD161.2 million (2014: USD196.6 million), respectively.

Despite the contraction in turnover during the year, caused by both the normal adjustment of averages sales prices to reflect the decrease in raw material prices (oil-derived polypropylene), profitability improved considerably at all levels. The contribution margin increased 21.7% to €122.8 million from €100.9 million for 2014 while normalised EBITDA jumped to €32.5 million, up 80% on €18 million for 2014. Although the Group made a loss again for the year, €4.9 million, this was better than the loss of €7.0 million for 2014. These positive results were partly due to the Euro/dollar exchange rate and the above-mentioned slide in raw material prices. Both the European and North American divisions saw improvements in their profitability with EBITDA at €13.4 million and USD21.7 million, respectively (2014: €8.1 million and USD13.2 million, respectively).

Construction of the TL line in Neunkirchen entailed an outlay of €22.3 million during the year, increasing the German group's net financial debt to €56.0 million at year end (excluding the shareholder loan of €35.0 million) compared to €27.9 million at 31 December 2014, just after receipt of the second instalment of the shareholder loan (€14.0 million).

The German facility's new production line, rolled out in the last quarter of 2015, will become fully operational and efficient in early 2016, enabling further improvements in profitability.

Treofan Group's equity amounted to €103.4 million at year end compared to €106.5 million at the end of 2014.

The order backlog at year end was sufficient to completely saturate production capacity in the first quarter of 2016, when the Group will start to market its new TreoPore product line (a separator membrane for use in lithium-ion batteries for the automotive sector). It has been tested by all the major international battery makers with very positive feedback.

Significant change is not expected to take place on the market in 2016 and Treofan Group will continue to research and develop new products to consolidate its technological leadership position on international markets and improve its results.

IDeA EESS fund

The carrying amount of the fund units increased from €4.4 million at 31 December 2014 to €7.2 million at 31 December 2015 following payment of the drawdowns of €3.9 million, net of the reimbursements of €1.6 million received from the fund and the adjustments of the fund's units to their NAV at year end (€0.6 million), equal to an increase of €0.9 million after the gains recognised by the fund and a decrease of €0.3 million for the fees paid to the fund manager.

At year end, M&C's outstanding commitment is €5.0 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. On 9 March 2015, given the steady worsening of its financial situation, the company was put into liquidation. In January 2015, the receiver filed the liquidation proposal and plan as per article 161.6 of the Bankruptcy Law and the court ruling should be handed down within the next few weeks.

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. Company management has been organising the company's possible listing on the AIM Italia market (the Multilateral Trading Facility of Borsa Italiana devoted to Italian small and medium enterprises) for some months now.

4) a 10% investment in GreenItaly 1 (a special purpose acquisition company - SPAC - listed on AIM Italia - 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. Towards the end of June 2015, the SPAC's board of directors approved the reverse takeover of Prima Vera S.p.A., a major Italian operator in the energy efficiency sector and the supply of integrated energy management solutions through the design, construction, management and maintenance of high-tech systems. The transaction involves the partial acquisition and subsequent merger of Prima Vera S.p.A. into GreenItaly1. In September, the shareholders of GreenItaly1 and Prima Vera approved the merger and related transactions. In November, the IDeA fund increased its investment in GreenItaly1 from 10% to 18.6% for €3.1 million, of which M&C's share was €470 thousand, paid in December. The merger of Prima Vera into GreenItaly1 became effective in December as well through a capital increase reserved to Prima Holding S.r.l., Prima Vera S.p.A.'s sole shareholder. The merging company also changed its name to Prima Vera S.p.A.. Again in December, trading of the shares and warrants of the new (post-merger) Prima Vera S.p.A. started on the AIM Italia market. In January, the company changed its name to Zephyro S.p.A.. After all these transactions, the IDeA EESS's investment in Zephyro S.p.A. was 8.1%;

5) a 21.5% interest in Meta System S.p.A. for €12.5 million held through Meta-Fin; this company produces telematics systems for the car and home telematics sectors and alarm systems and battery chargers for electric vehicles. At the start of June, preliminary agreements for the sale of 100% of Meta System to a Chinese operator were signed providing for the sale of 60% at the closing in August 2015 and the other 40% by February 2018 using an agreed put/call mechanism, or at the latest within four years from the closing. The consideration paid for the first instalment of Meta System (60%) was roughly €54 million, including about €11 million for IDeA, which it has almost entirely distributed among its investors as a capital reimbursement, giving M&C €1.6 million;

6) the fund acquired 35.9% of Baglioni S.p.A., which produces and sells pressure vessels for industrial, professional and hobby use around the world, in early 2015 through a reserved capital increase of €8 million. In October, the fund was involved in another capital increase (approximately €2 million), bringing its investment to 41.2%;

7) the fund made its seventh investment in July 2015 together with Progressio Investimenti II, acquiring 100% of Italchimici, a market leader in Italy in the sale of products, drugs and nutraceuticals for respiratory system and gastrointestinal system therapies, especially for the paediatrician segment. The investment included certain non-recurring transactions (such as the sale of production activities and non-strategic brands), after which IDeA EESS and Progressio Investimenti II held 26.8% and 71.9% of Italchimici S.r.l., respectively, while the other 1.3% is held by the managers who promoted the buy-in. The fund paid a first instalment of €10.2 million. An earn-out of €1.1 million is to be paid to the current shareholders (and the

buyers of the production activities) only if certain conditions are met and, however, not before 36 months from the closing date.

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, like in previous years, it is measured at cost in the separate financial statements. The two different methods lead to changes in certain captions of the statement of financial position and the income statement.

The individual financial statements show a loss for the year of €1.3 million (2014: loss of €12.9 million) and equity of €74.7 million (31 December 2014: €75.7 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:

	31 December 2015	
(€'000)	**Equity**	**Loss for the year**
M&C S.p.A. - separate financial statements	**78,958**	**731**
Reinstatement of equity investment at cost in 2014	5,180	-
2014 impairment test	(8,500)	-
Reversal of increase in equity investments in previous years	(5,105)	-
Measurement of the equity investment using the equity method in previous years	6,489	-
Measurement of the equity investment using the equity method at 31 December 2015	(2,348)	(2,039)
M&C - individual financial statements	**74,674**	**(1,308)**

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.

M&C is a SME, as defined by article 1 of the Consolidated Finance Act. Accordingly, shareholders that have an investment of more than 5% at the reporting date, based on the available information, are shown in the following table:

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
Other and market	22.6
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 2.6.2.9 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 have not changed from 31 December 2014. After the date of approval of the separate financial statements at 31 December 2015, the vested options will no longer be exercisable.

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's solid financial standing.

Research and development

M&C does not carry out any research and development activities. Treofan 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

None.

M&C's investment policy includes certain quantitative risk diversification policies, 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, which is the case of M&C's total exposure to Treofan Group (equity investment plus the receivable for the shareholder loan). At the end of January 2016, M&C and the other main shareholders of Treofan began to implement their decision taken some while ago to sell Treofan Group. They have engaged an international advisor with a 15-month mandate and their aim is to sell the Group before the end of this year. Once it has sold this investment, M&C will return within the quantitative risk diversification limits set by the above-mentioned Stock Exchange Regulation for investment companies listed on the MIV segment.

Investment policy and other information

The company continued its investment policy in 2015 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.

As specified in more detail in the section on the outlook, the directors have decided to temporarily suspend the investment policy and focus on the Treofan investment and the temporary investment of liquidity following the transposition of Directive 2011/61/EU (the AIFMD Directive) into Italian law and given the current composition of M&C's assets.

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 January 2016, M&C and the other main shareholders of Treofan began to implement their decision taken some while ago to sell Treofan Group. They have engaged an international advisor with a 15-month mandate and their aim is to sell the Group before the end of this year. M&C will return within the risk quantification diversification thresholds established by the Stock Market Regulation for investment companies listed on the MIV segment as a result of this sale.

In February 2016, M&C took part in a new drawdown request for the IDeA EESS fund paying in €76 thousand to cover the management fees. As a result, its outstanding commitment is €4.9 million in line with the March 2013 agreements.

Outlook

As already noted in the directors' report to the 2014 financial statements, the Italian legislation transposing the AIFMD Directive qualifies M&C as a fixed capital investment company (SICAF). In order to operate, 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 deemed 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, and on the temporary investment of liquidity. M&C will thus be able to decrease its risk concentration to within the limits set by Bank of Italy.

Therefore, M&C will continue to focus on maximising Treofan's results and the activities necessary to obtain the best possible result from the mandate that it and Treofan's other main shareholders have recently assigned for the sale of Treofan Group. 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 profit 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 financial statements as at and for the year ended 31 December 2015 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 2015;*
2. *to allocate the profit for 2015 of €731,451.27 as follows:*
   - *€36,572.56 to the legal reserve;*
   - *€694,878.71 to retained earnings."*

Milan, 23 March 2016

The Chair
Franco Girard
(signed on the original)

Relazione del Collegio Sindacale al bilancio al 31 dicembre 2015

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

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

Il Collegio Sindacale ha svolto la propria attività di vigilanza in conformità alla legge tenendo anche conto delle Norme di Comportamento del Collegio Sindacale raccomandate 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 2015

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 Deloitte & Touche S.p.A., alla quale con delibera del 29 aprile 2015 è stata affidata la revisione legale dei conti, ha emesso in data odierna le proprie relazioni relative al bilancio d'esercizio e al bilancio individuale al 31 dicembre 2015 ai sensi degli articoli 14 e 16 del D. Lgs. 39/2010.

In tali relazioni, che non contengono rilievi, la società di revisione esprime il proprio giudizio rilevando che il bilancio d'esercizio ed il bilancio individuale forniscono una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di M&C S.p.A. al 31 dicembre 2015, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli IFRS adottati dall'Unione Europea e ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs.vo n. 38/2005. La società di revisione attesta inoltre che la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma quattro, del D. Lgs.vo 58/1998 sono coerenti con il bilancio di esercizio e con il bilancio individuale di M&C S.p.A. al 31 dicembre 2015.

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

Il Collegio Sindacale ha ottenuto dalla società incaricata della revisione legale l'attestazione circa i propri requisiti di indipendenza ed al riguardo non è emerso nulla da segnalare.

A Deloitte & Touche S.p.A., società incaricata della revisione legale dei conti, nell'esercizio è stato conferito anche l'incarico di effettuare la revisione contabile limitata del bilancio individuale semestrale abbreviato per il semestre chiuso al 30/06/2015, predisposto ai fini di quanto richiesto dall'articolo 154-ter del D.Lgs. 58/1998.
Sono invece stati svolti da KPMG S.p.A., società incaricata della revisione legale dei conti fino al 29 aprile 2015, data di approvazione del bilancio al 31 dicembre 2014:
- l'incarico di effettuare le procedure di verifica per la sottoscrizione obbligatoria da parte della società di revisione della dichiarazione IVA 2015 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 2015 ai sensi dell'articolo 1, comma 574, della L. 147/2013.

Indicazione dei pareri rilasciati ai sensi di legge
Nel corso dell'esercizio il Collegio Sindacale ha rilasciato il proprio parere ai sensi dell'articolo 2389 del Codice Civile.
Il Collegio Sindacale ha inoltre formulato ai sensi dell'art. 13 del D. Lgs. 39/2010, in data 9 marzo 2015, la proposta per il conferimento dell'incarico della revisione legale dei conti a Deloitte & Touche S.p.A. per gli esercizi dal 2015 al 2023.

Numero delle riunioni degli organi societari
Nell'esercizio 2015 il Collegio Sindacale ha tenuto cinque riunioni e ha partecipato all'Assemblea degli Azionisti ed alle quattro 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 2015 il Collegio Sindacale ha mantenuto costanti contatti con l'Organismo di Vigilanza procedendo a regolari scambi di informazioni con l'Organismo stesso. Da tale attività non sono emersi aspetti da segnalare nella presente relazione.

Adeguatezza del processo di informativa finanziaria, adeguatezza del sistema amministrativo-contabile e sua affidabilità
Il Collegio Sindacale ha vigilato sul processo di informativa finanziaria e sul sistema amministrativo-contabile nonché sull'affidabilità di quest'ultimo anche mediante l'ottenimento di informazioni dal Dirigente preposto alla redazione dei documenti contabili societari.
Il Collegio 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.
Il Collegio Sindacale ha ottenuto dalla società incaricata della revisione legale la relazione sulle questioni fondamentali emerse in sede di revisione nella quale non sono riportate carenze significative nel sistema di controllo interno in relazione al processo di informativa finanziaria ai sensi dell'art. 19, comma 3, del D. Lgs. 39/2010.

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 2015
È sottoposto al Vostro esame e approvazione il bilancio di esercizio separato di M&C S.p.A. al 31 dicembre 2015 redatto secondo i principi contabili internazionali Ias/Ifrs, omologati dalla Commissione Europea, che presenta un utile di esercizio di euro 731 mila.
Viene inoltre presentato il bilancio individuale al 31 dicembre 2015 che evidenzia una perdita di esercizio di euro 1,3 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, 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 2015 e alla proposta di destinazione dell'utile di esercizio di euro 731.451 formulata dal Consiglio di Amministrazione.

Milano, 4 aprile 2016

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
- 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 S.p.A.

Separate financial statements as at and for the year ended 31 December 2015

STATEMENT OF FINANCIAL POSITION (*)

(in Euros)

ASSETS	Note	31.12.2015	31.12.2014
Non-current assets			
Property, plant and equipment	1.1	4.004	7.420
Intangible assets	1.2	204	92
Equity investments	1.3	37.726.638	37.726.638
Other non-current assets	1.4	1.043.612	1.414.396
Non-current financial assets	1.5	14.622.947	12.440.862
Deferred tax assets	1.6	-	-
Total non-current assets		**53.397.405**	**51.589.408**
Current assets			
Loans and receivables	2.1	655.870	689.604
Current tax assets	2.2	589.131	466.476
Other current assets	2.3	754.291	904.702
Current financial assets	2.4	16.563.969	8.197.522
Cash and cash equivalents	2.5	7.718.690	16.537.711
Total current assets		**26.281.951**	**26.796.015**
Total assets		**79.679.356**	**78.385.423**

LIABILITIES AND EQUITY	Note	31.12.2015	31.12.2014
Equity			
Share capital	3.1	80.000.000	80.000.000
Treasury shares	3.2	(50.032.057)	(50.032.057)
Reserves	3.3	47.574.795	54.308.006
Valuation reserves	3.4	684.292	125.575
Loss for the year		731.451	(6.733.211)
Total		**78.958.481**	**77.668.313**
Liabilities			
Non-current liabilities			
Employee benefits	4.1	56.678	55.807
Deferred tax liabilities	4.2	264.044	-
Total non-current liabilities		**320.722**	**55.807**
Current liabilities			
Trade payables	5.1	125.197	214.730
Other current liabilities	5.2	274.956	446.573
Total current liabilities		**400.153**	**661.303**
Total liabilities		**720.875**	**717.110**
Total liabilities and equity		**79.679.356**	**78.385.423**

(*) 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 2015

INCOME STATEMENT (*)

(in Euros)	Note	2015	2014
Revenue from sales and services	1.1	23.333	160.000
Other revenue	1.2	174.156	193.110
Personnel expense	2.1	(1.001.805)	(1.342.126)
Amortisation, depreciation and impairment losses	2.2	(3.395)	(5.061)
Other operating expenses	2.3	(675.266)	(833.119)
Operating loss		**(1.482.977)**	**(1.827.196)**
Financial income	3.1	2.337.666	1.853.523
Financial expense	3.2	(3.515)	(1.678)
Net financial income		**2.334.151**	**1.851.845**
Gains on investments and securities	3.3	1.233.542	20.950
Losses from investments and securities	3.4	(1.238.821)	(6.726.867)
Net losses from investments and securities		**(5.279)**	**(6.705.917)**
Pre-tax profit (loss) for the year		**845.895**	**(6.681.268)**
Current and deferred taxes	4.1	(114.444)	(51.943)
Profit (loss) from continuing operations		**731.451**	**(6.733.211)**
Profit (loss) for the year		**731.451**	**(6.733.211)**

earnings (loss) per share (**)		0,0018	(0,0165)
Diluted earnings (loss) per share (**)		0,0018	(0,0165)

(*) 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 2015

STATEMENT OF COMPREHENSIVE INCOME

(in Euros)	Note	2015	2014
Profit (loss) for the year		**731.451**	**(6.733.211)**
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	3.4	2.456	(2.199)
		2.456	**(2.199)**
Other comprehensive income (expense), net of income taxes that may be reclassified subsequently to profit or loss			
Gains on available-for-sale financial assets	3.4	556.261	39.561
		556.261	**39.561**
Comprehensive income (expense)		**1.290.168**	**(6.695.849)**

M&C S.p.A.

Separate financial statements as at and for the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY

		Allocation of prior year loss		Changes in 2015						
					Equity transactions					
(in Euros)	Equity at 31.12.2014	Reserves	Dividends and other allocations	Changes in reserves	Share capital reduction	Repurchase of treasury shares	Stock options	Other changes	Comprehensive income	Equity at 31.12.2015
Share capital	80.000.000									80.000.000
Share premium										
Reserves	54.308.006	(6.733.211)								47.574.795
Valuation reserves	125.575								558.717	684.292
Equity instruments										
Treasury shares	(50.032.057)									(50.032.057)
Profit (loss) for the year	(6.733.211)	6.733.211							731.451	731.451
Equity	**77.668.313**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.290.168**	**78.958.481**

M&C S.p.A.

Separate financial statements as at and for the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY

		Allocation of prior year loss		Changes in 2014							
					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 2015

STATEMENT OF CASH FLOWS - direct method

(in Euros)	2015	2014
A. OPERATING ACTIVITIES		
1. Operations	**(911.871)**	**2.600.366**
Interest income	139.370	765.892
Dividends and other income/expense on temporary investments of liquidity	334.456	18.450
Fee and commission expense	(11.582)	(20.249)
Personnel expense	(781.390)	(1.623.424)
Other costs		
Leases and car hire	(114.690)	(114.045)
Sundry services	(724.322)	(759.139)
Other revenue	246.287	332.881
Income taxes		4.000.000
2. Cash flows generated by (used in) the decrease in financial assets	**(128.008)**	**33.977**
Current financial assets (change in fair value)	(104.728)	39.561
Net losses due to the decrease in financial assets	(23.280)	(5.584)
3. Cash flows used in the increase in financial assets	**-**	**-**
4. Cash flows generated by (used in) the increase in financial assets	**-**	**-**
Cash flows generated by (used in) operating activities	**(1.039.879)**	**2.634.343**
B. INVESTING ACTIVITIES		
1. Cash flows generated by the decrease in	**1.593.211**	**-**
IDeA EESS fund	1.591.540	-
Property, plant and equipment	1.671	-
2. Cash flows used for the increase in	**(3.861.112)**	**(8.902.983)**
Equity investments	-	(6.580.000)
IDeA EESS fund	(3.857.841)	(2.319.392)
Property, plant and equipment	(2.863)	(3.406)
Intangible assets	(408)	(185)
Net cash flows used in investing activities	**(2.267.901)**	**(8.902.983)**
NET CASH FLOWS FOR THE YEAR	**(3.307.780)**	**(6.268.640)**
RECONCILIATION		
Opening net financial position	**20.373.700**	**26.642.340**
Total net cash flows for the year	(3.307.780)	(6.268.640)
Closing net financial position	**17.065.920**	**20.373.700**

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 prepares individual financial statements, in which it has measured its sole investment with significant influence using the equity method. 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 2015.

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 2015 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 operations, financial position and results of operations. The separate financial statements include comparative figures for 2014, which have been reclassified if necessary for consistency purposes.

The separate financial statements: (i) are clearly stated and give a true and fair view of the company's financial position at 31 December 2012 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 2014 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.

For completeness of disclosure purposes, the company referred to Consob communication no. 0007780/16 of 28 January 2016 "*Communication about key issues in financial reports at 31 December 2015*" designed to draw the attention of users of financial statements to the aspects in the ESMA's public statement of 27 October 2015 "*European common enforcement priorities for 2015 financial statements*" and "*Improving the quality of disclosures in the financial statements*" about the disclosures that listed companies must include in their 2015 financial reports and those of subsequent years.

Section A.3 - Events after the reporting date

In January 2016, M&C and the other main shareholders of Treofan began to implement their decision taken some while ago to sell Treofan Group. They have engaged an international advisor with a 15-month mandate and their aim is to sell the Group before the end of this year. M&C will return within the risk quantification diversification thresholds established by the Stock Market Regulation for investment companies listed on the MIV segment as a result of this sale.

In February 2016, M&C took part in a new drawdown request for the IDeA EESS fund paying in €76 thousand to cover the management fees. Its outstanding commitment is €4.9 million as per the March 2013 agreements, after this transaction.

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 27 April 2016 on first call and on 12 May 2016 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 subsequently to 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 profit 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.

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 2015

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 2015 as they are applicable:

- On 20 May 2013, IFRIC 21 - Levies was published, providing guidance about when to recognise a liability for a levy (other than income taxes) imposed by a government both for levies that are accounted for in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets and those where the timing and amount of the levy is certain. IFRIC 21 is applicable retrospectively to annual periods beginning on or after 17 June 2014. Adoption of this new interpretation did not affect the separate financial statements.
- On 12 December 2013, the IASB published the "Annual improvements to IFRSs: 2011-2013 cycle" which presents the amendments to certain standards as part of the annual improvements (including IFRS 3 - Business combinations - scope exemption for joint ventures, IFRS 13 - Fair value measurement - scope of portfolio exception, IAS 40 - Investment properties - Interrelationship between IFRS 3 and IAS 40). Adoption of these amendments did not affect the separate financial statements.

Standards, amendments and interpretations endorsed by the European Union but not yet mandatory and not applied early by the company at 31 December 2015

The company has not applied the following new and amended, issued but not yet endorsed standards.

- Amendment to IAS 19 "Defined benefit plans: Employee contributions" (published on 21 November 2013): on the recognition of contributions by employees or third parties to defined benefit plans. The amendment is to be applied at the latest to annual periods beginning on or after 1 February 2015 or subsequently.
- Amendment to IFRS 11 - Joint arrangements – "Accounting for acquisitions of interests in joint operations" (published on 6 May 2014): on the accounting for acquisitions of an interest in a joint

operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture – "Bearer Plants" (published on 30 June 2014): bearer plants, i.e., fruit trees with an annual crop (e.g., vines, hazelnut trees) shall be recognised in accordance with IAS 16 (rather than IAS 41). The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application being permitted.
- Amendments to IAS 16 Property, plant and Equipment and IAS 38 Intangible Assets – "Clarification of acceptable methods of depreciation and amortisation" (published on 12 May 2014): the amendments clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application being permitted.
- Amendment to IAS 1 – "Disclosure Initiative" (published on 18 December 2014): the objective of the amendments was to provide clarification about the disclosures that can impede a clear and comprehensive preparation of financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application being permitted.
- Amendment to IAS 27 - Equity method in separate financial statements (published on 12 August 2014): the amendment introduces the option of using the equity method for investments in subsidiaries, associates and jointly controlled entities in the separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application being permitted.

PART B - NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

Section B.1 - Non-current assets

1.1 - Property, plant and equipment

(in Euros)	31.12.2015	31.12.2014	Variation
Owned			
a) land			
b) buildings			
c) furniture			
d) electronic systems	2.992	6.327	(3.335)
e) other	1.012	1.093	(81)
Under finance lease			
Total	**4.004**	**7.420**	**(3.416)**

Property, plant and equipment: changes

(in Euros)	Furniture	Electronic systems	Other	**Total**
A Opening balance	**-**	**6.327**	**1.093**	**7.420**
B. Increases				
B.1 Purchases			724	724
B.2 Reversals of impairment losses				
B.3 Fair value gains				
B.4 Other increases				
C. Decreases				
C.1 Sales		1.041		1.041
C.2 Depreciation		2.294	805	3.099
C.3 Impairment losses				
C.4 Fair value losses				
C.5 Other decreases				
D. Closing balance	**-**	**2.992**	**1.012**	**4.004**

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)	315.386	419.292	100.837	(4.902)	No

(*) Figures taken from the consolidated reporting package at 31 December 2015 drawn up for inclusion in M&C's individual financial statements.

M&C has an investment of 41.59% in Treofan Holdings GmbH with a carrying amount of €37.7 million (unchanged from 31 December 2014).

Given the materiality of this investment for M&C and its new 2017-2019 business plan, management tested the investment for impairment at 31 December 2015. It found that the carrying amounts of the investment (€37.7 million) and the prudently included shareholder loan (€14.6 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 2016 budget and the 2017-2019 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 12.1%, estimated considering a cost of debt (kd) of 5.0% and cost of equity (ke) of 15.4% 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 2.8%, estimated considering the weighted average of the return on ten-year Bunds issued by the German government, the ten-year bond issued by the Italian 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 2016;
   - a levered Beta factor (β), estimated to equal 1.12, based on the unlevered Beta defined by Damodaran for the packaging sector of 0.88, an effective average tax rate for the period from 2016 to 2019 of 30.0% and an average expected debt ratio (or gearing ratio) for the same period of 39.6%;
   - an equity risk premium (Rm), estimated to be 7.5% obtained using the weighted average of the equity risk premium in Germany (6.0%), Italy (8.8%) and Mexico (7.8%), considering the gross operating profit by production country expected for 2016 [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 2016 budgeted gross operating profit. Specifically, the 2016 average enterprise value/gross operating profit ratio was 9.6x.
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 2015 involving companies in the BOPP film sector to Treofan's 2016 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 that the value in use and fair value, net of costs to sell, are higher than the carrying amounts of the equity investment and the receivable for the shareholder loan of €52.3 million.

None of the investments have been pledged as guarantee or committed.

The revolving credit facility of €62 million granted by a bank syndicate to Treofan expiring on 31 December 2016 is secured with a first level guarantee on all Treofan Group's assets, excluding the new production line recently rolled out at Neunkirchen. Treofan management is finalising negotiations to extend the expiry date to 31 December 2017 with the bank syndicate.

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 policies, in compliance with the Stock Exchange Regulation for investment companies (article 2.8.2), including the requirement for no single asset to make up more than 50% of its total assets, which is the case of M&C's total exposure to Treofan Group (equity investment plus the receivable for the shareholder loan). In January 2016, M&C and Treofan's other main shareholders began to implement the decision taken some while ago to sell Treofan Group. They have engaged an international advisory with a 15-month mandate and their aim is to sell the Group before the end of 2016. Once it has sold this investment, M&C will return within the quantitative risk diversification limits set by the above-mentioned Stock Exchange Regulation for investment companies listed on the MIV segment.

1.4 – Other non-current assets

(in Euros)	31.12.2015	31.12.2014	Variation
Guarantee deposits	500	500	-
Tax assets	1.043.112	1.413.753	(370.641)
Non-current prepayments	-	143	(143)
Total	**1.043.612**	**1.414.396**	**(370.784)**

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

1.5 – Loans and receivables

(in Euros)	31.12.2015	31.12.2014	Variation
Loan to Treofan	14.622.947	12.440.862	2.182.085
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	**14.622.947**	**12.440.862**	**2.182.085**

The loan to Treofan of €35 million includes €16.5 million granted by M&C in two instalments, one in 2013 (€9.9 million) and one in 2014 (€6.6 million).

The shareholder loan's key characteristics are:

- expiry in the third month after reimbursement of the revolving credit facility granted by the bank syndicate due to expire at the end of 2016 (currently being negotiated to 31 December 2017);
- 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 (Treofan Germany GmbH & Co. KG), 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%).

The balance of the loan of €14.6 million 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 (interest rate of 14.25%).

Up until 30 September 2015, the directors had confirmed the carrying amount of the Treofan investment at 31 December 2014 and the related receivable for the shareholder loan, given the absence of internal or external indications of impairment. They realigned the carrying amount to the investment's total amount by impairing the interest receivable recognised until 30 September 2015.

Following the Treofan advisory board's approval of the 2016 budget and the new 2017-2019 three-year business plan, the directors deemed it appropriate to test for impairment again at 30 December 2015 and reversed the entire impairment loss as a result.

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 €13.8 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.

Deferred tax assets of €67 thousand, calculated as the fair value of available-for-sale financial assets, were offset against deferred tax liabilities of the same nature for disclosure purposes.

Section B.2 - Current assets

2.1 - Loans and receivables

(in Euros)	31.12.2015	31.12.2014	Variation
Other related parties	37.773	71.531	(33.758)
Third parties	790.764	790.740	24
Allowance for impairment	(172.667)	(172.667)	-
Total	**655.870**	**689.604**	**(33.734)**

Loans and receivables with related parties include €3 thousand from Romed S.p.A. for lease services and €35 thousand from Treofan, for M&C's involvement in the restructuring steering committee and the recharging of costs incurred on the investee's behalf.

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 served the debtor with a claim form and subsequently filed the relevant documentation as per the judge's request. In March 2016, the judge set the date of the final hearing as 28 November 2017 and issued a payment order of €450 thousand for the requests for early rulings presented by M&C as per article 186-bis and ter of the Code of Criminal Procedure. The final ruling should be handed down by Spring 2018.

The allowance for impairment did not undergo any change during the year and mainly refers to an overdue receivable, for which the ongoing negotiations to recover it have not yet had positive results.

2.2 - Current tax assets

(in Euros)	31.12.2015	31.12.2014	Variation
Unified tax return credit	589.131	466.476	122.655
Total	**589.131**	**466.476**	**122.655**

The company did not use the credit in the unified tax return (IRES) for offsetting purposes in 2015.

The tax asset for IRES and IRAP payments on account made in 2015 of €51 thousand was offset against the estimated IRES and IRAP liability for 2015.

The tax asset for IRES and IRAP payments on account of €16 thousand recognised in 2014 was reclassified for comparative purposes.

2.3 – Other current assets

(in Euros)	31.12.2015	31.12.2014	Variation
Withholdings on interest	35.504	137.099	(101.595)
VAT	700.596	700.597	(1)
Tax assets	736.100	837.696	(101.596)
INAIL (National insurance institute for industrial accidents)	217	243	(26)
Employees			
Other loans and receivables	3.874	3.109	765
Prepayments	14.100	63.654	(49.554)
Total	**754.291**	**904.702**	**(150.411)**

The company used the VAT credit of €488 thousand for offsetting purposes during the year against the withholdings due, social security contributions, the 2015 balance and 2016 payment on account of IRES and IRAP. The VAT credit increased due to the new credit of €117 thousand and the reclassification of €371 thousand from non-current assets to meet the requirement of the amount that can be offset in 2016.

2.4 - Current financial assets

(in Euros)	31.12.2015	31.12.2014	Variation
Available-for-sale financial assets			
Debt instruments			
issued by governments and central banks			
issued by banks			
issued by other issuers	1.294.514	1.282.575	11.939
	1.294.514	**1.282.575**	**11.939**
OEIC units			
issued by other issuers	11.538.568	6.408.913	5.129.655
	11.538.568	**6.408.913**	**5.129.655**
Equity instruments			
issued by listed companies	3.730.887	506.034	3.224.853
issued by unlisted companies			
	3.730.887	**506.034**	**3.224.853**
Total	**16.563.969**	**8.197.522**	**8.366.447**

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 €4.3 million; (iii) units of the IDeA EESS fund of €7.2 million; and (iv) shares of listed companies of €3.7 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	**1.282.575**	**506.034**	**6.408.913**	**8.197.522**
B. Increases				
B1. Purchases		17.232.303	6.857.840	24.090.143
B2. Fair value gains	30.000	746.450	1.414.807	2.191.257
B3. Reversals of impairment losses				
B4. Transfers from other portfolios				
B5. Other increases	94.874			94.874
C. Decreases				
C1. Sales		13.609.230	1.001.759	14.610.989
C2. Repayments			1.591.540	1.591.540
C3. Fair value losses	17.975	1.144.670	549.693	1.712.338
C4. Impairment losses				
C5. Transfers to other portfolios				
C6. Other decreases	94.960			94.960
D. Closing balance	**1.294.514**	**3.730.887**	**11.538.568**	**16.563.969**

Debt instruments

They include high yield listed bonds, selected prudently to improve the portfolio's profitability. The portfolio did not undergo change during the year.

Equity instruments

The opening balance of this caption included listed shares of €506 thousand and Comital profit participation rights, which were fully impaired in the 2014 financial statements. In early 2015, given the additional decrease in interest rates on bank current accounts, the directors decided to invest part of the company's available liquidity in listed shares, characterised by little volatility and substantially stable dividend distributions. Accordingly, they invested roughly €15.3 million in listed major companies. Subsequently, in September, the stock markets' performances and uncertainties about the future due to:

- the crisis of the automotive sector after the Volkswagen gate;
- the commodities market crisis;

led management to sell almost all the shares in portfolio in order to compensate in part the losses accumulated on the FCA shares by the gains on other securities, which had, moreover, steadily falling prices.

The sale of shares in September and October gave rise to a loss of €394 thousand, which decreased to €79 thousand after the gains on the sales made in the first quarter of 2015.

<u>OEIC units</u>

The opening balance of the OEIC units included the units of the IDeA EESS fund (€4.4 million) and the Kairos Equity Yield fund (€2.0 million).

IDeA EESS fund

The changes in this fund's units during the year are due to the drawdowns of €3.9 million and the collection of €1.6 million as the reimbursement of principal following the sale of the first instalment of the investment in Meta System. In addition, alignment of the fund units with its NAV at year end led to another increase of €0.9 million due to the gains recognised by the fund and a decrease of €0.3 million for the management fees paid to the fund manager during the year. The fees are recognised in profit or loss while the gains were recognised in the equity fair value reserve.

M&C's outstanding commitment is €5.0 million as per the agreements of March 2013.

As the fund is unlisted, reference cannot be made to market values but the reports prepared every six months by the fund manager, as per the Bank of Italy instructions, are used. These instructions require that the equity investment be measured at the lower of cost and estimated realisable value, without therefore recognising any fair value gains (estimated realisable value). The company deems that the fund's NAV is a reliable approximation of its fair value.

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

Kairos Equity Yield fund

In early 2015, M&C increased its investment in this fund by €3 million to €5 million to then reduce it to €1 million in July, generating a gain of roughly €76 thousand. The fund, listed on the Luxembourg stock exchange, mainly invests in listed shares of regulated companies.

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 (i.e., as prices) or indirectly (i.e., 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:

	31.12.2015			31.12.2014		
(in Euros)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments						
- structured instruments						
- other instruments	1.294.514			1.282.575		
2. Equity instruments and OEIC units	8.052.714	7.216.741		2.553.414	4.361.533	
3. Loans						
Total	**9.347.228**	**7.216.741**		**3.835.989**	**4.361.533**	

Financial assets at level 1-fair value include high yield bonds, listed shares 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 2015.

2.5 – Cash and cash equivalents

(in Euros)	31.12.2015	31.12.2014	Variation
Bank and postal accounts	7.717.014	16.536.009	(8.818.995)
Cash and cash equivalents	1.676	1.702	(26)
Total	**7.718.690**	**16.537.711**	**(8.819.021)**

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)	31.12.2015	31.12.2014
A. Cash and available bank current accounts	7.718.690	16.537.711
B. Other cash and cash equivalents		
C. Available-for-sale financial assets	9.347.230	3.835.990
D. Total cash and cash equivalents (A)+(B)+(C)	**17.065.920**	**20.373.701**
E. Current financial assets	**-**	**-**
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)	**17.065.920**	**20.373.701**
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 (J)+(N)	**17.065.920**	**20.373.701**

The reduction in the company's net financial position is mainly due to payment of €2.3 million to the manager of the IDeA EESS fund as drawndowns, net of repayments, the €0.1 million decrease in the fair value of securities in portfolio and the use of cash from operating activities for €0.9 million. Like the Treofan shareholder loan, the fund units are not liquid enough to be considered in the company's 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)	31.12.2015	31.12.2014	Variation
Ordinary shares	80.000.000	80.000.000	-
Total	**80.000.000**	**80.000.000**	**-**

At 31 December 2015, 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)	31.12.2015	31.12.2014	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)	31.12.2015	31.12.2014	Variation
Reserves			
a) legal			
b) statutory			
c) treasury shares	50.032.057	50.032.057	-
d) losses carried forward	(19.051.582)	(12.318.371)	(6.733.211)
e) share capital decrease	20.790.261	20.790.261	-
f) stock options	3.011.739	3.011.739	-
g) share capital increase costs	(7.207.680)	(7.207.680)	-
Total	**47.574.795**	**54.308.006**	**(6.733.211)**

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 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 2014;

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 exercise period of the vested options expires with approval of the financial statements at 31 December 2015 and any unexercised option amounts will be reclassified to "losses carried forward";

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 share capital increase and the stock exchange listing in June 2006.

3.4 - Valuation reserves

These reserves of €684,292 thousand (31 December 2014: €125,575 thousand) may be analysed as follows:

	31.12.2015		31.12.2014		
(in Euros)	Fair value gains	Fair value losses	Fair value gains	Fair value losses	Variation
1. Debt instruments	19.937		15.475		4.462
2. Equity instruments		(174.220)	76.998		(251.218)
3. OEIC units	850.396		47.380		803.016
4. Actuarial gains (losses) on defined benefit plans		(11.821)		(14.278)	2.457
5. Loans					
Total	**870.333**	**(186.041)**	**139.853**	**(14.278)**	**558.717**

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	684.292					
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	(19.051.582)					

Key:
A: share capital increase
B: to cover losses
C: dividend distribution

Section B.4 - Non-current liabilities

4.1 - Employee benefits

(in Euros)	31.12.2015	31.12.2014
A. Opening balance	**55.807**	**57.410**
B. Increases		
B1. Accruals	24.764	59.217
B2. Other increases		
C. Decreases		
C1. Payments	1.769	11.489
C2. Other decreases	22.124	49.331
D. Closing balance	**56.678**	**55.807**

At the reporting date, the caption includes actuarial losses of €12.1 thousand compared to €14.5 thousand at 31 December 2014. 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.

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:

	31.12.2015	31.12.2014
Annual discount rate	2,30%	1,86%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% from 2019 2.00% from 2020	0.60% for 2015 1.20% for 2016 1.50% for 2017 2.0% from 2019
Annual increase in post-employment benefits rate	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% from 2019 3.00% from 2020	1.950% for 2015 2.400% for 2016 2.625% for 2017 3.000% from 2019
Annual salary increase rate	3,00%	3,00%

4.2 - Deferred tax liabilities

The deferred tax liabilities relate to the fair value measurement of available-for-sale financial assets. They amounted to €264 thousand after offsetting against deferred tax assets of €67 thousand related to financial assets of the same nature.

Section B.5 - Current liabilities

5.1 - Trade payables

(in Euros)	31.12.2015	31.12.2014	Variation
Trade payables - third parties	99.311	167.616	(68.305)
Trade payables - related parties	25.886	47.114	(21.228)
Total	**125.197**	**214.730**	**(89.533)**

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)	31.12.2015	31.12.2014	Variation
Related parties			
Employees	81.322	219.143	(137.821)
Other	5.635	5.635	-
Tax authorities			
Current tax liabilities	63.961	36.260	27.701
Withholdings	71.793	82.541	(10.748)
Social security institutions	49.316	100.930	(51.614)
Accrued expenses	2.929	2.064	865
Total	**274.956**	**446.573**	**(171.617)**

Payables to employees relate to the variable part of their remuneration recognised at the reporting date and paid in February 2016 as well as accrued untaken holidays.

Current tax liabilities include the IRES and IRAP liabilities of €115 thousand, net of the payments on account of €51 thousand made during the year.

For comparative purposes, the company restated the balances at 31 December 2014, offsetting the tax asset for payments on account against the IRES and IRAP liability like in 2015.

PART C - NOTES TO THE INCOME STATEMENT

Section C.1 - Revenue

1.1 - Revenue from goods and services

(in Euros)	2015	2014	Variation
Services	23.333	160.000	(136.667)
Total	**23.333**	**160.000**	**(136.667)**

1.2 - Other revenue

(in Euros)	2015	2014	Variation
Recharges of costs incurred	15.501	40.042	(24.541)
Other revenue and income	158.655	153.068	5.587
Total	**174.156**	**193.110**	**(18.954)**

Section C.2 - Operating expenses

2.1 - Personnel expense

(in Euros)	2015	2014	Variation
1. Employees			
a) wages and salaries and similar expense	275.654	464.017	(188.363)
b) social security charges	42.989	138.956	(95.967)
c) termination benefits			
d) pension costs			
e) accrual for post-employment benefits	18.791	34.638	(15.847)
f) accrual for pension and similar provisions			
g) payments to third-party complementary pension funds			
h) other expenses	58.579	163.416	(104.837)
2. Other operating personnel			
3. Directors' and statutory auditors' fees	605.792	541.099	64.693
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	**1.001.805**	**1.342.126**	**(340.321)**

The company's workforce is as follows:

Position	31.12.2015	2015 average	31.12.2014	2014 average
Managers	1	1.1	2	2.0
White collars	1	1.0	1	1.3
Total	**2**	**2.1**	**3**	**3.3**

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 €351 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 €73 thousand;

- insurance premiums (D&O) of €132 thousand paid for the directors and statutory auditors.

The options on 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

(in Euros)	2015	2014	Variation
1. Consultancy and professional services for investments		13.740	(13.740)
2. Other professional services for administrative, corporate, legal, tax, etc. services	192.790	224.984	(32.194)
3. Audit fees and costs	66.942	98.423	(31.481)
4. General costs	263.054	310.058	(47.004)
5. Travel expenses	26.935	54.251	(27.316)
6. Use of third party assets	106.182	107.127	(945)
7. Utilities	19.363	24.536	(5.173)
Total	**675.266**	**833.119**	**(157.853)**

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

Section C.3 - Financial income and expense

3.1 - Financial income

(in Euros)	Debt instruments	Loans	Other	2015	2014	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	92.102			92.102	61.252	30.850
4. Held-to-maturity investments						
5. Loans and receivables						
5.1 Loans and receivables with banks			60.895	60.895	601.739	(540.844)
5.2 Loans and receivables with financial institutions						
5.3 Other loans		2.182.086	2.205	2.184.291	950.471	1.233.820
6. Other assets			378	378	240.061	(239.683)
7. Hedging derivatives						
Total	**92.102**	**2.182.086**	**63.478**	**2.337.666**	**1.853.523**	**484.143**

Interest income on debt instruments relates to the bonds. Interest on loans refers to the loan granted to 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

Immaterial amount of bank fees and exchange rate losses.

3.3 - Gains on investments and securities

(in Euros)	Debt instruments	Equity instruments	OEIC units	2015	2014	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets		1.157.904	75.638	1.233.542	20.950	1.212.592
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets						
7. Hedging derivatives						
Total	**-**	**1.157.904**	**75.638**	**1.233.542**	**20.950**	**1.212.592**

Gains on equity instruments

These gains include dividends of €334 thousand received on temporary investments in listed shares and gains of €823 thousand on the sale of listed shares during the year.

Gains on OEIC units

They entirely relate to the gains on the sale of Kairos fund units for roughly €1 million.

3.4 - Losses on investments and securities

(in Euros)	Debt instruments	Equity instruments	OEIC units	2015	2014	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets		902.714	336.107	1.238.821	6.726.867	(5.488.046)
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets						
7. Hedging derivatives						
Total	**-**	**902.714**	**336.107**	**1.238.821**	**6.726.867**	**(5.488.046)**

Losses on equity instruments

These losses arose on the sale of listed shares during the year.

Losses on OEIC units

They refer to the recurring management fees paid to the IDeA EESS fund manager for 2015.

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 €68 thousand and IRES of €47 thousand.

Reconciliation between the effective and theoretical tax expense (IRES)

(in Euros)	2015		2014	
	Carrying amount	**Theoretical tax expense**	**Carrying amount**	**Theoretical tax expense**
Pre-tax profit (loss)	845.895		(6.681.268)	
Theoretical tax expense (%)	27,5	232.621	27,5	(1.837.349)
Temporary differences taxable in future years:				
Impairment losses on securities	336.106		6.718.784	
Differences which will not reverse in future years:				
Reversal of prior year taxes				
Prior year income on taxes relative to prior years			2.223	
Other increases (Tobin tax)	8.223			
Other decreases	(377.464)		(35.552)	
Non-deductible sundry expenses	33.561		20.220	
	(335.680)		(13.109)	
Taxable income	846.321		24.407	
Prior year losses	(677.057)		(19.526)	
Net taxable income	169.264		4.881	
Current income taxes		**46.548**		**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)	2015	2014	Variation
Profit (loss) for the year	**731.451**	**(6.733.211)**	**7.464.662**
Average number of outstanding shares (total issued less treasury shares)	407.405.244	407.405.244	-
Basic earnings (loss) per share	**0,0018**	**(0,0165)**	**0,0183**
Dilutive adjustment to loss for the year	-	-	-
Profit (loss) for the year adjusted for dilution	**731.451**	**(6.733.211)**	**7.464.662**
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 earnings (loss) per share	**0,0018**	**(0,0165)**	**0,0183**

The company did not assign a diluting effect to the stock options 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 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 is not exposed in foreign currency.

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.

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 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.

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		
	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	25.992.000	-	€ 0,38	2016	-	-	25.992.000	€ 0,38	2016
Former general manager	1.180.000	-	€ 0,38	2016	-	-	1.180.000	€ 0,38	2016
	27.172.000	**-**			**-**	**-**	**27.172.000**		

The options held at 31 December 2015 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 ended 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 2015. The key figures of the most recently approved financial statements of PER S.p.A. are those at 31 December 2014:

PER S.p.A. - STATEMENT OF FINANCIAL POSITION (in Euros)

Assets	31.12.2014	31.12.2013
Intangible assets	3.608	6.349
Non-current financial assets	75.781.780	55.641.326
Loans and receivables	118.069	128.950
Cash and cash equivalents	69.749	91.391
Total assets	**75.973.206**	**55.868.016**

Liabilities	31.12.2014	31.12.2013
Equity	9.548.568	120.000
Current liabilities	66.424.638	55.748.016
Total liabilities and equity	**75.973.206**	**55.868.016**

PER S.p.A. - INCOME STATEMENT (in Euros)	2014	2013
Production cost	(298.669)	(122.862)
Net financial expense	(1.272.763)	(1.229.804)
Loss for the year	**(1.571.432)**	**(1.352.666)**

PER's financial statements show commitments (in the memorandum and contingency accounts) of €26,379,085 for both years.

Related parties and related party transactions:

- Planyx S.A. (former 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 March 2015 for a quarterly amount of SFR8.8 thousand. At 31 December 2015, accrued fees amounted to roughly €27 thousand. M&C's consultancy agreement with Starfin S.A., signed in 2014, ended on 28 February 2015 giving rise to revenue of €23.3 thousand for M&C plus expense reimbursements of €3.0 thousand. On 30 September 2015, M&C's agreement with Starfin SA for the services that Giovanni Canetta provided it, as member of Treofan's advisory board, ended. This agreement provided for payment of an annual fee of €75 thousand, equal to a fee of €58 thousand for the year, including the reimbursement of expenses. Mr. Marco Viberti has been appointed member of Treofan's advisory board, replacing Mr. Canetta.
- Embed Capital S.r.l., in which the managing director Emanuele Bosio has an investment, which receives fees for the position of managing director based on an ongoing reversibility agreement between Embed Capital S.r.l. and Mr. Bosio. The fees accrued for the year amount to €215 thousand.
- Treofan Holdings GmbH, in which M&C has an investment, on whose behalf costs of €13 thousand were incurred and were recharged to it and the fees of €100 thousand accrued during the year for involvement in Treofan's steering committee. M&C also gave Treofan Germany GmbH & Co. KB a shareholder loan and the related receivable at 31 December 2015 was €14.6 million.

- Romed S.p.A., indirectly controlled by the honorary chairman, Mr. De Benedetti, which has made the use of office space available and provides the related general services since 1 March 2015 for a fee of €750 per month. At year end, fees of €7 thousand had accrued.

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

Brief description of related party transactions:

	31.12.2015			2015			
(€'000)	Non-current financial assets	Loans and receivables	Trade payables	Personnel expense	Other operating expenses	Revenue and other income	Interest income
Planyx SA (former Starfin SA)			11		85	26	
Embed Capital S.r.l.			15	215			
Treofan Holdings GmbH	14,623	35				113	2,182
Romed S.p.A.		3				7	
Total	**14,623**	**38**	**26**	**215**	**85**	**146**	**2,182**
% of financial statements caption	**100.0%**	**5.8%**	**20.8%**	**21.5%**	**12.6%**	**74.1%**	**93.3%**

Shareholder agreement

There are no shareholder agreements.

Section D.4 - Other information

4.1 Changes in the corporate governance system and company bodies

No changes took place in 2015.

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-duodieces 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 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.

	Provider	Fees (in Euros)
Audit		
Annual separate and individual financial statements and interim financial report	Deloitte	62.000
Other attestation services		
Check of compliance of the unified tax return, the 770 form and the 2015 VAT return for the offsetting of tax credits	KPMG	4.500
Total		**66.500**

(1) includes fees for the signing of the 770 form

The engagement for the legally-required audit assigned to KPMG S.p.A. expired with approval of the separate financial statements at 31 December 2014. On 29 April 2015, the shareholders engaged Deloitte & Touche S.p.A. as the company's independent auditors. KPMG S.p.A. continued to provide non-audit attestation services as they related to 2014.

The fees shown in the table for 2015 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 2015 to prepare the separate financial statements.

No issues arose.

Moreover, they state that the 2015 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 2012 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.

23 March 2016

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

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DEGLI ARTT. 14 E 16 DEL D. LGS. 27 GENNAIO 2010, N. 39

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

Relazione sul bilancio d'esercizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio di M&C S.p.A., costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2015, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note esplicative.

Responsabilità degli Amministratori per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta 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.

Responsabilità della società di revisione

E' nostra la responsabilità di esprimere un giudizio sul bilancio d'esercizio sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11, comma 3, del D.Lgs. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio d'esercizio non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio d'esercizio. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio d'esercizio dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio d'esercizio dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli Amministratori, nonché la valutazione della presentazione del bilancio d'esercizio nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Giudizio

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di M&C S.p.A. al 31 dicembre 2015, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data 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.

Altri aspetti

Il bilancio d'esercizio di M&C S.p.A. per l'esercizio chiuso il 31 dicembre 2014 è stato sottoposto a revisione contabile da parte di un altro revisore che, il 3 aprile 2015, ha espresso un giudizio senza modifica su tale bilancio.

Ai sensi dell'art. 2497-bis, comma primo, del codice civile, M&C S.p.A. ha indicato di essere soggetta a direzione e coordinamento da parte della società PER S.p.A. e, pertanto, ha inserito nelle note esplicative i dati essenziali dell'ultimo bilancio di tale società. Il nostro giudizio sul bilancio di M&C S.p.A. non si estende a tali dati.

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla coerenza della relazione sulla gestione e di alcune informazioni contenute nella relazione sul governo societario e gli assetti proprietari con il bilancio d'esercizio

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione e delle informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. 58/98, la cui responsabilità compete agli Amministratori di M&C S.p.A., con il bilancio d'esercizio di M&C S.p.A. al 31 dicembre 2015. A nostro giudizio la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio di M&C S.p.A. al 31 dicembre 2015.

DELOITTE & TOUCHE S.p.A.

Marco Miccoli
Socio

Milano, 4 aprile 2016

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 individual 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 2015

STATEMENT OF FINANCIAL POSITION

(€'000)

ASSETS	Note	31.12.2015	31.12.2014
Non-current assets			
Property, plant and equipment	1.1	4	7
Equity investments	1.2	33.449	35.803
Other non-current assets	1.3	1.044	1.414
Loans and receivables	1.4	14.623	12.441
Deferred tax assets	1.5	-	-
Total non-current assets		**49.120**	**49.665**
Current assets			
Loans and receivables	2.1	656	690
Current tax assets	2.2	589	466
Other current assets	2.3	754	905
Current financial assets	2.4	16.564	8.197
Cash and cash equivalents	2.5	7.719	16.538
Total current assets		**26.282**	**26.796**
Total assets		**75.402**	**76.461**

LIABILITIES AND EQUITY	Note	31.12.2015	31.12.2014
Equity			
Share capital	3.1	80.000	80.000
Treasury shares	3.2	(50.032)	(50.032)
Reserves	3.3	44.669	57.594
Valuation reserves	3.4	1.344	1.095
Loss for the year		(1.307)	(12.925)
Total		**74.674**	**75.732**
Liabilities			
Non-current liabilities			
Employee benefits	4.1	57	56
Deferred tax liabilities	4.2	271	12
Total non-current liabilities		**328**	**68**
Current liabilities			
Trade payables	5.1	125	215
Other current liabilities	5.2	275	446
Total current liabilities		**400**	**661**
Total liabilities		**728**	**729**
Total liabilities and equity		**75.402**	**76.461**

(*) 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 2015

INCOME STATEMENT (*)

(€'000)	Note	2015	2014
Revenue from sales and services	1.1	23	160
Other revenue	1.2	133	193
Personnel expense	2.1	(1.002)	(1.342)
Amortisation, depreciation and impairment losses	2.2	(3)	(5)
Other operating expenses	2.3	(675)	(833)
Operating loss		**(1.524)**	**(1.827)**
Financial income	3.1	1.430	1.458
Financial expense	3.2	(3)	(2)
Net financial income		**1.427**	**1.456**
Gains on investments and securities	3.3	1.233	21
Losses from investments and securities	3.4	(2.329)	(12.563)
Net losses from investments and securities		**(1.096)**	**(12.542)**
Pre-tax loss for the period		**(1.193)**	**(12.913)**
Current and deferred taxes	4.1	(114)	(12)
Loss from continuing operations		**(1.307)**	**(12.925)**
Loss for the year		**(1.307)**	**(12.925)**
Loss per share (**)		(0,0032)	(0,0317)
Diluted loss per share (**)		(0,0032)	(0,0317)

(*) 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.

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	Note	2015	2014
Loss for the year		**(1.307)**	**(12.925)**
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	3.4	89	(2)
		89	**(2)**
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	3.4	556	39
Portion of valuation reserves of equity-accounted investees	3.4	(396)	(324)
		160	**(285)**
Comprehensive expense		**(1.058)**	**(13.212)**

M&C

Individual financial statements as at and for the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY

		Allocation of prior year loss		Changes in 2015					
					Equity transactions				
(€'000)	Equity at 31.12.2014	Reserves	Dividends and other allocations	Changes in reserves	Repurchase of treasury shares	Stock options	Other changes	Comprehensive expense	Equity at 31.12.2015
Share capital	80.000								80.000
Share premium									
Reserves	57.594	(12.925)							44.669
Valuation reserve	1.095							249	1.344
Equity instruments									
Treasury shares	(50.032)								(50.032)
Loss for the year	(12.925)	12.925						(1.307)	(1.307)
Equity	**75.732**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.058)**	**74.674**

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 2014					
					Equity transactions				
(€'000)	Equity at 31.12.2013	Reserves	Dividends and other allocations	Changes in reserves	Repurchase of treasury shares	Stock options	Other changes	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 2015

STATEMENT OF CASH FLOWS - indirect method

(€'000)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(1.307)	(12.925)
Adjustments to reconcile profit (loss) for the year with cash flows generated by (used in) operating		
Amortisation and depreciation and net impairment losses on non-current assets	3	5
Net change in deferred tax assets (liabilities) and current taxes	152	(64)
Impairment losses on equity investments and other costs and revenue	2.355	10.663
Impairment losses on illiquid financial assets	335	1.538
Change in post-employment benefits and recognition of stock options	1	(2)
Uncollected interest	(2.182)	(950)
Change in current assets and liabilities		
Change in trade receivables and payables	(56)	(48)
Net change in provisions for risks and charges		(80)
Change in other assets and liabilities	333	3.551
CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES (A)	**(366)**	**1.688**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments/disinvestments in property, plant and equipment and intangible assets		(3)
Change in illiquid financial assets		(4.636)
Purchase/sale of equity investments		(1.811)
Change in other illiquid financial assets	(3.191)	(2.318)
CASH FLOWS USED IN INVESTING ACTIVITIES (B)	**(3.191)**	**(8.768)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Other changes in equity	249	812
CASH FLOWS GENERATED BY FINANCING ACTIVITIES (C)	**249**	**812**
TOTAL CASH FLOWS (D=A+B+C)	**(3.308)**	**(6.268)**
OPENING CASH AND CASH EQUIVALENTS (E)	**20.374**	**26.642**
CLOSING CASH AND CASH EQUIVALENTS (G=D+E)	**17.066**	**20.374**

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 prepares individual financial statements, in which it has measured its sole investment with significant influence using the equity method. 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 2015.

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 2015 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 operations, financial position and results of operations. The individual financial statements include comparative figures for 2014, which have been reclassified if necessary for consistency purposes.

The individual financial statements: (i) are clearly stated and give a true and fair view of the company's financial position at 31 December 2015 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 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 individual financial statements include comparative information in respect of the previous year.

These criteria are unchanged with respect to those applied to prepare the 2014 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.

For completeness of disclosure purposes, the company referred to Consob communication no. 0007780/16 of 28 January 2016 "*Communication about key issues in financial reports at 31 December 2015*" designed to draw the attention of users of financial statements to the aspects in the ESMA's public statement of 27 October 2015 "*European common enforcement priorities for 2015 financial statements*" and "*Improving the quality of disclosures in the financial statements*" about the disclosures that listed companies must include in their 2015 financial reports and those of subsequent years.

Section A.3 - Events after the reporting date

In January 2016, M&C and the other main shareholders of Treofan began to implement their decision taken some while ago to sell Treofan Group. They have engaged an international advisor with a 15-month mandate and their aim is to sell the Group before the end of this year. M&C will return within the risk quantification diversification thresholds established by the Stock Market Regulation for investment companies listed on the MIV segment as a result of this sale.

In February 2016, M&C took part in a new drawdown request for the IDeA EESS fund paying in €76 thousand to cover the management fees. Its outstanding commitment is €4.9 million as per the March 2013 agreements, after this transaction.

Section A.4 - Other issues

The board of directors approved these individual financial statements on 23 March 2016. They will be published together with the separate financial statements and presented to the shareholders, called to meet on 27 April 2016 on first call and on 12 May 2016 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

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, i.e., 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 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 profit 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.

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.

Standards, amendments and interpretations applicable to annual periods beginning on or after 1 January 2015

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 2015.

PART B - NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

Section B.1 - Non-current assets

1.1 - Property, plant and equipment

(€'000)	31.12.2015	31.12.2014	Variation
Owned			
a) land			
b) buildings			
c) furniture			
d) electronic systems	3	6	(3)
e) other	1	1	-
Under finance lease			
Total	**4**	**7**	**(3)**

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 (*)	33.449	41,59	41,59	Raunheim (D)	315.386	419.292	100.837	(4.902)	No

(*) Figures taken from the consolidated reporting package at 31 December 2015 drawn up for inclusion in M&C's individual financial statements.

M&C has an investment of 41.59% in Treofan Holdings GmbH with a carrying amount of €33.4 million.

Given the materiality of this investment for M&C and its new 2017-2019 business plan, management tested the investment for impairment at 31 December 2015. It found that the carrying amounts of the investment (€33.4 million) and the prudently included shareholder loan (€14.6 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 2016 budget and the 2017-2019 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 12.1%, estimated considering a cost of debt (kd) of 5.0% and cost of equity (ke) of 15.4% 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 2.8%, 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 2016;
- a levered Beta factor (β), estimated to equal 1.12, based on the unlevered Beta defined by Damodaran for the packaging sector of 0.88, an effective average tax rate for the period from 2016 to 2019 of 30.0% and an average expected debt ratio (or gearing ratio) for the same period of 39.6%;
- an equity risk premium (Rm), estimated to be 7.5% obtained using the weighted average of the equity risk premium in Germany (6.0%), Italy (8.8%) and Mexico (7.8%), considering the gross operating profit by production country expected for 2016 [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 2016 budgeted gross operating profit. Specifically, the 2016 average enterprise value/gross operating profit ratio was 9.6x.

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 2015 involving companies in the BOPP film sector to Treofan's 2016 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 that the value in use and fair value, net of costs to sell, are higher than the carrying amounts of the equity investment, measured using the equity method, and the receivable for the shareholder loan of €48.1 million.

None of the investments have been pledged as guarantee or committed.

The revolving credit facility of €62 million granted by a bank syndicate to Treofan expiring on 31 December 2016 is secured with a first level guarantee on all Treofan Group's assets, excluding the new production line recently rolled out at Neunkirchen. Treofan management is finalising negotiations to extend the expiry date to 31 December 2017 with the bank syndicate.

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 Treofan Group, taken from its consolidated reporting package at 31 December 2015 prepared for M&C's individual financial statements pursuant to the IFRS endorsed by the EU.

TREOFAN Group

(€'000)	2015	2014
Revenue	419.292	431.895
Profit (loss) from continuing operatins	9.138	(5.104)
Loss net of financial income and expense	(1.573)	(13.241)
Loss for the year	(4.902)	(6.999)
Other comprehensive income (expense)	(758)	1.799
Comprehensive expense	**(5.660)**	**(5.200)**
Attributable to non-controlling interests	-	-
Attributable to owners of the investee	(5.660)	(5.200)
	al 31.12.2015	**al 31.12.2014**
Current assets	133.133	141.244
Non-current assets	182.253	165.271
Current liabilities	(138.846)	(135.803)
Non-current liabilities	(75.703)	(64.215)
Net assets	**100.837**	**106.497**
Attributable to non-controlling interests	-	-
Attributable to owners of the investee	100.837	106.497
Net assets attributable to M&C at the start of the year	44.303	46.466
Comprehensive expense attributable to M&C	(2.354)	(2.163)
Net assets attributable to M&C at the end of the year	41.949	44.303
Impairment of the equity investment at 30 June 2014 recognised in the individual interim financial statements	(8.500)	(8.500)
Carrying amount of the investment at the reporting date	**33.449**	**35.803**

1.3 – Other non-current assets

(€'000)	31.12.2015	31.12.2014	Variation
Guarantee deposits	1	1	-
Tax assets	1.043	1.413	(370)
Total	**1.044**	**1.414**	**(370)**

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

1.4 – Loans and receivables

(€'000)	31.12.2015	31.12.2014	Variation
Loan to Treofan	14.623	12.441	2.182
Loan to Botto Fila S.p.A.	1.164	1.164	-
Allowance for impairment	(1.164)	(1.164)	-
Total	**14.623**	**12.441**	**2.182**

The loan to Treofan of €35 million includes €16.5 million granted by M&C in two instalments, one in 2013 (€9.9 million) and one in 2014 (€6.6 million).

The shareholder loan's key characteristics are:

- expiry in the third month after reimbursement of the revolving credit facility granted by the bank syndicate due to expire at the end of 2016 (currently being negotiated to 31 December 2017);
- 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 (Treofan Germany GmbH & Co. KG), 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%).

The balance of the loan of €14.6 million 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 (interest rate of 14.25%).
Up until 30 September 2015, the directors had confirmed the carrying amount of the Treofan investment at 31 December 2014 and the related receivable for the shareholder loan, given the absence of internal or exernal indications of impairment. They realigned the carrying amount to the investment's total amount by impairing the interest receivable recognised until 30 September 2015.
Following the Treofan advisory board's approval of the 2016 budget and the new 2017-2019 three-year business plan, the directors deemed it appropriate to test the impairment again for impairment at 30 December 2015 and reversed the entire impairment loss as a result.

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 €13.8 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.

Deferred tax assets of €67 thousand, calculated as the fair value of available-for-sale financial assets, were offset against deferred tax liabilities of the same nature for disclosure purposes.

Section B.2 - Current assets

2.1 - Loans and receivables

(€'000)	31.12.2015	31.12.2014	Variation
Other related parties	38	72	(34)
Third parties	791	791	-
Allowance for impairment	(173)	(173)	-
Total	**656**	**690**	**(34)**

Loans and receivables with related parties include €3 thousand from Romed S.p.A. for lease services and €35 thousand from Treofan, for M&C's involvement in the restructuring steering committee and the recharging of costs incurred on the investee's behalf.

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 served the debtor with a claim form and subsequently filed the relevant documentation as per the judge's request. In March 2016, the judge set the date of the final hearing as 28 November 2017 and issued a payment order of €450 thousand for the requests for early rulings presented by M&C as per article 186-bis and ter of the Code of Criminal Procedure. The final ruling should be handed down by Spring 2018.

The allowance for impairment did not undergo any change during the year and mainly refers to an overdue receivable, for which the ongoing negotiations to recover it have not yet had positive results.

2.2 - Current tax assets

(€'000)	31.12.2015	31.12.2014	Variation
Unified tax return credit	589	466	123
Total	**589**	**466**	**123**

The company did not use the credit in the unified tax return (IRES) for offsetting purposes in 2015.

The tax asset for IRES and IRAP payments on account made in 2015 of €51 thousand was offset against the estimated IRES and IRAP liability for 2015.

The tax asset for IRES and IRAP payments on account of €16 thousand recognised in 2014 was reclassified for comparative purposes.

2.3 – Other current assets

(in Euros)	31.12.2015	31.12.2014	Variation
Withholdings on interest	35	137	(102)
VAT	701	701	0
Tax assets	736	838	(102)
Other loans and receivables	4	3	1
Prepayments	14	64	(50)
Total	**754**	**905**	**(151)**

The company used the VAT credit of €488 thousand for offsetting purposes during the year against the withholdings due, social security contributions, the 2015 balance and 2016 payment on account of IRES and IRAP. The VAT credit increased due to the new credit of €117 thousand and the reclassification of €371 thousand from non-current assets to meet the requirement of the amount that can be offset in 2016.

2.4 - Current financial assets

(€'000)	31.12.2015	31.12.2014	Variation
Available-for-sale financial assets			
Debt instruments			
issued by governments and central banks			
issued by banks			
issued by other issuers	1.294	1.283	11
	1.294	**1.283**	**11**
OEIC units			
issued by other issuers	11.539	6.408	5.131
	11.539	**6.408**	**5.131**
Equity instruments			
issued by listed companies	3.731	506	3.225
issued by unlisted companies			
	3.731	**506**	**3.225**
Total	**16.564**	**8.197**	**8.367**

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 €4.3 million; (iii) units of the IDeA EESS fund of €7.2 million; and (iv) shares of listed companies of €3.7 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	**1.283**	**506**	**6.409**	**8.198**
B. Increases				
B1. Purchases		17.232	6.858	24.090
B2. Fair value gains	30	746	1.415	2.191
B3. Reversals of impairment losses				
B4. Transfers from other portfolios				
B5. Other increases	95			95
C. Decreases				
C1. Sales		13.609	1.002	14.611
C2. Repayments			1.592	1.592
C3. Fair value losses	18	1.145	550	1.713
C4. Impairment losses				
C5. Transfers to other portfolios				
C6. Other decreases	95			95
D. Closing balance	**1.295**	**3.730**	**11.538**	**16.563**

Debt instruments

They include high yield listed bonds, selected prudently to improve the portfolio's profitability. The portfolio did not undergo change during the year.

Equity instruments

The opening balance of this caption included listed shares of €506 thousand and Comital profit participation rights, which were fully impaired in the 2014 financial statements. In early 2015, given the additional decrease in interest rates on bank current accounts, the directors decided to invest part of the company's available liquidity in listed shares, characterised by little volatility and substantially stable dividend distributions. Accordingly, they invested roughly €15.3 million in listed major companies. Subsequently, in September, the stock markets' performances and uncertainties about the future due to:

- the crisis of the automotive sector after the Volkswagen gate;
- the commodities market crisis;

led management to sell almost all the shares in portfolio in order to compensate in part the losses accumulated on the FCA shares by the gains on other securities, which had, moreover, steadily falling prices.
The sale of shares in September and October gave rise to a loss of €394 thousand, which decreased to €79 thousand after the gains on the sales made in the first quarter of 2015.

OEIC units

The opening balance of the OEIC units included the units of the IDeA EESS fund (€4.4 million) and the Kairos Equity Yield fund (€2.0 million).

IDeA EESS fund

The changes in this fund's units during the year are due to the drawdowns of €3.9 million and the collection of €1.6 million as the reimbursement of principal following the sale of the first instalment of the investment in Meta System. In addition, alignment of the fund units with its NAV at year end led to another increase of €0.9 million due to the gains recognised by the fund and a decrease of €0.3 million for the management fees paid to the fund manager during the year. The fees are recognised in profit or loss while the gains were recognised in the equity fair value reserve.

M&C's outstanding commitment is €5.0 million as per the agreements of March 2013.

As the fund is unlisted, reference cannot be made to market values but the reports prepared every six months by the fund manager, as per the Bank of Italy instructions, are used. These instructions require that the equity investment be measured at the lower of cost and estimated realisable value, without therefore recognising any fair value gains (estimated realisable value). The company deems that the fund's NAV is a reliable approximation of its fair value.

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

Kairos Equity Yield fund

In early 2015, M&C increased its investment in this fund by €3 million to €5 million to then reduce it to €1 million in July, generating a gain of roughly €76 thousand. The fund, listed on the Luxembourg stock exchange, mainly invests in listed shares of regulated companies.

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 (i.e., as prices) or indirectly (i.e., 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:

	31.12.2015			31.12.2014		
(€'000)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments						
- structured instruments						
- other instruments	1.295			1.283		
2. Equity instruments and OEIC units	8.053	7.217		2.553	4.361	
3. Loans						
Total	**9.348**	**7.217**		**3.836**	**4.361**	

Financial assets at level 1-fair value include high yield bonds, listed shares 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 2015.

2.5 – Cash and cash equivalents

(€'000)	31.12.2015	31.12.2014	Variation
Bank and postal accounts	7.717	16.536	(8.819)
Cash and cash equivalents	2	2	-
Total	**7.719**	**16.538**	**(8.819)**

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)	**31.12.2015**	**31.12.2014**
A. Cash and available bank current accounts	7.719	16.538
B. Other cash and cash equivalents		
C. Available-for-sale financial assets	9.347	3.836
D. **Total cash and cash equivalents (A)+(B)+(C)**	**17.066**	**20.374**
E. **Current financial assets**	**-**	**-**
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)**	**17.066**	**20.374**
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 (J)+(N)**	**17.066**	**20.374**

The reduction in the company's net financial position is mainly due to payment of €2.3 million to the manager of the IDeA EESS fund as drawndowns, net of repayments, the €0.1 million decrease in the fair value of securities in portfolio and the use of cash from operating activities for €0.9 million.

Like the Treofan shareholder loan, the fund units are not liquid enough to be considered in the company's 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)	31.12.2015	31.12.2014	Variation
Ordinary shares	80.000	80.000	-
Total	**80.000**	**80.000**	**-**

At 31 December 2015, 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)	31.12.2015	31.12.2014	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)	31.12.2015	31.12.2014	Variation
Reserves			
a) legal			
b) statutory			
c) treasury shares	50.032	50.032	-
d) losses carried forward	(21.958)	(9.033)	(12.925)
e) share capital decrease	20.790	20.790	-
f) stock options	3.012	3.012	-
g) share capital increase costs	(7.208)	(7.208)	-
Total	**44.669**	**57.594**	**(12.925)**

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 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 2014;

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 exercise period of the vested options expires with approval of the financial statements at 31 December 2015 and any unexercised option amounts will be reclassified to "losses carried forward";

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 share capital increase and the stock exchange listing in June 2006.

3.4 - Valuation reserves

These reserves of €1,344 thousand (31 December 2014: €1,095 thousand) may be analysed as follows:

	31.12.2015		31.12.2014		
(in Euros)	Fair value gains	Fair value losses	Fair value gains	Fair value losses	Variation
1. Debt instruments	20		15		5
2. Equity instruments		(174)	77		(251)
3. OEIC units	850		47		803
4. Actuarial gains (losses) on defined benefit plans		(12)		(14)	2
5. Equity-accounted investments	660		970		(310)
Total	**1.530**	**(186)**	**1.109**	**(14)**	**249**

Section B.4 - Non-current liabilities

4.1 - Employee benefits

(€'000)	31.12.2015	31.12.2014
A. Opening balance	**56**	**57**
B. Increases		
B1. Accruals	25	59
B2. Other increases		
C. Decreases		
C1. Payments	2	11
C2. Other decreases	22	49
D. Closing balance	**57**	**56**

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:

	31.12.2015	31.12.2014
Annual discount rate	2,30%	1,86%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% from 2019 2.00% from 2020	0.60% for 2015 1.20% for 2016 1.50% for 2017 2.0% from 2019
Annual increase in post-employment benefits rate	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% from 2019 3.00% from 2020	1.950% for 2015 2.400% for 2016 2.625% for 2017 3.000% from 2019
Annual salary increase rate	3,00%	3,00%

At the reporting date, the caption includes actuarial losses of €12.1 thousand compared to €14.5 thousand at 31 December 2014. 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.

4.2 - Deferred tax liabilities

The deferred tax liabilities relate to the fair value measurement of available-for-sale financial assets. They amounted to €264 thousand after offsetting against deferred tax assets related to financial assets of the same nature.

Deferred tax liabilities of €105 thousand arose on the measurement of the investment in Treofan using the equity method.

Section B.5 - Current liabilities

5.1 - Trade payables

(€'000)	31.12.2015	31.12.2014	Variation
Trade payables - third parties	99	168	(69)
Trade payables - related parties	26	47	(21)
Total	**125**	**215**	**(90)**

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

5.2 - Other current liabilities

(€'000)	31.12.2015	31.12.2014	Variation
Related parties			
Employees	81	219	(138)
Directors			
Statutory auditors			
Other	6	6	-
Tax authorities			
Current tax liabilities	64	36	28
Withholdings	72	82	(10)
Social security institutions	49	101	(52)
Accrued expenses	3	2	1
Total	**275**	**446**	**(171)**

Payables to employees relate to the variable part of their remuneration recognised at the reporting date and paid in February 2016 as well as accrued untaken holidays.

Current tax liabilities include the IRES and IRAP liabilities of €115 thousand, net of the payments on account of €51 thousand made during the year.

For comparative purposes, the company restated the balances at 31 December 2014, offsetting the tax asset for payments on account against the IRES and IRAP liability like in 2015.

PART C - NOTES TO THE INCOME STATEMENT

Section C.1 - Revenue

1.1 - Revenue from goods and services

(€'000)	2015	2014	Variation
Services	23	160	(137)
Total	**23**	**160**	**(137)**

1.2 - Other revenue

(€'000)	2015	2014	Variation
Recharges of costs incurred	15	40	(25)
Other revenue and income	118	153	(35)
Total	**133**	**193**	**(60)**

Section C.2 - Operating expenses

2.1 - Personnel expense

(€'000)	2015	2014	Variation
1. Employees			
a) wages and salaries and similar expense	276	464	(188)
b) social security charges	43	139	(96)
c) termination benefits			
d) pension costs			
e) accrual for post-employment benefits	19	35	(16)
f) accrual for pension and similar provisions			
g) payments to third-party complementary pension funds			
h) other expenses	58	163	(105)
2. Other operating personnel			
3. Directors' and statutory auditors' fees	606	541	65
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	**1.002**	**1.342**	**(340)**

The company's workforce is as follows:

Position	31.12.2015	2015 average	31.12.2014	2014 average
Managers	1	1.1	2	2.0
White collars	1	1.0	1	1.3
Total	**2**	**2.1**	**3**	**3.3**

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 €351 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 €73 thousand;
- insurance premiums (D&O) of €132 thousand paid for the directors and statutory auditors.

The options on 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)	2015	2014	Variation
1. Consultancy and professional services for investments		14	(14)
2. Other professional services for administrative, corporate, legal, tax, etc. services	193	225	(32)
3. Audit fees and costs	67	98	(31)
4. General costs	263	310	(47)
5. Travel expenses	27	54	(27)
6. Use of third party assets	106	107	(1)
7. Utilities	19	25	(6)
Total	**675**	**833**	**(158)**

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

Section C.3 - Financial income and expense

3.1 - Financial income

(€'000)	Debt instruments	Loans	Other	2015	2014	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets	92			92	61	31
4. Held-to-maturity investments						
5. Loans and receivables						
5.1 Loans and receivables with banks			61	61	602	(541)
5.2 Loans and receivables with financial institutions						
5.3 Other loans		1.274	3	1.277	555	722
6. Other assets					240	(240)
7. Hedging derivatives						
Total	**92**	**1.274**	**64**	**1.430**	**1.458**	**(28)**

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

3.2 - Financial expense

Immaterial amount of bank fees.

3.3 - Gains on investments and securities

(€'000)	Debt instruments	Equity instruments	OEIC units	2015	2014	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets		1.157	76	1.233	21	1.212
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets						
7. Hedging derivatives						
Total	**-**	**1.157**	**76**	**1.233**	**21**	**1.212**

Gains on equity instruments

These gains include dividends of €334 thousand received on temporary investments in listed shares and gains of €823 thousand on the sale of listed shares during the year.

Gains on OEIC units

They entirely relate to the gains on the sale of Kairos fund units for roughly €1 million.

3.4 - Losses on investments and securities

(€'000)	Debt instruments	Equity instruments	OEIC units	2015	2014	Variation
1. Financial assets held for trading						
2. Financial assets at fair value						
3. Available-for-sale financial assets		903	336	1.239	1.546	(307)
4. Held-to-maturity investments						
5. Loans and receivables						
6. Other assets		1.090		1.090	11.017	(9.927)
7. Hedging derivatives						
Total	**-**	**1.993**	**336**	**2.329**	**12.563**	**(10.234)**

Losses on equity instruments

These losses arose on the sale of listed shares during the year.

Gains (losses) on OEIC units

They refer to the recurring management fees paid to the IDeA EESS fund manager for 2015.

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 €68 thousand and IRES of €47 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)	2015	2014	Variation
Loss for the year	**(1.307)**	**(12.925)**	**11.618**
Average number of outstanding shares (total issued less treasury shares)	407.405.244	407.405.244	-
Basic loss per share	**(0,0032)**	**(0,0317)**	**0,0285**
Dilutive adjustment to loss for the year	-	-	-
Loss for the year adjusted for dilution	**(1.307)**	**(12.925)**	**11.618**
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	**(0,0032)**	**(0,0317)**	**0,0285**

The company did not assign a diluting effect to the stock options 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 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 is not exposed in foreign currency.

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.
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 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.

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:

Name	Position held	Options					Held at year end		
		Assigned in previous years (number)	Assigned during the year (number)	Average exercise price	Expiry date	Exercised during the year	Number	Average exercise price	Expiry date
Former directors	-	25.992.000	-	€ 0,38	2016	-	25.992.000	€ 0,38	2016
Former general manager	-	1.180.000	-	€ 0,38	2016	-	1.180.000	€ 0,38	2016
		27.172.000	**-**			**-**	**27.172.000**		

The options held at 31 December 2015 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 ended 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

Related party transactions

Related parties and related party transactions:

- Planyx S.A. (former 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 March 2015 for a quarterly amount of SFR8.8 thousand. At 31 December 2015, accrued fees amounted to roughly €27 thousand. M&C's consultancy agreement with Starfin S.A., signed in 2014, ended on 28 February 2015 giving rise to revenue of €23.3 thousand for M&C plus expense reimbursements of €3.0 thousand. On 30 September 2015, M&C's agreement with Starfin SA for the services that Giovanni Canetta provided it, as member of Treofan's advisory board, ended. This agreement provided for payment of an annual fee of €75 thousand, equal to a fee of €58 thousand for the year, including the reimbursement of expenses. Mr. Marco Viberti has been appointed member of Treofan's advisory board, replacing Mr. Canetta.
- Embed Capital S.r.l., in which the managing director Emanuele Bosio has an investment, which receives fees for the position of managing director, 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 €13 thousand were incurred and were recharged to it and the fees of €100 thousand accrued during the year for involvement in Treofan's steering committee. M&C also gave Treofan Germany GmbH & Co. KB a shareholder loan and the related receivable at 31 December 2015 was €14.6 million.

- Romed S.p.A., indirectly controlled by the honorary chairman, Mr. De Benedetti, which has made the use of office space available and provides the related general services since 1 March 2015 for a fee of €750 per month. At year end, fees of €7 thousand had accrued.

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

Brief description of related party transactions:

	31.12.2015			2015			
(€'000)	Non-current financial assets	Loans and receivables	Trade payables	Personnel expense	Other operating expenses	Revenue and other income	Interest income
Planyx SA (former Starfin SA)			11		85	26	
Embed Capital S.r.l.			15	215			
Treofan Holdings GmbH	14.623	35				71	1.274
Romed S.p.A.		3				7	
Total	**14.623**	**38**	**26**	**215**	**85**	**104**	**1.274**
% of financial statements caption	**100,0%**	**5,8%**	**20,8%**	**21,5%**	**12,6%**	**66,7%**	**89,1%**

Shareholder agreement

There are no shareholder agreements.

Section D.4 - Other information

4.1 Changes in the corporate governance system and company bodies

No changes took place in 2015.

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-duodieces 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 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.

	Provider	(€'000)
Audit		
Annual separate and individual financial statements and interim financial report	Deloitte	62
Other attestation services		
Check of compliance of the unified tax return, the 770 form and the 2015 VAT return for the offsetting of tax credits	KPMG	4
Total		**66**

(1) includes fees for the signing of the 770 form

The engagement for the legally-required audit assigned to KPMG S.p.A. expired with approval of the separate financial statements at 31 December 2014. On 29 April 2015, the shareholders engaged Deloitte & Touche S.p.A. as the company's independent auditors. KPMG S.p.A. continued to provide non-audit attestation services as they related to 2014.

The fees shown in the table for 2015 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 2015 to prepare the individual financial statements.

No issues arose.

Moreover, they state that the 2015 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 2015 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.

23 March 2016

The Chair

Franco Girard

(signed on the original)

Manager in charge of financial reporting

Marco Viberti

(signed on the original)

Deloitte.

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DEGLI ARTT. 14 E 16 DEL D. LGS. 27 GENNAIO 2010, N. 39

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

Relazione sul bilancio individuale

Abbiamo svolto la revisione contabile del bilancio individuale di M&C S.p.A., costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2015, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note esplicative.

Responsabilità degli Amministratori per il bilancio individuale

Gli Amministratori sono responsabili per la redazione del bilancio individuale che fornisca una rappresentazione veritiera e corretta 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.

Responsabilità della società di revisione

E' nostra la responsabilità di esprimere un giudizio sul bilancio individuale sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11, comma 3, del D.Lgs. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio individuale non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio individuale. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio individuale dovuti a frodi o a comportamenti o eventi non intenzionali. Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio individuale dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli Amministratori, nonché la valutazione della presentazione del bilancio individuale nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Giudizio

A nostro giudizio, il bilancio individuale fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria di M&C S.p.A. al 31 dicembre 2015, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data 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.

Altri aspetti

Il bilancio individuale di M&C S.p.A. per l'esercizio chiuso il 31 dicembre 2014 è stato sottoposto a revisione contabile da parte di un altro revisore che, il 3 aprile 2015, ha espresso un giudizio senza modifica su tale bilancio.

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla coerenza della relazione sulla gestione e di alcune informazioni contenute nella relazione sul governo societario e gli assetti proprietari con il bilancio individuale

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione e delle informazioni della relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. 58/98, la cui responsabilità compete agli Amministratori di M&C S.p.A., con il bilancio individuale di M&C S.p.A. al 31 dicembre 2015. A nostro giudizio la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio individuale di M&C S.p.A. al 31 dicembre 2015.

DELOITTE & TOUCHE S.p.A.

Marco Miccoli
Socio

Milano, 4 aprile 2016