

INTERIM REPORT ON OPERATIONS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016













GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

MANAGEMENT BOARD

Appointed by the Supervisory Board
of 07.10.2016

CHAIRMAN
Marco Canale

VICE CHAIRMAN
Giuliano Di Bernardo

CEO
Aldo Chiarini

MANAGEMENT BOARD
Marco Bulgarelli
Rossella Fornasari
Carlo Frau
Folco Goggioli
Paolo Leonardelli
Marco Monis
Franco Carlo Papa
Pier Paolo Quaranta
Matteo Tamburini
Pietro Testoni

SUPERVISORY BOARD

Appointed by the Shareholders' Meeting
of 30.04.2014

CHAIRMAN
Fabio Carpanelli

VICE CHAIRMAN
Antonio Rizzi

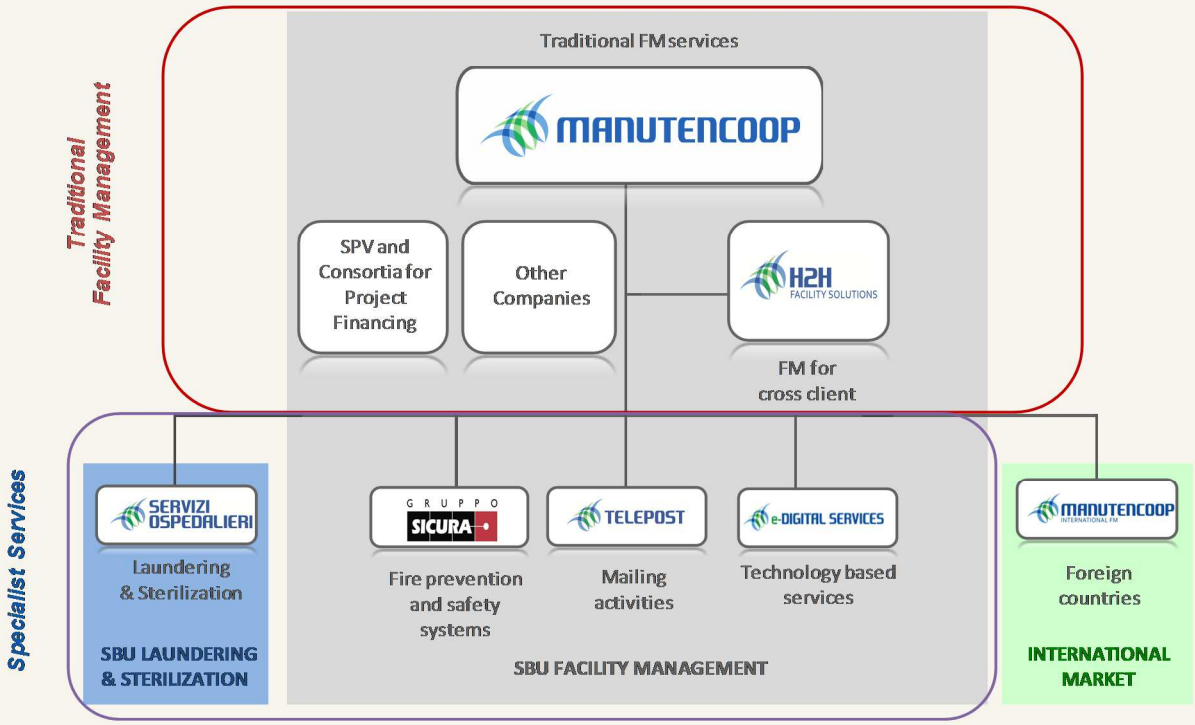
SUPERVISORY BOARD DIRECTORS
Stefano Caselli
Roberto Chiusoli
Guido Maria Giuseppe Corbetta
Massimo Scarafuggi
Pierluigi Stefanini
Giovanni Toniolo
Stefano Zamagni

INDEPENDENT AUDITORS

Ernst & Young S.p.A.

PREAMBLE

At 30 September 2016 the Group controlled by Manutencoop Facility Management S.p.A. ("MFM Group" and "MFM S.p.A.", respectively) was made up as follows:



The Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support so-called "Integrated Facility Management" health care activities.

In particular, the MFM Group provides a wide and coordinated range of integrated services throughout Italy, aimed at rationalising and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

It is structured around a single operating holding company which combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. At the same time, in the previous financial years a diversification strategy was pursued which, through a series of acquisitions, has placed some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services): these services involve fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities.

During 2015 the Group outlined its strategic objective of growth in international markets, devoting specialised personnel to exploring new areas of action in and outside Europe, which were concentrated into the sub-holding Manutencoop International FM FM S.r.l..

Again during 2015, e-Digital Services S.r.l. was also established, which was also wholly owned by MFM S.p.A., with the objective of embarking on a path to growth in "business to business" (B2B) and "business to consumer" (B2C) services markets.
Finally, by a deed of merger dated 16 December 2015, the subsidiaries MACO S.p.A. and SMAIL S.p.A. were merged by incorporation, with accounting, statutory and tax effect from 1 January 2016.

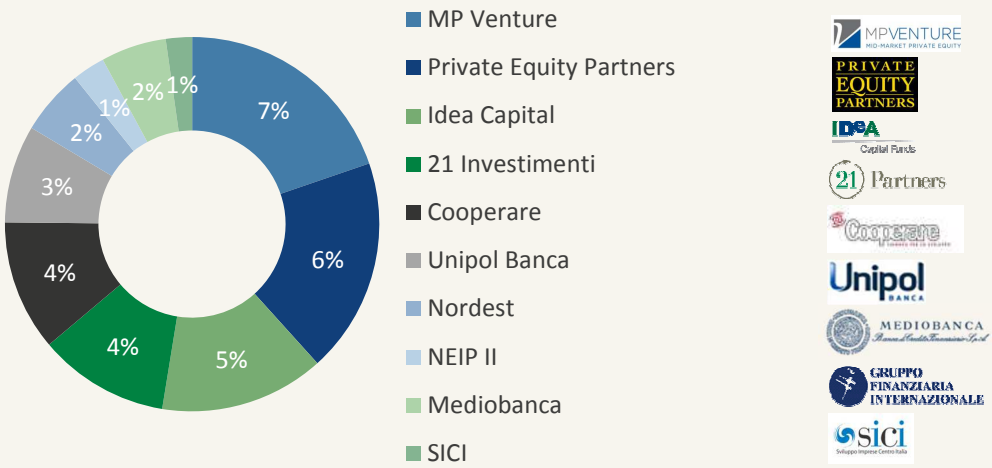
Shareholding structure

Ordinary shares issued by the MFM Group and fully paid up at 30 September 2016 amounted to 109,149,600, with a par value of Euro 1 each. There are no other share classes.
The Parent Company does not hold own shares.

At 31 December 2015 Manutencoop Società Cooperativa held a controlling interest of 71.889% in MFM S.p.A. and the remaining stake was held by a pool of Private Equity Investors. On 1 July 2013 Manutencoop Società Cooperativa also acquired an additional stake of 7.028% with retention of title ("*riserva di proprietà*"), pursuant to and for the purposes of article 1523 of the Italian Civil Code, for which the financial and administrative rights attached pertain to the buyer.

On 19 July 2016 the majority shareholder Manutencoop Società Cooperativa and the Investors signed a new investment agreement and new shareholders' agreements. The new agreements will supersede those that were entered into in 2013 and provide for Manutencoop Società Cooperativa to transfer an additional stake of 12.13% to the minority Shareholders: as a result, it will hold an overall stake of 66.793% in MFM S.p.A.. The new agreements do not provide for additional put options in favour of the Investors in consideration of a number of actions to be taken over subsequent periods of time, aimed at ensuring their exit from the ownership structure of MFM S.p.A. through the sale or listing of the latter's shares, while providing for a compensation obligation on Manutencoop Società Cooperativa in the case of a final sentence relating to the "Consip Scuole" tender proceedings before the Competition Authority. The new agreements also lay down new governance rules that have led to the appointment of a new Chairman and a new Chief Executive Officer, as well as a new composition of the Management Board. Finally, there is a provision for postponing the date of Manutencoop Società Cooperativa's payment obligations set at 1 July 2016 under the Vendor Note in relation to the quotas acquired in 2013 subject to a conditional sale, the extension being set at the earlier of the date of exit of the Investors and 30 June 2019, without prejudice to the Investors' right to further extend the latter time limit.
The effectiveness of the agreements reached by the Shareholders was confirmed by the extraordinary Shareholders' Meeting held on 7 October 2016, which approved the related amendments to the articles of association.

As at the date of approval of the Interim Report on Operations, the minority shareholders held the following stakes in the share capital of MFM S.p.A.:

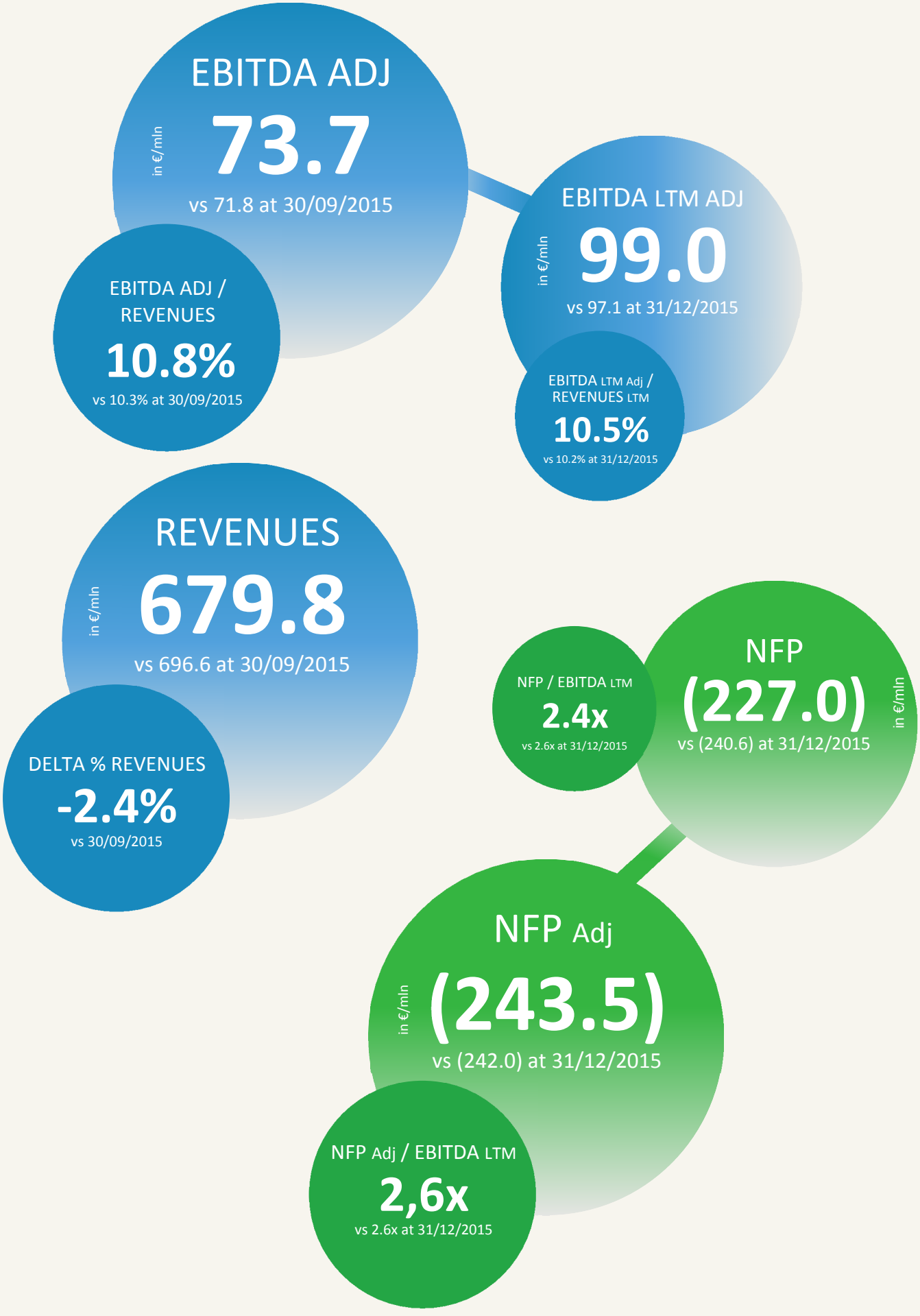

7%
6%
5%
4%
4%
3%
2%
1%
2%
1%
MP Venture
Private Equity Partners
Idea Capital
21 Investimenti
Cooperare
Unipol Banca
Nordest
NEIP II
Mediobanca
SICI

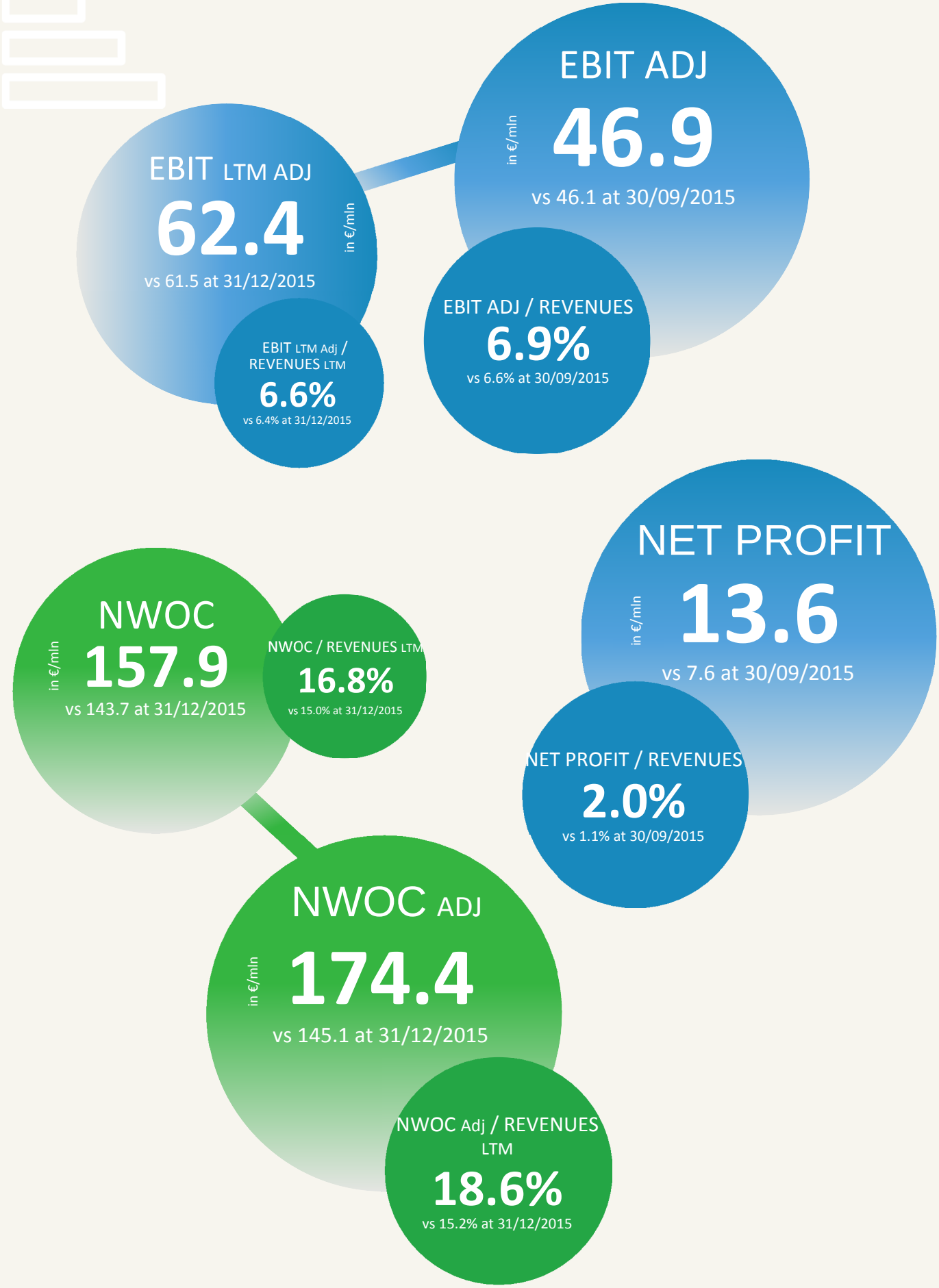
NON-GAAP FINANCIAL MEASURES

The MFM Group's management monitors and assesses the Group's business performance, results of operations and cash flows by using a number of financial ratios that are not defined under the international accounting standards IAS/IFRS ("Non-GAAP measures") and that are specified below. The Group's management considers that these financial measures, which are not explicitly expressed in the accounting standards adopted to prepare the Consolidated Financial Statements, provide information which helps to understand and assess its overall financial performance and cash flows. These indicators are widely used in the sector in which the Group operates but might not be directly comparable with those utilised by other companies nor are they intended to replace the economic and financial performance ratios prepared in the application of the international accounting standards IAS/IFRS.

	Definition
Backlog	The Backlog is the amount of contract fees that have not yet accrued and are connected with the residual term of the orders that the Group holds in its portfolio.
Financial capex	Financial capex is the net expenditure on the acquisition of equity investments, on business combinations and on grants of long-term loans.
Industrial Capex+	Industrial CAPEX are defined as the purchase of (i) Property, plant and equipment, (ii) Property, plant and equipment under lease and (iii) other intangible assets.
NWC	Consolidated Net Working Capital (NWC) is defined as the consolidated NWOC which is added the amount of other operating assets and liabilities (other current assets, other current liabilities, current tax receivables and payables, current provisions for risks and charges.
NWOC	Consolidated Net Working Operating Capital (NWOC) is composed of the balance of "Trade receivables and advances to suppliers" and "Inventories", net of "Trade payables and advances from customers".
DPO	DPO (Days payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the amounts already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reference period.
DSO	DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reference period.
EBIT	EBIT represents the Profit (Loss) before taxes, gross of: i) Financial charges; ii) Financial income; iii) Dividends and income (loss) from sale of investments; iv) Income (charges) from investments accounted for under the equity method; v) Profit / (loss) on exchange rate. The Statement of Profit or Loss shows EBIT as

	Definition
	"Operating Income".
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and charges and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions in the period".
Gross Interest Bearing Financial Indebtedness (GIBFI)	Gross Interest Bearing Financial Indebtedness (GIBFI) is defined as the sum of: i) Current account overdrafts, advances and hot money; ii) Current portion of non-current bank debt; iii) Non-current bank debt; iv) Senior Secured Notes; v) Finance lease debt.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net interest bearing financial indebtedness (NIBFI)	Net interest bearing financial indebtedness is defined as Gross Interest Bearing Financial Indebtedness net of Cash and cash equivalents.
NFP	Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of current financial assets and Cash and Cash equivalents.
NFP or NWOC Adjusted	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes (now abandoned), and not yet collected by the factoring companies.


EBITDA ADJ
in €/mln
73.7
vs 71.8 at 30/09/2015
EBITDA ADJ / REVENUES
10.8%
vs 10.3% at 30/09/2015
EBITDA LTM ADJ
in €/mln
99.0
vs 97.1 at 31/12/2015
EBITDA LTM Adj / REVENUES LTM
10.5%
vs 10.2% at 31/12/2015
REVENUES
in €/mln
679.8
vs 696.6 at 30/09/2015
DELTA % REVENUES
-2.4%
vs 30/09/2015
NFP
in €/mln
(227.0)
vs (240.6) at 31/12/2015
NFP / EBITDA LTM
2.4x
vs 2.6x at 31/12/2015
NFP Adj
in €/mln
(243.5)
vs (242.0) at 31/12/2015
NFP Adj / EBITDA LTM
2,6x
vs 2.6x at 31/12/2015


EBIT ADJ
in €/mln
46.9
vs 46.1 at 30/09/2015
EBIT LTM ADJ
62.4
in €/mln
vs 61.5 at 31/12/2015
EBIT LTM Adj / REVENUES LTM
6.6%
vs 6.4% at 31/12/2015
EBIT ADJ / REVENUES
6.9%
vs 6.6% at 30/09/2015
NET PROFIT
in €/mln
13.6
vs 7.6 at 30/09/2015
NET PROFIT / REVENUES
2.0%
vs 1.1% at 30/09/2015
NWOC
in €/mln
157.9
vs 143.7 at 31/12/2015
NWOC / REVENUES LTM
16.8%
vs 15.0% at 31/12/2015
NWOC ADJ
in €/mln
174.4
vs 145.1 at 31/12/2015
NWOC Adj / REVENUES LTM
18.6%
vs 15.2% at 31/12/2015

MAIN EVENTS IN THE FIRST NINE MONTHS OF 2016

Antitrust Authority's order for sanctions on the Consip Tender of 2012

On 20 January 2016 the Competition Authority (the "Authority") considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine of Euro 48.5 million against the parent company MFM S.p.A., the amount of which was fully allocated to a specific provision for future risks and charges set aside in the Consolidated Financial Statements at 31 December 2015. Within the same context the Authority also levied a fine against the associate Roma Multiservizi S.p.A. (45.47% owned by MFM S.p.A.), which also set aside a provision for risks equal to the said fine that affected the Group's result for the financial year ended 31 December 2015 in an amount of Euro 1.5 million, as the related equity investment is consolidated according to the equity method.

On 21 March 2016, MFM S.p.A., which rejects the arguments on which the charge was based, lodged an appeal against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale*, TAR), while submitting at the same time an interim application to stay the payment of the fine. At a subsequent hearing held on 20 April, MFM S.p.A. declined to discuss the application for suspension and asked the Court to combine the same with the merits: consequently, the Court set the hearing on the merits at 6 July 2016, while on 14 October 2016 it ruled by partially granting the appeal filed by MFM S.p.A. and referring the papers to the Authority for a new calculation of the fine, taking account that the violations being contested are not to be considered serious such as to justify the considerable fine previously levied. The judgment provides for the Authority to start preliminary investigations for a new calculation of the new fine on the basis of the instructions received from the Administrative Court, which have ordered to reduce both the related taxable base (thus limiting it to the contracted tender amount) and the percentage to be applied to the abovementioned amount, which would pass from 15% to 5%. In any case, while claiming its full non-involvement in the violations being contested, MFM S.p.A. will challenge the trial judgment before the Council of State within the time limits prescribed by law. On the basis of the precise instructions laid down in the judgment issued by the Regional Administrative Court, the new estimated possible future charge can be set at an amount not exceeding Euro 15 million. The directors will make their considerations as to the adjustment to the provision at the time of the preparation of the Financial Statements at 31 December 2016, also in light of such possible appeal as the parties may possibly file against the trial judgment within the time limits prescribed by law.

As a result of the Competition Authority fine ruling on 20 January 2016, on 4 February 2016 CONSIP S.p.A. initiated a procedure to terminate the Agreements entered into with the Parent Company MFM S.p.A. regarding cleaning and other services provided in order to keep school buildings and Public Administration training establishments clean and in working order (under the "Consip Scuole" agreement), also informing

the company that it would consider the possibility of excluding it from future tenders for "work of the same type" (pursuant to article 38, paragraph 1, letter f) of Legislative Decree 163/06).
In a subsequent notice of 26 February 2016, the Authority accepted MFM S.p.A.'s request to stay the procedure pending the outcome of the company's appeal before the Lazio Regional Administrative Court. Following the latter's ruling, on 21 October Consip notified that the proceedings in question had been resumed. Subsequently MFM S.p.A. submitted a brief, asking the authority to terminate the procedure without any consequence and, alternatively, to stay the same until the date when the Authority's order becomes final, given the already expressed intention to file an appeal on the merits.

Contract relationships with Telecom Italia

On 4 May 2016 Telecom Italia served a formal notice on MFM S.p.A. concerning its intention to not exercise the right of withdrawal from the contract in place (concerning hygiene services and other facility management services), as it had announced on 19 February 2016 in making use of a contractually agreed right in the event of any Company directors being committed for trial. Therefore, the contracts will remain effective until the date of their initial expiry.

Arbitration award concerning a dispute on a charge-back of VAT

During the 2013 financial year, within the scope of an audit carried out in relation to previous tax years, the Tax Authority raised objections against MFM S.p.A. concerning the misapplication of some rules governing VAT reduced rates and issued two PVCs (*Processi Verbali di Constatazione*, Reports on findings), ordering the payment of a higher VAT for Euro 4.0 million. Subsequently MFM S.p.A. filed formal notices of acceptance of the PVCs, which were followed by a voluntary tax correction (*ravvedimento operoso*) concerning the tax years after the audit, with an additional tax payment of Euro 1.6 million. The overall amount of the tax paid (Euro 5.6 million) was finally charged to the customer on the basis of the right of recourse laid down under article 18, paragraph 1, of Presidential Decree no. 633/1972 and was entered under *Other operating assets* pending the payment. The subsequent dispute was settled by means of an arbitration award dated August 2016, in the application of the arbitration clause laid down in the contracts, which fully acknowledged the payment of the amounts required by way of recourse for VAT (Euro 5.6 million) to MFM S.p.A., even in consideration of the payment of an amount of Euro 1.7 million to the customer by way of compensation, which was entered under *Other operating costs* as at 30 September 2016.

Renewal of the Management Board

On 29 February 2016 Claudio Levorato resigned from his office as Chairman and CEO of the Management Board of MFM S.p.A.. This decision was taken because the Group wished to make a tangible change in Manutencoop Group 's management and prevent the current legal proceedings before the Court of Brindisi in which he is involved from adversely affecting its activities, even if no final and non-appealable judgments have been handed down.

The Vice Chairman and other two members also resigned from their positions on the same date. Finally, on 1 March, other four members also resigned from their positions with the resulting of the reset of the entire Management Board. Pursuant to the Company Bylaws, the Company's Supervisory Board then called the Shareholders' Meeting on 6 April 2016 in order to appoint the members of the new Management Board and with the Shareholders' Meeting held on 29 April 2016, which defined its composition. The same board then held a meeting in order to change the previous structure of delegated powers and authority, appointing from its members three top managers of the Company in order to grant them the delegated operational powers and authority relating to the respective company functions under their responsibility and to appoint Guido Dealessi as the Chairman of the board.

The new Investment Agreement that the Majority shareholder Manutencoop Società Cooperativa and the Private Equity Investors entered into on 19 July 2016, together with new Shareholders' Agreements, provides for the renewal and change of the structure of corporate bodies (with a Management Board that increases the number of its members from 11 to 13), as well as the appointment of a new Chairman and CEO, based on shared time-phased steps. This process was completed on 7 October with the appointment of the new Management Board, which appointed Marco Canale as the Chairman of the board itself and Aldo Chiarini as the CEO. The new Chairman was granted the powers prescribed by law, the Bylaws and the Shareholders' Agreements, while the new CEO was granted the main delegated powers and authority relating to the operational management of the Company. The new CEO also took the interim role of Chief Financial Officer.

On the same date, again on the basis of the agreements signed in July, the Shareholders also completed the transfer of the existing shares of MFM S.p.A. from Manutencoop Società Cooperativa to the Investors, which then formally increased their stake from 21.083% to 33.207% of the Company's share capital.

1. SUMMARY OF RESULTS OF THE THIRD QUARTER OF 2016

	For the Quarter ended 30 September			For the 9 months ended 30 September		
	2016	2015	Change	2016	2015	Change
Revenues	208,237	215,971	-3.6%	679,784	696,602	-2.4%
Adjusted EBITDA	21,306	21,897	-2.7%	73,733	71,842	+2.6%
Adjusted EBITDA % of Revenues	*10.2%*	*1.1%*		*10.8%*	*10.3%*	
Adjusted EBIT	11,561	12,967	-10.8%	46,907	46,058	+1.8%
Adjusted EBIT % of Revenues	*5.6%*	*6.0%*		*6.9%*	*6.6%*	
Consolidated Net Profit	664	1,981		13,615	7,629	

In the third quarter of 2016 the Group recorded ***Revenues*** of Euro 208.2 million, with a decrease of Euro 7.8 million compared to the values posted during the third quarter of 2015 (Euro 216.0 million). Despite a trend of reduction in revenues that has been emerging on an ongoing basis for the last two financial years, the third quarter showed decreased sales consistently with the first quarter of the 2016 financial year, while revenues during the second quarter were in line with those recorded in the same quarter of the previous financial year. This fall was linked in particular to the completion of the performance of some major contracts as early as in the last months of the 2015 financial year (specifically relating to the upgrading of systems at hospital facilities), together with a postponement of the start of new operations, which were expected to commence as early as in the first months of the 2016 financial year. Furthermore, the Consip Sanità agreement was also fully performed during 2015, while a number of new agreements are still being awarded in relation to the healthcare market. Finally, additional spending review measures were applied by healthcare units, which affected both the Facility Management SBU volumes and those of the Laundering&Sterilization SBU.

The **Backlog** as at 30 September 2016 came to Euro 2,722 million, substantially in line with the value posted at the end of the previous quarter (Euro 2,783 million) and compared to the value posted as at 31 December 2015 (Euro 2,847 million). The consumption of the Backlog during the financial year must be considered to be normal and consistent with the events that occurred during the previous financial years and the Backlog/Revenues ratio as at 30 September 2016 (2.9x) remained unchanged compared to the previous quarter, as well as compared to 30 September 2015.

The **Adjusted EBITDA** for the quarter recorded a slight reduction (Euro 0.6 million, -2.7%) compared to the third quarter of the previous financial year (Euro 21.3 million versus Euro 21.9 million), even in consideration, as it has been seen, a more considerable reduction in Revenues. In terms of margins (**Adjusted EBITDA/Revenues**), the third quarter of 2016 showed a substantial consistency over the same period of the previous year (10.2% against 10.1%). In this regard, it should be noted that, during the

quarters of the 2016 financial year, the **Adjusted LTM EBITDA** (Euro 99.0 million at 30 September 2016, equal to 10.5% of related LTM Revenues) stably came to an amount exceeding the Adjusted EBITDA recorded at the end of the 2015 financial year (Euro 97.1 million, equal to 10.2% of related Revenues), thus strengthening the effects of the production cost efficiency improvement measures and of the rationalisation of overhead costs that had been started as early as during the last two financial years.

The quarter ended 30 September 2016 recorded **Adjusted EBIT** of Euro 11.6 million (5.6% of related revenues), down compared to Euro 13.0 million (6.0% of related revenues) in the same period of the previous financial year (- Euro 1.4 million). In absolute terms, the trend was affected by a reduction in EBITDA as already shown above (- Euro 0.6 million), which was followed by higher write-downs of receivables (+ Euro 0.5 million), caused by a higher risk assessed on some specific positions of the parent company MFM S.p.A., and higher accruals to provisions for future risks and charges for Euro 0.3 million.

Finally, the **Net profit** in the quarter was equal to Euro 0.7 million, million, against a negative net profit of Euro 2.0 million in the quarter ended 30 September 2015, mainly owing to higher net financial costs for Euro 0.4 million, lower income taxes for the period for Euro 1.7 million (calculated in relation to a lower Profit before tax), which as in any case offset by a Profit (loss) from discontinued operations that had been negative for Euro 1.2 million during the third quarter of 2015 and relating to the transferred business of subsidiary SMAIL S.p.A..

	30 September 2016	30 June 2016	Change
Adjusted Net Working Operating Capital (NWOC)	174,394	165,119	9,275
Adjusted Net Financial Position (NFP)	(243,483)	(216,748)	(26,735)

From an equity and financial point of view, the data relating to the Adjusted Net Working Operating Capital (**NWOC**) recorded an increase at 30 September 2016, equal to Euro 9.3 million compared to the value posted during the previous quarter. At 30 September 2016 DSO was 176 days, thus showing an improvement compared to the end of 2015 (185 days at 31 December 2015), while also confirming an improvement trend compared to 30 June 2016 (180 days) and to the same period in the previous year (193 days at 30 September 2015). DPO, on the other hand, was 205 days, showing a reduction compared to both the end of 2015 (when it was equal to 234 days) compared to both 30 June 2016 (218 days) and 30 September 2015 (215 days). The trend described in terms of receipts from customers and payments to suppliers then showed a more evident transfer of cash flows to the benefit of suppliers during the quarter, which saw a more significant reduction in the balance compared to that recorded in the balance of trade receivables, in line with the period trends that have been emerging traditionally.

Given the described trend in the NWOC, the Adjusted Net Financial Position (**NFP**) showed an increase of Euro 26.7 million during the quarter. From the cash flow generated by the operating activities during the quarter (+Euro 10.6 million) must be deducted the cash flows used in net industrial (Euro 5.5 million) and

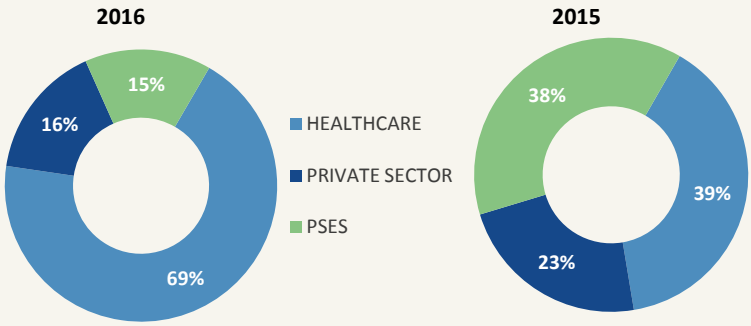
financial (Euro 0.4 million) investments, in addition to payments of Euro 2.0 million connected with the use of provisions for risks and charges and severance provision. Finally, negative cash flows were recorded in relation to other assets and liabilities for Euro 18.2 million, mainly relating to the trend in payables to employees, given the payment of an additional monthly pay (summer bonus) during the quarter in question.

2. BUSINESS DEVELOPMENT

In the first 9 months of 2016 the Group brought orders for an overall multi-year amount of Euro 405 million, of which more than 55% was acquired in a new potential market.
As in the past, these data regards only long-term contracts obtained in the context of services for "traditional" facility management, for linen rental and industrial laundering services as well as for the sterilization of surgical instruments, as well as of "B2B" technology services following the recent start-up of e-Digital Services S.r.l.. On the contrary, the figure does not include the commercial portfolios of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year and, therefore, a future minor visibility. However, these companies have a not particularly significant impact on consolidated production volumes (of less than 4% in the first 9 months of 2016).

New contracts in the Healthcare sector still affected the total in a significant manner (an overall percentage of 69%, equal to Euro 281 million), against orders gained for the Public and Private sectors equal to Euro 59 million and Euro 65 million, respectively.

CONTRACTS ACQUIRED BY MARKET AT 30 SEPTEMBER

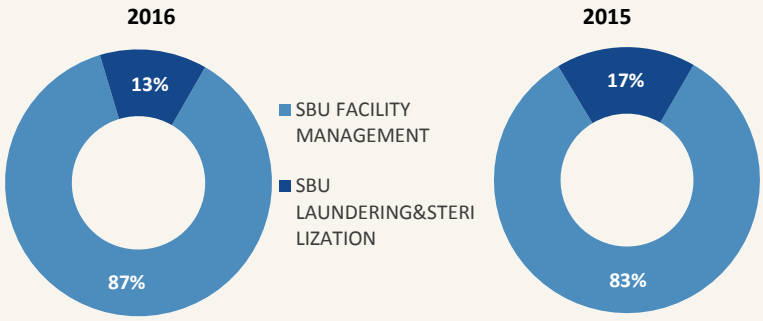


In the Healthcare sector, a significant event occurred as early as in the first quarter, which resulted in MFM S.p.A. becoming the supplier of hygiene and cleaning services of the project company Ospedal Grando S.r.l.,

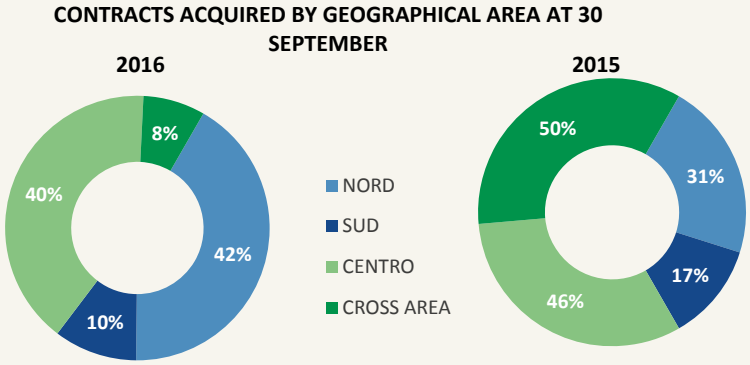
which holds the project finance concession for the "Cittadella Sanitaria" (Health District) project at the Treviso Hospital, for a contract term of 16 years. Furthermore, there was the 5-year renewal of the contract for maintenance services at the Gemelli Hospital of the Catholic University of Sacred Heart in Rome.
As regards the Private sector there was the renewal of the contract for hygiene services within the national network of hypermarkets of S.S.C. S.r.l. Carrefour and the contracts for the maintenance of the technology systems at the properties of the Telecom Italia Group, to be used as CED data processing/Data centers.
Finally, note the award, in the Public sector, of the 3-year global service concerning the maintenance of the road network of the City of Bologna. Furthermore, the Intercenter 4 agreement concerning hygiene services at public offices in Emilia Romagna was renewed for an additional period of three years.

Regarding the orders gained in the period in terms of Strategic Business Unit (SBU), the Facility Management segment obtained contracts of Euro 351 million and the Laundering&Sterilization of Euro 54 million.
In the latter segment, note the renewal of the contract for linen rental and industrial laundering services at the Bologna ASL Local Health Unit and at the Hospitals of Legnano and Gallarate. In the Facility Management sector, note the contracts gained for energy services at the ASL 4 Local Health Unit of Turin and heat maintenance and management services at the ASP Provincial Health Unit of Palermo, as well as the renewal of hygiene services for the ASL Local Health Unit of Bologna. All the contracts described above fall within the scope of the contracts gained in the Healthcare market.

CONTRACTS ACQUIRED BY SBU AT 30 SEPTEMBER



Furthermore, a geographical distribution of the commercial portfolio of new acquisitions in the period is provided below:



Finally, as at the date of preparation of the Interim Report on Operations at 30 September 2016 the Group had already gained 5-year contracts for cleaning services at the Bianchi Melacrino Morelli Hospital in Reggio Calabria.

3. THE GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND OF THE FINANCIAL POSITION FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

3.1 Consolidated performance of operations in the first 9 months of 2016

Below are reported the main income figures relating to the period ended 30 September 2016, compared to the figures of the corresponding period of 2015:

(in thousands of Euro)	For the 9 months ended 30 September		For the 3 months ended 30 September	
	2016	2015	2016	2015
Total revenues	679,784	696,602	208,237	215,971
Total costs of production	(610,141)	(626,642)	(189,976)	(194,738)
EBITDA	**69,643**	**69,960**	**18,261**	**21,233**
EBITDA %	**10.2%**	**10.0%**	**8.8%**	**9.8%**
Amortization, depreciation, write-downs and write-backs of assets	(24,607)	(23,194)	(8,408)	(7,871)
Accrual of provisions for risks and charges	(2,219)	(2,590)	(1,337)	(1,059)
Operating Income (EBIT)	**42,817**	**44,176**	**8,516**	**12,303**
EBIT %	**6.3%**	**6.3%**	**4.1%**	**5.7%**
Share of net profit of equity-accounted companies	1,837	2,064	236	234
Net financial charges	(21,278)	(26,778)	(7,182)	(6,756)
Profit (loss) before taxes (EBT)	**23,376**	**19,462**	**1,570**	**5,781**
EBT %	**3.4%**	**2.8%**	**0.8%**	**2.7%**
Income taxes	(10,813)	(10,037)	(906)	(2,637)
Profit (loss) from continuing operations	**12,563**	**9,425**	**664**	**3,144**
Profit (loss) for the year from discontinued operations	**1,052**	**(1,796)**	**0**	**(1,163)**
NET CONSOLIDATED PROFIT	**13,615**	**7,629**	**664**	**1,981**
NET CONSOLIDATED PROFIT %	**2.0%**	**1.1%**	**0.3%**	**0.9%**
Minority interests	130	(4)	(5)	(28)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**13,745**	**7,625**	**659**	**1,953**
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**2.0%**	**1.1%**	**0.3%**	**0.9%**

REVENUES

In the first 9 months of 2016 the Group achieved Revenues of Euro 679.8 million, down by Euro 16.8 million (-2.4%) compared to the same period in the previous year. The gradual trend of reduction in sales volumes, which had already emerged in recent years, was once again evident during the third quarter of the current year following a change in the portfolio mix. Specifically, the comparison of quarters showed a substantial reduction in volumes, linked in particular to the completion of some important maintenance contracts during 2015, which was followed by a postponement of the start of new operations relating to some major acquisitions, which was expected as early as in the first half of 2016.

The breakdown of the consolidated revenues in the first 9 months of 2016 is provided below, compared to the same period of the previous year, as broken down by relevant market.

With effect from the date of the financial statements at 31 December 2015, the Group changed its definition of "market" for the purposes of its interim reports in order to present a fairer view of its results, and in particular of the results relating to the "Healthcare" market. In fact revenues from contracts in which the clients are public or private healthcare establishments are reclassified in a single "Healthcare" item, which takes the place of the previous classification, according to which contracts with private healthcare establishments were included in the "Private" market and those with public healthcare establishments in the "Public Healthcare" market". The revenues for the first nine months of 2015 reported below as comparative data adopt the new classification.

REVENUES BY MARKET

(in thousands of Euro)	For the 9 months ended at 30 September				For the 3 months ended 30 September	
	2016	% of total Revenues	2015	% of total Revenues	2016	2015
PSEs	179,868	26.5%	171,131	25.1%	48,962	51,943
Healthcare	327,312	48.1%	339,443	48.7%	104,564	103,838
Private sector	172,605	25.4%	182,029	26.1%	54,711	60,191
TOTAL REVENUES	**679,784**		**696,602**		**208,237**	**215,972**

The breakdown of turnover by market shows that there was once again an increase in the revenues from PSEs over the total during the first 9 months of 2016 (+ Euro 4.7 million, equal to 26.5% of consolidated Revenues against 25.1% in the same period of the previous year). The effect was attributable to some new major orders acquired, including, among the most significant ones, those concerning the operation and maintenance of the municipal assets and the road network of the City of Bologna, against a turnover in the portfolio of Public entities managed through the Consip agreement which did not report any significant change.

2016 saw the confirmation of a decline in sales volumes from the Healthcare segment, which had already been reported during the previous quarters, equal to Euro 12.1 million at 30 September compared to the same period in the previous year. However, in terms of contribution compared to consolidated Revenues, the weight of the Healthcare market did not report any considerable reduction (48.1% against 48.7% during the first 9 months in 2015) and the volumes posted during the third quarter of 2016 (Euro 104.6 million) were slightly higher compared to the same quarter of 2015 (Euro 103.8 million). The stability of the market in question can be appreciated above all when considering that 2015 saw the termination of the Consip Sanità agreement, which has not been replaced for the time being by the acquisition of other agreements that are still being awarded and the completion of energy improvement works in relation to

two important hospitals, for total volumes that were slightly lower than Euro 10 million. Finally, 2016 saw the recognition of zero values for revenues from the building construction activities that MACO S.p.A. carried out under a project finance contract at a hospital facility (- Euro 1.9 million).

Finally, revenues from the Private market were affected, in absolute terms, by a decline compared to the first 9 months of 2015, equal to Euro 9.4 million, and also showed a reduction in terms of impact on total Revenues, which passed from 26.1% at 30 September 2015 to 25.4% at 30 September 2016. The trend has now been strengthened and linked to the limited business development and the gradual renewal of the contracts in the portfolio against lower fees and amounts on average.

Analysis of revenues by Segment

A comparison of Group Revenues by segment of business is provided below.

The business segments were identified on the basis of IFRS 8 and correspond to the following business areas: "Facility Management" and "Laundering & Sterilization". Furthermore, complementary activities (so-called "*Other*" activities) were identified until 31 December 2015, which related to building management operations that were fully disposed of starting from the 2016 financial year.

REVENUES BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2016	% of total Revenues	2015	% of total Revenues	2016	2015
Facility Management	580,783	85.4%	594,017	85.3%	175,696	183,003
Laundering & Sterilization	101,196	14.9%	103,728	14.9%	33,290	34,321
Other		N.A.	1,915	0.3%		(2)
Intra-group elimination	(2,194)	-0.3%	(3,058)	-0.4%	(749)	(1,351)
CONSOLIDATED REVENUES	**679,784**		**696,602**		**208,237**	**215,972**

The breakdown of turnover by operating segments confirms that the weight remained substantially unchanged in relation to the sectors, equal to 85.4% for *Facility Management* during the first 9 months of 2016 (85.3% in the same period of 2015) and to 14.4% for *Laundering&Sterilization* (unchanged compared to the previous year), in addition to the final zero amount of Revenues from the *Other* SBU.

At 30 September 2016, Revenues in the Facility Management sector amounted to Euro 580.8 million, marking a decrease of Euro 13.2 million (-2.2%) compared to the same period of 2015, mainly due to the abovementioned completion of operations relating to the Consip Sanità agreement during 2015 (this agreement has not yet been replaced by additional agreements being awarded) and, albeit marginally compared to the past years, by a further spending review on the part of some Public Healthcare entities.

The Laundering&Sterilization sector achieved Revenues of Euro 101.2 million in the period ended 30 September 2016 against Euro 103.7 million in the period ended 30 September 2015. The decline in the segment revenues was mainly attributable to a further application of the spending review to the Public healthcare market as referred to above. This applies in particular to the revenues from linen rental and industrial laundering services, to which must be added the termination of surgical instrument sterilisation at some important customers, which was only partially offset by the start of operations for new supplies (for a negative differential equal to about Euro 1.0 million). However, the trend of reduction compared to the previous year was partially offset by the recognition of higher settlements in both services for an overall differential amount equal to Euro 1.6 million in the first 9 months of the year.

EBITDA

At 30 September 2016, the Group's EBITDA came to Euro 69.6 million against Euro 70.0 million in the period ended 30 September 2015, remaining substantially in line in absolute terms (-0.5%) and showing a slight increase in relative profit margins from 10.0% to 10.2%. However, while considering that EBITDA expensed total non-recurring costs of Euro 4.1 million during the first 9 months of 2016 against non-recurring costs of Euro 1.9 million during the same period of 2015, the improvement of profit margins was evident and offset by a decreasing trend in revenues as described above. Furthermore, note that, to this end, the Group is incurring start-up costs linked to new projects (B2C and international expansion), which fully affect the 2016 financial year against reduced initial volumes of operations. The effects of these projects reflected lower EBITDA of Euro 3.0 million during the first 9 months of 2016.

The overall improvement in profit margins is the most evident effect of the operating (production and overhead) cost efficiency improvement measures which the Group put in hand at the end of 2014 financial year and which entered in full operation during 2015. Between the end of 2015 and the beginning of 2016 additional corrective actions were taken, which in any case produced their effects in full as early as in the first months of the year.

Below is provided a comparison of EBITDA by business segment for the period ended 30 September 2016 compared to the period ended 30 September 2015:

EBITDA BY SEGMENT

((in thousands of Euro)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2016	% of segment Revenues	2015	% of segment Revenues	2016	2015
Facility Management	41,323	7.1%	44,637	7.5%	8,012	11,806
Laundering&Sterilization	28,320	28.0%	25,577	24.7%	10,249	9,474

((in thousands of Euro)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2016	% of segment Revenues	2015	% of segment Revenues	2016	2015
Other			(253)	-13.2%		(47)
CONSOLIDATED EBITDA	**69,643**	**10.2%**	**69,960**	**10.0%**	**18,261**	**21,233**

The profit margin of the Facility Management sector showed a negative **change** as a percentage of Revenues (7.1% on 30 September 2016 against 7.5% on 30 September 2015), in any case against segment Revenues that reported a more considerable decline (-2.2% compared to the same period in the previous year). The vast majority of the effects of the actions for improvement of efficiency and for cutting fixed costs (both indirect costs and overheads) in order to support the company's margins were felt just as regards the Facility Management SBU and more than offset, during 2016, the effect of volumes and the costs of start-ups, which are currently included in the Facility management SBU.

In the period ended 30 September 2016, EBITDA in the Laundering&Sterilization sector came to Euro 28.3 million, showing an increase of about Euro 2.7 million in absolute terms compared to the same period of 2015, with a +3.3% in terms of profit margins (passing from 24.7% to 28.0% of related Revenues). Also as regards the *Laundering&Sterilization* SBU, the positive result mainly arose from the effect of the actions taken to improve cost efficiency (albeit subsequently compared to the Facility Management SBU). The performance for the period was also affected by the abovementioned positive differential balance of settlements of Revenues (+ Euro 1.6 million).

Costs of production

At 30 September 2016, , *Cost of production*, which amounted to Euro 610.1 million, showed a decrease of Euro 16.5 million in absolute terms compared to Euro 626.6 million (-2.6%) posted at 30 September 2015.

(in thousands of Euro)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2016	% of total	2015	% of total	2016	2015
Costs of raw materials and consumables	84,370	13.8%	97,460	15.6%	20,177	24,512
Change in inventories of finished and semi-finished products	(5)	0%	0	N.A.	15	0
Costs for services and use of third-party assets	238,000	39.0%	241,761	38.6%	78,906	79,825
Personnel costs	280,209	45.9%	280,613	44.8%	87,253	87,563
Other operating costs	7,567	1.2%	6,808	1.1%	3,625	2,839
TOTAL COSTS OF PRODUCTION	**610,141**	**100%**	**626,642**	**100%**	**189,976**	**194,739**

Costs of raw materials and consumables for the first 9 months of 2016 came to Euro 84.4 million, showing a decrease of Euro 13.1 million (-13.4%) compared to the value posted in the same period of 2015, with their incidence on consolidated Revenues showing a reduction from 15.6% to 13.8%. This reduction was due to a decrease in both fuel consumption (- Euro 9.5 million) and consumption of raw materials (- Euro 3.6 million), mainly due to a different mix of services rendered compared to the previous year, with slightly lower volumes of energy heat management services. Furthermore, note the abovementioned completion of specific activities for the renovation of hospital facilities (including within the scope of project finance contracts) during 2015, which entailed the payment of a more considerable amount of costs for raw materials used in processing operations.

Costs for services and use of third-party assets, in the half-year ended 30 September 2016, showed a reduction of Euro 3.8 million (-1.6%) compared to the period ended 30 September 2015, with a substantially unchanged impact on Revenues (39.0% against 38.6%) and a trend consistent with the same. The lower costs for services was accompanied by substantially unchanged *Personnel costs* in absolute terms (- Euro 0.4 million), while their impact on consolidated Revenues recorded an increase, passing from 44.8% to 45.9%. The average number of employees in service during the first 9 months of 2016 was equal to 16,447, while it was 16,290 in the same period in the previous year (15,133 against 14,814 manual workers). However, the increase in the average number of human resources employed, due to a different composition of the mix of services rendered and of the consequent make-or-buy decisions, was accompanied by a reduction in the average cost per capita, as a result of the efficiency improvement actions that have been already described above in detail.

Finally, at 30 September 2016 *Other operating costs* came to Euro 7.6 million compared with Euro 6.8 million in the same period of the previous year. The item also recorded, during the third quarter of 2016, a non-recurring cost arising from the issue of an arbitration award concerning a dispute pending with a customer, from which MFM S.p.A. had claimed, in exercising a right of recourse as prescribed by law pursuant to article 18, paragraph 1, of Presidential Decree 633/1972, an amount of Euro 5.6 million on account of VAT, following a PVC issued by the Revenue Agency in 2013 when it had found that said VAT had not yet been invoiced correctly. The arbitration award has acknowledged the payment of the amounts claimed on account of VAT to MFM S.p.A., albeit in consideration of the payment of an amount of Euro 1.7 million to the customer on account of compensation for damage. Finally, this item reported sundry operating costs of Euro 2.3 million ("*Oneri di sistema*") arising from recent regulatory changes that have affected some energy service contracts (Euro 2.4 million at 30 September 2015.

Operating Income (EBIT)

In the first 9 months of 2016, consolidated Operating Income (**EBIT**) stood at Euro 42.8 million (6.3% of Revenues) against Euro 44.2 million (6.3% of Revenues)) during the same period of 2015.

EBIT was mainly affected by the abovementioned consolidated performance in terms of EBITDA (- Euro 0.3 million),), from which must be deducted *amortization and depreciation* of Euro 20.4 million (Euro 21.1 million at 30 September 2015), *accruals of provisions for risks and charges* of Euro 3.3 million (Euro 3.6 million at 30 September 2015) against *reversals* of Euro 1.1 million (Euro 1.0 million at 30 September 2015). The Group also recorded *write-downs of receivables and reversals* of Euro 4.0 million against Euro 2.0 million at 30 September 2015.

Below is reported a comparison of Operating Income (EBIT) by segment in the year ended at 30 September 2016, with the amounts recorded in the same period of 2015:

EBIT BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the 3 months ended 30 September	
	2016	% of segment Revenues	2015	% of segment Revenues	2016	2015
Facility Management	28,805	5.0%	34,525	5.8%	3,023	7,887
Laundering&Sterilization	14,012	13.8%	9,907	9.6%	5,492	4,464
Other		N.A.	(256)	-13.3%		(48)
CONSOLIDATED EBIT	**42,817**	**6.3%**	**44,176**	**6.3%**	**8,516**	**12,303**

EBIT in the *Facility Management* segment sector came to Euro 28.8 million (5.0% of related segment Revenues) at 30 September 2016, against EBIT of Euro 34.5 million (5.8% of related segment Revenues) at 30 September 2015. The comparison reflects the performance in terms of EBITDA (-Euro 3.3 million) against higher amortisation and depreciation for Euro 1.0 million (specifically due to investments in hardware and software infrastructure). Furthermore, higher write-downs of trade receivables were recognised for Euro 1.6 million, which mainly included a risk assessment on some specific positions of MFM S.p.A., against lower net provisions for future risks and charges for Euro 0.3 million, also in relation to lower provisions concerning bonus schemes reserved for top and middle management, which were not applied during 2016.

The positive performance of EBITDA in the Laundering&Sterilization segment during the first 9 months of 2016 (+ Euro 2.7 million compared to the same period of 2015) fully impacted on the segment EBIT, which, compared to the same period in the previous year, showed an increase equal to Euro 4.1 million, in absolute terms, which, in turn, entailed a considerable increase in terms of profit margins (+4.3% of related Revenues). The segment recorded, in fact, lower amortisation and depreciation for Euro 1.6 million (mainly as a result of efficiency improvement measures adopted in the linen rental and industrial laundering

segment, and in particular in the linen management), albeit in consideration of higher write-downs of receivables for Euro 0.4 million (concerning specific positions not reported during 2015) and net provisions substantially in line with the previous year (+Euro 0.1 million).

Finally, during the first 9 months of 2015, there was a completely residual effect on EBIT from the contribution of the segment of *Other activities* (Euro 0.3 million)*;* within this segment, there were the residual construction activities of MACO S.p.A. only, which were completed during 2015.

Non-recurring events and transactions

In the course of the first 9 months of 2016 the Group recognised, in the Statement of Profit/Loss for the period, some "non-recurring" financial items which impacted on the normal dynamics in consolidated results. Pursuant to Consob Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring or those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, economic result and cash flows of Group companies.

In detail, the following non-recurring costs are recorded in the Consolidated Statement of Profit/Loss for the period:

(in thousands of Euro)	For the 9 months ended 30 September	
	2016	2015
Advice on assignment agreements of trade receivables without recourse	620	
Legal advice on pending administrative disputes	425	
Compensation for damage for arbitration award	1,680	
Company structure reorganisation costs	1,365	363
Tender offer consulting fees of June 2015		142
"*Oneri di Sistema*" relating to previous years (*)		1.377
TOTAL NON-RECURRING COSTS IMPACTING ON EBITDA AND EBIT	**4,090**	**1,882**

(*)The so-called "Oneri di Sistema" are costs that have affected some energy contracts, linked to recent regulatory changes that occurred in the field of electricity (which concerned, among others: Legislative Decree no. 79/1999, Industry Ministry's Decree 26/2000, Laws 83/2003 and 368/2003).

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the 9 months ended 30 September	
	2016	2015
EBITDA	**69,643**	**69,960**
Non-recurring costs impacting on EBITDA	4,090	1,882
Adjusted EBITDA	**73,733**	**71,842**
Adjusted EBITDA % of Revenues	**10.8%**	**10.3%**
EBIT	**42,817**	**44,176**
Non-recurring costs impacting on EBITDA and EBIT	4,090	1,882
Adjusted EBIT	**46.907**	**46,058**
Adjusted EBIT % of Revenues	**6.9%**	**6.6%**

Profit before taxes

To the consolidated EBIT must be added net income from companies valued at equity equal to Euro 1.8 million (Euro 2.1 million at 30 September 2015), which reflected, among others, the Group's share of the result achieved by the associate Roma Multiservizi S.p.A. for Euro 0.8 million (Euro 0.6 million at 30 September 2015).

Furthermore, there was the recognition of net financial charges of Euro 21.3 million (Euro 26.8 million in the first 9 months of 2015), thus obtaining a profit before taxes equal, at 30 September 2016,to Euro 23.4 million (Euro 19.5 million at al 30 September 2015).

Below is provided the breakdown by nature of net financial charges for the first 9 months of 2016 and for the same period of the previous year:

(in thousands of Euro)	For the 9 months ended 30 September		For the 3 months ended 30 September	
	2016	2015	2016	2015
Dividends, income (charges) from sale of equity investments	238	(772)	0	1
Financial income	1,286	816	197	479
Financial charges	(22,776)	(26,810)	(7,356)	(7,238)
Profit / (loss) on exchange rate	(26)	(12)	(23)	1
NET FINANCIAL CHARGES	**(21,278)**	**(26,778)**	**(7,182)**	**(6,757)**

During the first 9 months of 2016 dividends were collected from other non-consolidated companies for Euro 0.2 million (Euro 0.1 million at 30 September 2015). During the first 9 months of 2015 capital losses from the sale of equity investments were also accounted for, which were mainly related to a 20% quota of the capital of Progetto Nuovo S. Anna S.r.l., which is now owned for a remaining quota of 4%.

Financial income showed an increase for Euro 0.5 million compared to the same period in the previous financial year. This item includes, among others, higher default interest income for Euro 0.6 million (which arose at the time of the settlement of previous credit positions with some customers) in addition to higher interest income from loans granted to non-consolidated companies for Euro 0.2 million (mainly project finance companies), against lower proceeds from the discounting of long-term non-interest bearing financial loans for Euro 0.2 million.

The impact of *financial charges* on the consolidated results for the period is equal to Euro 22.8 million, with a decrease of Euro 4.0 million compared to the same period of 2015 (Euro 26.8 million).
First of all, the item recorded lower financial costs on the bond coupons for Euro 2.8 million. As at 30 September 2015 this item still included, in fact, the financial charges relating to the amounts of Senior Secured Notes repurchased through the Tender Offer in June 2015 only, in an overall nominal value of Euro 80 million, while the net financial charge for the first 9 months of 2016 was fully calculated in relation to a residual portion of the loan, equal to Euro 300 million. Furthermore, financial charges recorded during 2015 included one-off costs relating to the same Tender in an overall amount of Euro 3.0 million (of which Euro 1.9 million relating to the proportional amount of financial charges accounted for at amortised cost according to IAS 39 on the repurchased Notes).
On the contrary, higher financial charges from bank loans are being recognised for Euro 0.1 million during 2016, which during 2015 financial year related to the residual debt of the BPV loan that was repaid during the same financial year and only partially related to the CCFS loan that was obtained during the third quarter of 2015 only. Furthermore, financial charges from assignments of receivables with recourse are being recognised for Euro 0.2 million during 2016 (in relation to the contract in place with Unicredit Factoring), as are interest discount costs for Euro 0.6 million in relation to agreements for the assignment of receivables without recourse in place with Banca Farmafactoring.
Finally, the first 9 months of 2016 saw the recognition of additional interest discount charges for Euro 0.6 million in relation to an assignment of tax receivables without recourse linked to the application of Decree Law 201 of 6 December 2011, as amended and converted by Law 214 of 22 December 2011, which had allowed various Group companies to submit, during 2012, a request for IRES (Corporate Income) tax refund as a result of the non-deduction of IRAP (Local Production Activity) tax in an overall amount of Euro 12.4 million, of which Euro 10.0 million under the tax consolidation regime in place with the parent company Manutencoop Società Cooperativaa.

Consolidated net profit

From the profit before taxes must be deducted taxes for the period (Euro 23.4 million) of Euro 10.8 million thus obtaining a *net Profit* from continuing operations of Euro 12.6 million (Euro 9.4 million at 30 September 2015).

Furthermore, the first 9 months of 2016 recorded a positive *Profit (loss) from discontinued operations* equal to Euro 1.1 million, including the related tax effect (Euro 0.3 million). It related to the additional price (Earn-out) that MFM S.p.A. (the company incorporating SMAIL S.p.A. with effect from 1 January 2016) obtained on the transfer of the business unit which was carried out by the merged company in November 2015, as provided for in the transfer agreement (Euro 1.2 million, plus a tax effect of Euro 0.3 million). Furthermore, an income of Euro 0.2 million was recognised in relation to the partial release by MFM S.p.A. of the amounts escrowed by the buyer, in the performance of the contract provisions.

On the contrary, the first 9 months of 2015 recorded a *Loss from discontinued operations* equal to Euro 0.6 million, as the result for the period attributable to SMAIL S.p.A., which was the object of a plan for its transfer that was then completed during 2015.

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the 9 months ended 30 September	
	2016	2015
Profit before taxes	**23,376**	**19,462**
Current and deferred IRES tax	(7,352)	(6,524)
Current and deferred IRAP tax	(3,459)	(3,513)
Tax rate from continuing operations	**46.3%**	**51.6%**
Profit (loss) from discontinued operations	1,385	(2,360)
Taxes related to the profit (loss) from discontinued operations	(333)	565
Consolidated Net Profit	**13,615**	**7,629**
Total tax rate	**45.0%**	**55.4%**

Compared to the first 9 months of the previous year, the Profit before taxes showed an increase of Euro 3.9 million, against an increase of Euro 0.8 million in the overall tax burden. The tax rate came to 45.0% for the period ended 30 September 2016 against 55.4% of the same period of the previous year, due to the substantial invariance of some tax components (IRAP tax and non-deductible IRES tax charges), the impact of which is reduced when the Profit before taxes increases.

3.2 2 Analysis of the statement of financial position as at September 2016

(in thousands of Euro)	30 September 2016	31 December 2015	Change
USES			
Trade receivables and advances to suppliers	476,266	519,194	(42,928)
Inventories	4,919	4,763	156
Trade payables and advances from customers	(323,250)	(380,215)	56,965
Net Operating Working Capital	**157,935**	**143,742**	**14,193**
Other elements of working capital	(62,431)	(54,519)	(7,912)

(in thousands of Euro)	30 September 2016	31 December 2015	Change
Net working capital	**95,504**	**89,223**	**6,281**
Property, plant and equipment	58,823	64,372	(5,549)
Goodwill and other Intangible assets	395,397	396,461	(1,064)
Investments accounted for under the equity method	30,093	28,484	1,609
Other non-current assets	37,016	40,383	(3,367)
Fixed assets	**521,329**	**529,700**	**(8,371)**
Non-current liabilities	(87,486)	(88,357)	871
NET INVESTED CAPITAL	**529,347**	**530,566**	**(1,219)**
SOURCES			
Equity attributable to non-controlling interests	217	380	(163)
Equity attributable to equity holders of the parent	302,106	289,585	12,521
Shareholders' equity	**302,323**	**289,965**	**12,358**
Net financial indebtedness	227,024	240,601	(13,577)
FINANCING SOURCES	**529,347**	**530,566**	**(1,219)**

Net working capital

At 30 September 2016, Consolidated Net Working Capital (**NWC**) amounted to Euro 95.5 million, showing an increase of Euro 6.3 million compared to 31 December 2015 (Euro 89.2 million).

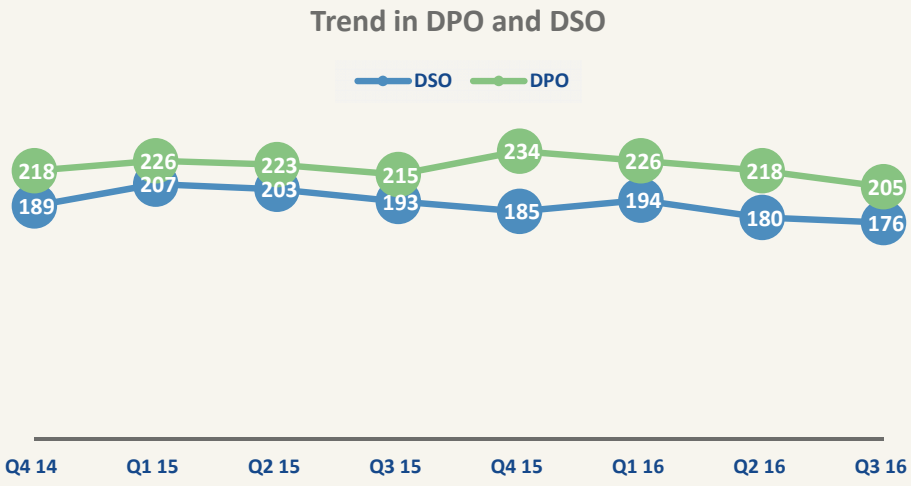
The consolidated net operating working capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and advances from customers, was equal to Euro 157.9 million at 30 September 2016 against Euro 143.7 million at 31 December 2015. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies (equal to Euro 16.5 million at 30 September 2016 and Euro 1.4 million at 31 December 2015) the **Adjusted NWOC** came to Euro 174.4 million and Euro 145.1 million, respectively.

First of all, the change (+ Euro 29.3 million) was due to a decreased stock of trade payables, which came to Euro 323.2 million at 30 September 2016, showing a decrease of Euro 57.0 million compared to the balance at 31 December 2015 (Euro 380.2 million). On the contrary, the balance of trade receivables decreased by Euro 27.9 million (considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies).

It should be pointed out that, as early as in 2014, the Group started to report a downward trend in invoiced costs (mainly costs for professional services, subcontracted services and industrial capex), which further entails a reduction in the average stock of trade payables. Likewise, as regards trade receivables, the decline in production volumes entailed a physiological reduction in the related average stock.

As at 30 September 2016 average DSO was 176 days against 185 days at 31 December 2015 and 193 days at 30 September 2015.

The end of the first 9 months of 2016 showed an additional downward trend in DPO (205 days at 30 September 2016 against 234 days at 31 December 2015 and 215 days at 30 September 2015).
In general, within the overall management of cash flows arising from the NWOC, the stabilised trend in receipts from customers (although showing a different trend during the quarters of the year) allowed a greater use of financial resources for payments to suppliers during 2016, thus bringing the DPO in line with more satisfactory levels with a lower use of leverage on the suppliers themselves. This was reported in particular in comparison with the value posted during the last period of 2015, when unscheduled receipts in the last days of the fourth quarter could not be used to meet payments to suppliers.



The balance of the other elements in working capital at 30 September 2016 was a net liability of Euro 62.4 million, up by Euro 7.9 million compared to a net liability of Euro 54.5 million at 31 December 2015:

(in thousands of Euro)	30 September 2016	31 December 2015	Change
Current tax receivables	7,372	23,430	(16,058)
Other current assets	37,739	31,138	6,601
Provisions for risks and charges, current	(10,626)	(14,515)	3,889
Current tax payables	(3,797)	0	(3,797)
Other current liabilities	(93,119)	(94,572)	1,453
OTHER ELEMENTS IN WORKING CAPITAL	**(62,431)**	**(54,519)**	**(7,912)**

The increase in net liability of the other working capital elements was due to a combination of factors, mainly including:

- the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the tax authorities, which accounted for an increase in net liabilities of Euro 4.1 million, given in particular the accrual of additional amounts of monthly pay (Christmas and summer bonuses) during the first 9 months of the year against the Christmas bonus that had already been paid in December at the end of the previous year;
- the decrease of Euro 3.9 million in the short-term portion of provisions for risks and charges;
- an increase in the net credit balance for VAT of the Group companies, equal to Euro 6.1 million, due to balances systematically generated following the introduction of new regulations governing "Split payments" and "Reverse charges" as early as in 2015.

Net current tax receivables were recognised for Euro 3.6 million at 30 September 2016 against Euro 23.4 million at 31 December 2015, showing an overall decrease of Euro 19.9 million, of which an amount of Euro 11.1 million was due to the recognition of net tax payables for the period. Furthermore, the 2016 financial year saw the implementation of an assignment of tax receivables without recourse, linked to the application of Decree Law 201 of 6 December 2011, as amended and converted by Law 214 of 22 December 2011, which had allowed various Group companies to submit, during 2012, a request for IRES tax refund as a result of the non-deduction of IRAP tax in an overall amount of Euro 12.4 million, of which Euro 10.0 million under the tax consolidation regime in place with the parent company Manutencoop Società Cooperativa.

Other non-current liabilities

"Other non-current liabilities" mainly include liabilities relating to:

- TFR (employee benefits), equal to Euro 18.3 million and Euro 18.4 million at 30 September 2016 and 31 December 2015, respectively;
- Long-term portion of Provisions for risks and charges (Euro 58.2 million at 30 September 2016 against Euro 58.7 million at 31 December 2015);
- Deferred tax liabilities of Euro 11.0 million (Euro 11.2 million at 31 December 2015).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 September 2016 are shown below, compared to the figures at 31 December 2015, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	30 September 2016	31 December 2015	Change
A. Cash	39	34	5
B. c/a, bank deposits and consortia, non-proprietary accounts	122,570	114,357	8,213
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)	**122,609**	**114,391**	**8,218**

(in thousands of Euro)	30 September 2016	31 December 2015	Change
E. Current financial assets	**7,398**	**5,257**	**2,141**
F. Current bank overdraft	19,466	34,064	(14,598)
G. Current portion of non-current debt	5,071	11,215	(6,144)
H. Other current financial liabilities	27,218	3,284	23,934
I. Current financial indebtedness (F)+(G)+(H)	**51,755**	**48,563**	**3,192**
J. Current net financial indebtedness (I) - (D) - (E)	**(78,252)**	**(71,085)**	**(7,167)**
K. Long-term bank debts and Senior Secured Notes	304,335	303,435	900
L. Other non-current financial liabilities	941	8,251	(7,310)
M. Derivatives			
N. Non-current financial indebtedness (K) + (L) + (M)	**305,276**	**311,686**	**(6,410)**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**227,024**	**240,601**	**(13,577)**

In the first 9 months of 2016 the consolidated net financial debt saw a decrease, passing from Euro 240.6 million at 31 December 2015 to Euro 227.0 million at 30 September 2016.

On 23 February 2016, within the scope of a review of its financial planning, with the aim of creating the conditions to be able to meet potential non-recurring cash outflow requirements, the Group signed, through MFM S.p.A. and Servizi Ospedalieri S.p.A., a maturity factoring agreement with Banca Farmafactoring S.p.A., concerning the assignment without recourse of receivables from entities in the National Health System, in an annual amount of up to Euro 100 million. The committed credit line has a term of three years. During the first 9 months of 2016, assignments of receivables without recourse were made in an amount of Euro 39.8 million, subject to derecognition according to IAS 39, while the amount of receivables assigned but not yet collected by the factor at 30 September 2016 amounted to Euro 15.1 million (to which must be added an amount of Euro 1.4 million relating to assignments without recourse that were made in previous financial years and that have been currently discontinued). The consolidated net "adjusted" financial debt for the amount of receivables assigned to factoring companies that had not been collected at the reporting date (equal to Euro 16.5 million at 30 September 2016 against Euro 1.4 million at 31 December 2015) come to Euro 243.5 million (Euro 242.0 at 31 December 2015).

At 30 September 2016 the balance of Cash and cash equivalents, net of short-term liabilities, amounted to Euro 84.5 million (Euro 77.8 million at 31 December 2015):

(in thousands of Euro)	30 September 2016	31 December 2015
Cash and cash equivalents	122,609	114,391
Current bank overdraft, advance payments and hot money	(19,466)	(34,064)
Payables for assignments of trade receivables with recourse	(18,648)	(2,543)
NET CASH AND CASH EQUIVALENTS	**84,495**	**77,784**

The following is the detail of the net financial exposure for bank credit lines and obligations for financial leases ("*Net interest bearing financial indebtedness*"), compared to 31 December 2015:

(in thousands of Euro)	30 September 2016	31 December 2015
Cash and cash equivalents	(122,609)	(114,391)
Current bank overdraft, advance payments and hot money	19,466	34,064
Current portion of non-current bank debts	4,548	10,651
Long-term bank debts	10,000	10,000
Senior Secured Notes	294,335	293,435
Financial lease obligations	1,049	1,484
NET INTEREST BEARING FINANCIAL INDEBTEDNESS	**206,789**	**235,243**

The Net interest bearing financial indebtedness reported a decrease compared to 31 December 2015 passing from Euro 235.2 million to Euro 206,789 million.

This change was mainly due to an increased balance of cash and cash equivalents, equal to Euro 8.2 million against a decrease of Euro 14.6 million in the balance of bank overdrafts, advance payments and hot money.

It should be noted that the current portion of non-current bank debt included net accrued expenses at 30 September 2016 and at 31 December 2015, relating to interest on the bond coupons to be paid in next February (Euro 4.3 million and Euro 10.6 million respectively).

The increase in consolidated Cash and cash equivalents is shown in the table below: the cash flows for the first 9 months of the 2016 financial year are compared with the figures for the same period last year. Annex IV to the Interim Report on Operations contains a reconciliation between the items in this table and those in the statutory Statement of Cash Flows schedule presented in the Condensed Explanatory Notes pursuant to IAS 7.

	2016	2015
At 1 January	**114,391**	**113,382**
Cash flow from current operations	48,447	41,470
Uses of provisions for risks and charges and for employee termination indemnity	(8,039)	(9,925)
Change in adjusted NWOC	(33,609)	15,404
Industrial capex, net of disposals	(13,837)	(16,396)
Financial capex , net of disposals	4,156	4,264
Change in adjusted net financial liabilities	9,701	(64,368)
Other changes	1,398	(28,584)
AT 30 SEPTEMBER	**122,609**	**55,247**

The overall cash flows mainly reflect the net effect of:

- a Euro 48.4 million rise in income from current operations (Euro 41.5 million at 30 September 2016);
- Euro 8.0 million in outflows from the utilisation of the provision for future risks and charges and for employee termination indemnity (Euro 9.9 million at 30 September 2016);
- a cash outflow from changes in adjusted NWOC for Euro 33.6 million (against a cash inflow of Euro 15.4 million at 30 September 2015) which arises from a positive flow correlated to a change in adjusted trade receivables of Euro 23.4 million (Euro 41.7 million for the first 9 months of 2015) against a flow absorbed by a reduction in trade payables for Euro 56.9 million (Euro 26.0 million for the first 9 months of 2015);
- a Euro 14.6 million net cash flow used in industrial investments (Euro 16.8 million at 30 September 2015), net of disposals for Euro 0.7 million (Euro 0.4 million at 30 September 2015). Furthermore, net positive inflows arose from financial investments and disinvestments for Euro 4.2 million, which mainly related to the collection of an amount of Euro 3.9 million out of a portion of the deferred price relating to the transfer of MIA S.p.A., which took place in December 2014 (Euro 4.3 million at 30 September 2015, of which Euro 4.2 million relating to the disinvestment from portions of loans to project finance companies);
- changes in other assets and liabilities amounting to a total inflow of Euro 1.4 million (against an outflow of Euro 28.6 million at 30 September 2015), mainly due to the net effect of a positive inflow from the assignment of tax receivables without recourse (Euro 11.7 million) and of the changes that were reported in other operating assets and liabilities during the period (specifically in the seasonal performance of payables to/receivables from employees and the related withholding tax payables to/receivables from social security institutions and the Tax Office, which entailed an increase in the net liability for Euro 4.1 million), against an outflow of financial resources due to higher net VAT credit balances concerning the Group companies for Euro 14.0 million;
- an increase in adjusted net financial liabilities for Euro 9.7 million, which was mainly due to an increase in the financial liability relating to the assignments of receivables with recourse during the period (Euro 16.1 million) and in the adjusted financial liability relating to the assignments of receivables without recourse (Euro 15.1 million) against an increase in short-term financial assets (Euro 2.1 million) and a lower use of credit lines for advances on invoices and hot money (Euro 14.6 million). For more details, reference should be made to the information reported below. On the other hand, a decrease of Euro 64.4 million had been recorded in adjusted net financial liabilities at 30 September 2015, mainly due to the net effect of short-term credit facilities for Euro 22.8 million against the buy-back through a tender of quotas of the Senior Secured Notes in an overall nominal amount of Euro 80 million.

Financial and industrial Capex

In the first 9 months of 2016 the Group made net capital expenditures which totalled Euro 14.6 million, compared to disinvestments of Euro 0.7 million:

(in thousands of Euro)	For the 9 months ended 30 September	
	2016	2015
Purchase of plant and equipment	10,642	12,709
Other capital expenditures in intangible assets	3,932	4,042
CAPITAL EXPENDITURES	**14,574**	**16,751**

Acquisitions of plant and equipment mainly relate to the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, in which frequent periodic replacements are necessary (Euro 8.0 million at 30 September 2016 against Euro 7.9 million at 30 September 2015). Investments in intangible assets for the year amounted to Euro 3.9 million (Euro 4.0 million at 30 September 2015) and mainly related to ICT investments. Finally, disinvestments from property, plant and equipment were recorded during the period for Euro 0.7 million (Euro 0.4 million at 30 September 2015).

Below is reported the breakdown of capital expenditures in terms of SBU:

(in thousands of Euro)	For the 9 months ended 30 September	
	2016	2015
Facility Management	5,314	4,845
Laundering & Sterilization	9,260	11,906
CAPITAL EXPENDITURES	**14,574**	**16,751**

The positive cash flow of Euro 4.2 million (Euro 4.3 million at 30 September 2015) mainly arose following the accounting reclassification of the second and last tranche of sums previously escrowed in connection with the sale of MIA S.p.A., which took place in December 2014, among short-term financial assets for Euro 5 million, against a net receipt of an amount of Euro 3.9 million of the first tranche following the fulfilment of some contract conditions governing the sale. As at 30 September 2016, the right also arose for MFM S.p.A. to obtain an earn-out equal to Euro 1.2 million on the transfer of the business of SMAIL S.p.A., which took place in November 2015, entered under short-term financial assets as it is expected that it will be collected in instalments during the next 12 months.

As at 30 September 2015 the cash flow was positive for Euro 4.3 million, mainly arising from the divestment of a portion of the investment in Progetto Nuovo Sant'Anna S.r.l. and the shareholders' loan

(Euro +4.7 million) as against new long-term loans to project financing companies (Euro -3.2 million) and the reclassification of nominal Euro 5 million relating to sums paid in escrow by the buyer for the sale of MIA S.p.A..

Change in net financial liabilities

The table below shows the changes that were recorded in the period in the items making up consolidated financial liabilities, including the balance of the receivables assigned without recourse not yet collected by the factoring companies:

(in thousands of Euro)	31 December 2015	New loans	Repayments and payments for the period	Other changes	30 September 2016
Bank loans	10,000				10,000
Current bank overdraft, advance payments and hot money	34,064	19,466	(34,064)		19,466
Accrued income and prepaid expenses on loans	10,599		(25,500)	19,186	4,285
Senior Secured Notes	293,435			900	294,335
BANK DEBTS	**348,098**	**19,466**	**(59,564)**	**20,086**	**328,086**
Financial lease obligations	1,484		(435)		1,049
Payables for assignments of trade receivables with recourse	2,543	38,338	(22,234)		18,648
Receipts on behalf of assignees of trade receivables without recourse	0	2,288			2,288
Other financial liabilities	8,124			(1,165)	6,959
FINANCIAL LIABILITIES	**360,249**	**60,092**	**(82,233)**	**18,921**	**357,030**
Current financial assets	(5,257)			(2,141)	(7,398)
NET FINANCIAL LIABILITIES	**354,992**	**60,092**	**(82,233)**	**16,780**	**349,632**
Outstanding amount of receivables assigned without recourse to factoring companies	1,400	39,803	(24,743)		16,459
***Adjusted* NET FINANCIAL LIABILITIES**	**356,392**	**99,896**	**(106,976)**	**16,780**	**366,091**

The first 9 months of 2016 saw the payment of the net six-monthly coupons on the Senior Secured Notes for a total of Euro 25.5 million; the settlement date was 2 February and 2 August. As already disclosed to the market, in the last quarter of the 2014 financial year and in June 2015 MFM S.p.A. carried out the buy-back of some of its Senior Secured Notes for a total nominal amount Euro 125 million. The bond issue was accounted for in accordance with IAS 39 and entailed the recognition of financial charges during the period arising from the related amortised cost for Euro 0.9 million. The notes in the portfolio were not cancelled but kept in a securities account. A part of these securities (amounting to a nominal value of Euro 14 million) was pledged against committed credit line of Euro 10 million, due 2018, obtained from CCFS.

As at the closing date of the period, short-term uncommitted credit lines had been used for hot money and advance payments on invoices for Euro 19.5 million (Euro 34.1 million at 31 December 2015), in order to meet temporary peaks in cash requirements linked to the physiological performance of operations.
Furthermore, MFM S.p.A. entered, as early as in 2015, into an agreement for the assignment of trade receivables with recourse with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector market. During the first 9 months of 2016, assignments were made in an overall nominal amount of Euro 38.3 million, while the amount of receivables assigned but not yet collected by the factor amounted to Euro 18.6 million at 30 September 2016 (Euro 2.5 million at 31 December 2015).
On 23 February 2016, MFM S.p.A. and Servizi Ospedalieri S.p.A. also entered with Banca Farmafactoring S.p.A. into a maturity factoring agreement without recourse concerning the assignment of receivables from entities in the National Health System, in an annual amount of up to Euro 100 million. The committed credit line has a term of three years. During the period assignments of receivables without recourse were made for Euro 39.8 million, while the amount of receivables assigned but not yet collected by the factor amounted to Euro 15.1 million at 30 September 2016 (to which must be added an amount of Euro 1.4 million relating to programmes concerning assignments without recourse that were implemented in previous financial years and that have been currently discontinued). Furthermore, the Group collected amounts of Euro 2.3 million at 30 September 2016, concerning receivables included in said assignments without recourse, for which the respective debtors have not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which has given rise to the payment of the same in the first days of the subsequent quarter.
Finally, on 12 July 2016 MFM S.p.A. acquired an additional stake of 5% of the share capital of Sicura S.p.A., a sub-holding company of the related group dedicated to specialist services in the fire fighting and security market, increasing its stake up to 85%. Under other financial liabilities the Group recognises the liability estimated against the put option held by the minority shareholders of the company itself, according to the investment agreement signed upon acquisition in 2008. The purchase described above took place against the payment of amounts proportional to the liability already entered in the Financial Statements at 31 December 2015 (Euro 7.3 million) and therefore for Euro 1.8 million.

Finally, the short-term financial assets balance was Euro 2.1 million higher mainly as a result of the reclassification as short-term assets, already mentioned, of Euro 5 million nominal portion of the price, not yet collected, for the sale of shares in MIA S.p.A. in December 2014, against the collection of the previous tranche, during the period, which had already been entered under this item for Euro 3.7 million, following the fulfilment of some contract conditions. Within the scope of the transfer of the business of SMAIL S.p.A., which took place in November 2015, MFM S.p.A. (i.e. the company incorporating the transferring entity) also acquired the right to obtain an earn-out of Euro 1.2 million, to be collected in monthly instalments in 12 months, of which an amount of Euro 0.2 million was already collected as at 30 September 2016. Finally, the item in question included an amount of Euro 0.4 million at 30 September 2016, relating to the balance of pledged current bank accounts dedicated to the operation of the collection service within the scope of

the abovementioned agreement for the assignment of trade receivables without recourse signed with Banca Farmafactoring.

4. BUSINESS OUTLOOK

The third quarter of 2016 saw a substantial confirmation of the expected Group performance: despite a business development that was not fully in line with the targets set for the current year, also due to the delayed award of contracts and agreements, the outlook at the end of the financial year shows a reduction in volumes in line with expectations and a substantial stability of profit margins, thanks to the strategies to rationalise costs and eliminate any potential inefficiency on which were focused on during the last two financial years. The forecasts have been also confirmed for the entire 2016 financial years, concerning slightly higher results in terms of EBITDA margin compared to the previous year.
The new Governance structure, which has been implemented in a short time according to the new shareholders' agreements that were executed between the majority shareholder Manutencoop Società Cooperativa and the group of minority shareholders in July 2016 at the same time as the new investment agreement, will allow the Group to continue its future strategic projects in order to regain a sustainable growth path.

In financial terms, the Group has considerable available cash funds until 30 September 2016, despite the uncertain outcome of the proceedings pending before the Lazio Regional Administrative Court in relation to the appeal filed against the significant fine levied by the Authority in January 2016. The judgment dated 14 October 2016 reduced, in a significant manner, the required potential financial outlay, thus allowing a more flexible future use on the part of the Group of its financial resources and, however, has not yet settled the dispute, which will certainly imply an additional appeal on the part of MFM S.p.A. with the Council of State within the time limits prescribed by law. Also due to the new legal actions that the Group is about to bring, the updated financial statement measurements reported under accruals to provisions for future risks and charges will be reflected in the consolidated Financial Statements at 31 December 2016, on the basis of more complete and updated information.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 September 2016	31 December 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	57,095	62,155
Property, plant and equipment under lease	3	1,728	2,217
Goodwill	4-5	370,456	370,456
Other intangible assets	4	24,941	26,005
Investments accounted for under the equity method	6	30,093	28,484
Other investments	7	3,925	3,502
Non-current financial assets	7	11,936	15,657
Other non-current assets	7	2,066	2,180
Deferred tax assets		19,089	19,044
TOTAL NON-CURRENT ASSETS		**521,329**	**529,700**
CURRENT ASSETS			
Inventories		4,919	4,763
Trade receivables and advances to suppliers	8	476,266	519,194
Current tax receivables		7,372	23,430
Other current assets	8	37,739	31,138
Current financial assets	11	7,398	5,257
Cash and cash equivalents	11	122,609	114,391
TOTAL CURRENT ASSETS		**656,303**	**698,173**
Non-current assets classified as held for sale		**0**	**0**
TOTAL NON-CURRENT ASSETS AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,177,632**	**1,227,873**

(in thousands of Euro)	NOTES	30 September 2016	31 December 2015
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		186,730	188,349
Retained earnings		(7,519)	37,498
Profit attributable to equity holders of the Parent		13,745	(45,412)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**302,106**	**289,585**
Capital and reserves attributable to non-controlling interests		347	337
Profit for the period attributable to non-controlling interests		(130)	43
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**217**	**380**
TOTAL SHAREHOLDERS' EQUITY	10	**302,323**	**289,965**
NON-CURRENT LIABILITIES			
Employee termination indemnity	12	18,321	18,424
Provisions for risks and charges, non-current	13	58,184	58,738
Long-term debt	11	305,276	311,686
Deferred tax liabilities		10,953	11,167
Other non-current liabilities		28	28
TOTAL NON-CURRENT LIABILITIES		**392,762**	**400,043**
CURRENT LIABILITIES			
Provisions for risks and charges, current	13	10,626	14,515
Trade payables and advances from customers	14	323,250	380,215
Current tax payables		3,797	0
Other current liabilities	14	93,119	94,572
Bank borrowings, including current portion of long-term debt, and other financial liabilities	11	51,755	48,563
TOTAL CURRENT LIABILITIES		**482,547**	**537,865**
Liabilities directly associated with non-current assets classified as held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,177,632**	**1,227,873**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2016	30 September 2015
REVENUES			
Revenue from sales and services		678,620	695,616
Other revenue		1,164	986
TOTAL REVENUES		**679,784**	**696,602**
OPERATING COSTS			
Costs of raw materials and consumables		(84,370)	(97,460)
Change in inventories of finished and semi-finished products		5	0
Costs for services and use of third party assets		(238,000)	(241,761)
Personnel costs		(280,209)	(280,613)
Other operating costs		(7,567)	(6,808)
Amortization, depreciation, write-downs and write-backs of assets	4-5-8	(24,607)	(23,194)
Accrual of provisions for risks and charges	13	(2,219)	(2,590)
TOTAL OPERATING COSTS		**(636,967)**	**(652,426)**
OPERATING INCOME		**42,817**	**44,176**
FINANCIAL INCOME AND EXPENSES			
Share of net of associates	6	1,837	2,064
Dividend and income (loss) from sale of investments		238	(772)
Financial income		1,286	816
Financial charges		(22,776)	(26,810)
Profit (loss) on exchange rate		(26)	(12)
PROFIT (LOSS) BEFORE TAXES		**23,376**	**19,462**
Income taxes		(10,813)	(10,037)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**12,563**	**9,425**
Profit (loss) from discontinued operations	9	1,052	(1,796)
PROFIT (LOSS) FOR THE PERIOD		**13,615**	7,629
Net profit (loss) for the period attributable to non-controlling interests		130	(4)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**13,745**	**7,625**

	For the 9 months ended	
	30 September 2016	30 September 2015
Basic earnings per share	0.126	0.070
Diluted earnings per share	0.126	0.070
Basic earnings per share from continuing operations	0.116	0.086
Diluted earnings per share from continuing operations	0.116	0.086

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2016	30 September 2015
NET PROFIT FOR THE PERIOD		**13,615**	**7,629**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	6	(303)	144
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(303)**	**144**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gain (losses) on defined benefit plans		(1,136)	856
Income taxes		273	(235)
Net effect on actuarial gains (losses)	12	**(863)**	**621**
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	6	**(58)**	**43**
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**(920)**	**664**
TOTAL PROFITS (LOSSES) IN THE STATEMENT OF COMPREHENSIVE INCOME, NET OF TAXES		**(1,223)**	**807**
TOTAL COMPREHENSIVE INCOME (LOSSES), NET OF TAXES		**12,392**	**8,436**
Equity holders of the Parent		12,522	8,432
Non-controlling interests		(130)	4

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2016	30 September 2015
Net profit (loss) from continuing operations for the period		**12,563**	**9,425**
Income taxes for the period		10,813	10,037
Profit before taxes from continuing operations		**23,376**	**19,462**
Profit (loss) from discontinued operations		1,052	(1,796)
(Capital gains) losses from on discontinued operations		(1,409)	830
Amortization, depreciation, write-downs and (write-backs) of assets		24,607	23,210
Accrual (reversal) of provisions for risks and charges		2,219	2,690
Employee termination indemnity provision		574	578
Payments of employee termination indemnity		(1,811)	(1,542)
Utilization of provisions		(6,228)	(8,383)
Share of net profit of associates		(1,837)	(1,148)
Financial charges (income) for the period		21,516	25,796
Operating cash flows before movements in Working Capital		**62,059**	**59,698**
Of which related to discontinued operations		185	(1,125)
Of which related to continuing operations		(209)	60,823
Decrease (increase) of inventories		(156)	(334)
Decrease (increase) of trade receivables and advances to suppliers		38,501	41,653
Decrease (increase) of other current assets		(6,591)	393
Increase (decrease) of trade payables and advances from customers		(56,894)	(25,971)
Increase (decrease) of other current liabilities		(1,453)	(28,957)
Change in Working Capital		**(26,593)**	**(13,216)**
Net interest received (paid) in the period		(26,447)	(32,387)
Income taxes paid in the period		9,056	(2,356)
Net cash flow from operating activities		**18,075**	**11,739**
Purchase of intangible assets, net of sales	4	(3,931)	(4,042)
Purchase of property, plant and equipment	3	(10,642)	(12,709)
Proceeds from sales of property, plant and equipment	3	736	355
Disposal (acquisition) of investments		(351)	465
(Decrease) increase of financial assets		(754)	1,222
Financial effects of business combinations		0	(408)
Net cash from assets held for sale	9	4,204	32
Net cash flow from (used in) investing activities		**(10,738)**	**(15,085)**
Net proceeds from/(reimburse of) borrowings	11	910	(54,768)
Dividends paid		(25)	(20)
Change in the consolidation area		(4)	(1)
Net cash flow from / (used in) financing activities		**881**	**(54,789)**
Changes in cash and cash equivalents		**8,218**	**(58,135)**

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2016	30 September 2015
Cash and cash equivalents at the beginning of the period		114,391	113,382
Changes in cash and cash equivalents		8,218	(58,135)
Cash and cash equivalents at the end of the period		**122,609**	**55,247**
Details of cash and cash equivalents:			
Cash and bank current accounts		122,609	55,247
TOTAL CASH AND CASH EQUIVALENTS		**122,609**	**55,247**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the 9 months ended	
	30 September 2016	30 September 2015
Interest paid	(28,011)	(33,026)
Interest received	1,564	639
Dividends received	238	144

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued capital	Reserves	Retained earnings	Result of the period	Group's shareholders' equity	Non-controlling interests	Total shareholders' equity
1 January 2016	**109,150**	**188,349**	**37,498**	**(45,412)**	**289,585**	**380**	**289,965**
Allocation of prior year result		(395)	(45,017)	45,412	**0**		
Dividends paid					**0**	(25)	**(25)**
Change in the consolidation area					**0**	(8)	**(8)**
Total comprehensive income for the period		(1,224)		13,745	**12,521**	(130)	**12,391**
30 September 2016	**109,150**	**186,730**	**(7,519)**	**13,745**	**302,106**	**217**	**302,323**

	Issued capital	Reserves	Retained earnings	Result of the period	Group's shareholders' equity	Non-controlling interests	Total shareholders' equity
1 January 2015	**109,150**	**170,167**	**42,553**	**12,354**	**334,224**	**682**	**334,906**
Allocation of prior year result		17,409	(5,055)	(12,354)	**0**		**0**
Dividends paid					0	(20)	(20)
Acquisition/ transfer of minority interests in subsidiaries					**0**	(1)	**(1)**
Total comprehensive income for the period		807		7,625	**6,110**	(4)	**6,085**
30 September 2015	**109,150**	**188,383**	**37,498**	**7,625**	**342,656**	**666**	**343,322**

1. GENERAL INFORMATION

The Interim Report on Operations of the Manutencoop Facility Management Group ("the MFM Group" or "the Group") for the period ended 30 September 2016 consists of the Interim Report on operations and of the condensed consolidated interim Financial Statements at 30 September 2016, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Interim Report on Operations of MFM Group for the period ended 30 September 2016 was authorized by resolution of the Management Board of 14 November 2016.

At 30 June 2016 the Group is 59.765% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa (BO), which in turn exercises management and coordination activities over the Group. Furthermore, on 1 July 2013 the company acquired an additional stake of 7.028% with retention of title ("*riserva di proprietà*"), whereby it is vested with related financial and administrative rights, pursuant to and for the purposes of article 1523 of the Italian Civil Code.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 September 2016 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes.

The amounts presented in the Statements and in the Explanatory notes are compared with those as at 31 December 2015, while the economic values included in the statement of other Comprehensive Income and in the statement of Cash Flows are compared with those in the first nine months of 2015. The condensed consolidated interim Financial Statements at 30 September 2016 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The consolidated Statement of profit or loss classifies costs by nature and the Statement of other comprehensive income sets forth the result for the period added with income and expenses, that in accordance with IFRS, are directly recognized in the Shareholders' Equity. The statement of Cash Flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The condensed consolidated interim Financial Statements at 30 September 2016 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the condensed explanatory Notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The condensed consolidated interim Financial Statements at 30 September 2016 have been prepared in compliance with IAS 34 - *Interim Financial Reporting*.
The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements as at 31 December 2015.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 September 2016 are consistent with those used to prepare the consolidated Financial Statements as at 31 December 2015, to which reference is made for their detailed presentation, with the exception standards and interpretations which are newly issued and applicable from 1 January 2016, in addition to the amendments to the existing standards.
Specifically, the period saw the compulsory entry into force of *IFRS14 – Regulatory Deferral Accounts.* The new standard is an interim rule whose purpose is to improve the comparability of the financial disclosures of entities that operate in government regulated markets, such as some industrial sectors in which governments control the prices of particular goods or services provided by private entities (i.e. gas, water, electricity). An entity that already provides its financial disclosures in conformity to IFRS need not apply IFRS 14. This standard, in fact, only allows an entity that is a first-time adopter to continue using the previous accounting standards if its production is regulated. It is not obligatory to adopt the standard, but if it is not adopted in an entity's first IFRS financial statements, the entity will not be entitled to adopt it in subsequent financial periods. The standard also requires the balances related to regulated activities to be presented separately in the statement of financial position, income statement and OCIs. Specific information must also be given regarding the nature of these activities and the risks attached to them.
The 2012-2014 series of *Annual Improvements to IFRS* has also come into force. The series includes minor amendments to and clarifications of various previously issued Standards.
The adoption of the above Standards and Interpretations has had no impact at all on the Group's Condensed Consolidated interim Financial Statements. The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the consolidated Financial Statements requires Management Boards to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the date of the financial statements. However,

the uncertainty of these assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

The main decisions taken by the Directors, on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards of the Group, with a significant effect on the values recognized in the accounts relate to the adoption, starting from 2007, of the continuity of values principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquired entity are therefore recorded on the basis of the carrying amounts included in their respective accounts before the transaction.

Uncertainty of estimates

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates as at the period ending date of the condensed consolidated interim Financial Statements are detailed below.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate.
At 30 September 2016, the carrying amount of the goodwill stood at Euro 370,456 thousand (Euro 370,456 thousand at 31 December 2015, unchanged). More details are given in note 5.

Recognition of the present value of liabilities for Put Option on minority shares of subsidiaries and of the present value of liabilities for Earn-outs on acquisitions made

The Group holds majority interests in subsidiaries in relation to which the minority shareholders hold PUT options, which can be exercised in the future at prices determined on the basis of certain parameters that require estimates from management for the purposes of reliable valuation. Similarly, the contracts for the purchase/transfer of majority interests in subsidiaries may provide for the transferors to be granted an earn-out upon the fulfilment of given conditions on a certain future date. In this case, the correct recognition in the financial statements of the related liability requires management to make some estimates to determine the expected relevant parameters.

Income taxes for the period

The income taxes for the period have been recognized by applying the best estimate of the expected weighted-average tax rate for the entire current financial year to the results for the period. A separate estimate is determined for IRES and IRAP, as provided by IAS 34 B.14. The amounts allocated for taxes in the interim period are adjusted in subsequent interim periods of the same year pursuant to any changes in the estimated annual tax rate.

Other financial position items

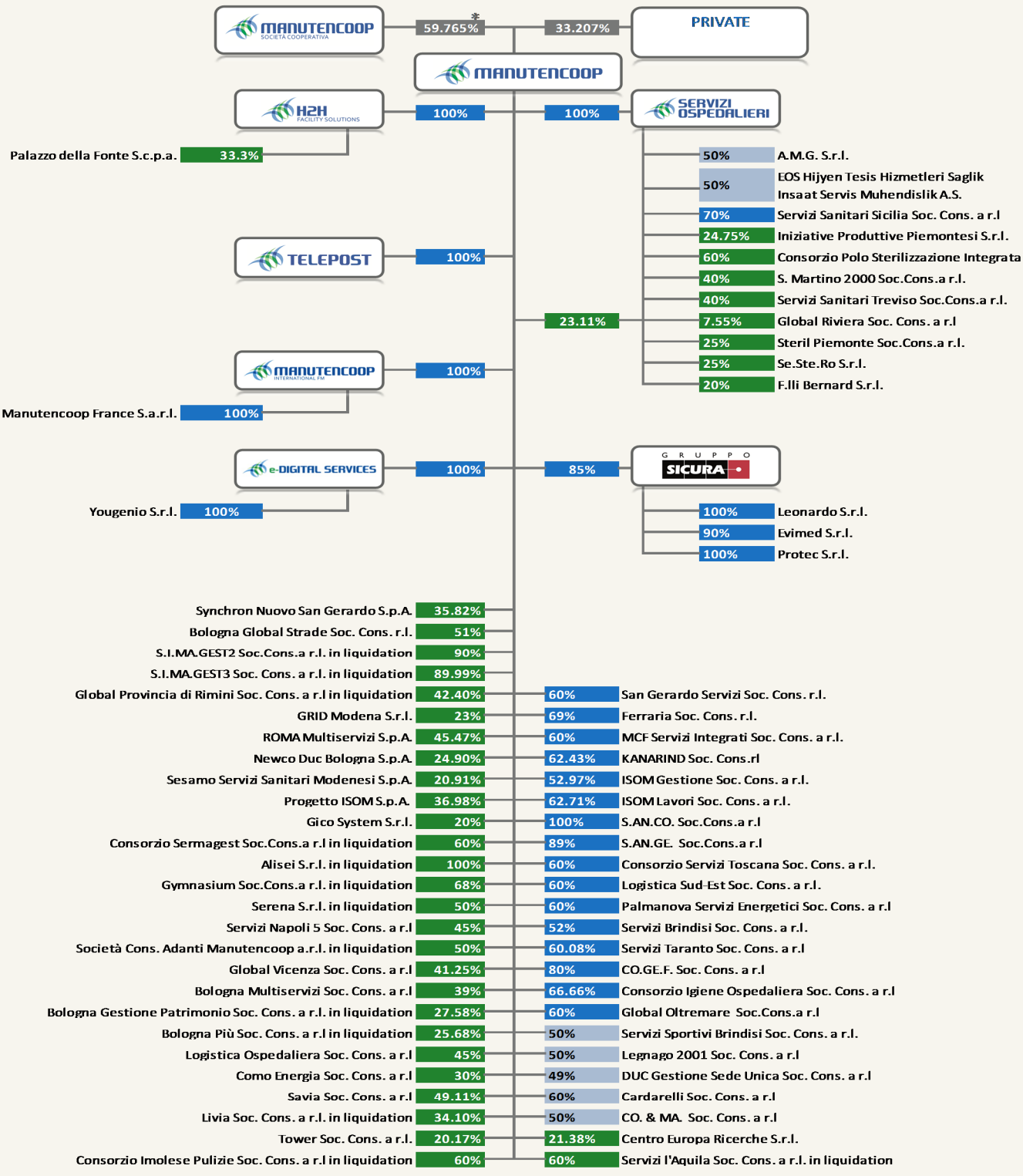
Management also needed to use estimates in determining:

- accruals to bad debt provision and provisions for future risks and charges;
- main assumptions applied to the actuarial valuation of the TFR (employee benefits), such as the future turnover rate and discount financial rates;
- inventories of contract work in progress, particularly in relation to the total amount of estimated costs to complete used to determine the percentage of completion.

Consolidation principles

The condensed consolidated interim Financial Statements include the financial statements of Manutencoop Facility Management S.p.A. (the ''Parent Company, "MFM S.p.A." or simply "MFM") and its subsidiaries, prepared as at 30 September 2016. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company. All Intra-Group balances and intercompany transactions, including unrealized profits and losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full. Subsidiaries are fully consolidated starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to common control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the company acquired starting from the date of acquisition until the end of the fiscal year. Joint-venture with other shareholders and associates are accounted for under equity method. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under a separate item in the consolidated Statement of profit or loss and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

The consolidation area as at 30 September 2016 is shown below.



Legend:

- Subsidiaries consolidated on a line-by-line basis
- Joint Ventures consolidated by equity method
- Associates and other companies consolidated by equity method

* On 1 July 2013 an additional shareholding of 7.028% was acquired by Manutencoop Cooperativa with retention of title ("riserva di proprietà"), pursuant to and for the purpose of art. 1523 of the Italian Civil Code. The financial and administrative rights related to this share are attributed to the purchaser.

In the first 9 months of year:

- The statutory, accounting and tax effects of the mergers of MACO S.p.A. and SMAIL S.p.A. by incorporation into MFM S.p.A. started to be felt from 1 January 2016;
- On 11 March 2016, MFM S.p.A. acquired an investment in Bologna Gestione Strade Soc. Cons a r.l., a company providing services for the maintenance of the road network of the City of Bologna;
- 11 April 2016 saw the acquisition of an overall quota of 10.19% (already held for an additional 11.19%) in CER – Centro Europa Ricerche S.r.l.;
- On 18 April 2016 Manutencoop France S.a.r.l. was established, which is wholly owned by Manutencoop International FM S.r.l.;
- On 6 May 2016 Yougenio S.r.l. was established, which is wholly owned by e-Digital Services S.r.l. and which will develop "B2C" services.

On 12 July 2016 MFM S.p.A. acquired an additional stake of 5% in the share capital of Sicura S.p.A., a sub-holding company of the related group providing specialist services in the fire fighting and security market, thus increasing its stake up to 85%.

3. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and under a financial lease) in the period ended 30 September 2016.

	Properties	Plant and equipment	Properties under lease	Plant and equipment under lease	Total
At 1 January 2016, net of accumulated depreciation and impairment	**4,800**	**57,354**	**178**	**2,041**	**64,373**
Additions from acquisitions		10,642			**10,642**
Disposals	(135)	(601)			**(736)**
Depreciation for the period	(107)	(14,998)	(10)	(341)	**(15,456)**
Others	140		(140)		**0**
At 30 September 2016	**4,699**	**52,396**	**28**	**1,700**	**58,823**
At 1 January 2016					
Historical cost	6,949	321,550	375	4,953	**333,827**
Accumulated depreciation and impairment losses	(2,148)	(264,196)	(197)	(2,912)	**(269,453)**
NET BOOK VALUE	**4,800**	**57,354**	**178**	**2,041**	**64,373**
At 30 September 2016					
Historical cost	6,954	331,591	235	4,953	**343,732**
Accumulated depreciation and impairment losses	(2,255)	(279,194)	(206)	(3,253)	**(284,909)**
NET BOOK VALUE	**4,699**	**52,396**	**28**	**1,700**	**58,823**

The additions from acquisitions in the first 9 months of year relate to the linen in the Laundering&Sterilization segment for Euro 7,985 thousands and to the purchases of other machinery and specific equipment for Euro 2,657 thousand.
"Others" include the recognition of the redemption of a property for warehouse use located in Genoa, which was previously held under lease and which was disposed of as early as during the first half-year. Furthermore, some plant and equipment were disposed of for a total additional amount of Euro 601 thousand, concerning linen and surgical instrument for Euro 373 thousand.

4. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 September 2016.

	Other intangible assets	Goodwill	Total
At 1 January 2016, net of accumulated amortization and impairment	**26,005**	**370,456**	**396,461**
Additions from acquisitions	3,931		**3,931**
Amortization of the period	(4,994)		**(4,994)**
At 30 September 2016	**24,941**	**370,456**	**395,397**
At 1 January 2016			
Cost	96,076	372,849	**468,925**
Accumulated amortization and impairment losses	(70,071)	(2,393)	**(72,464)**
NET BOOK VALUE	**26,005**	**370,456**	**396,461**
At 30 September 2016			
Cost	100,008	372,849	**472,857**
Accumulated amortization and impairment losses	(75,066)	(2,393)	**(77,459)**
NET BOOK VALUE	**24,941**	**370,456**	**395,397**

Goodwill is tested annually for impairment; for more details please refer to note 5.

Other intangible assets, amounting to Euro 24,941 thousand at 30 September 2016, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. The additions from acquisitions made in the period (Euro 3,931 thousand) were mainly attributable to the Facility Management SBU (Euro 3,042 thousand).

5. IMPAIRMENT TEST OF GOODWILL

The corporate restructuring process that involved the Group in the course of the previous financial years led to a redefinition of the CGUs, coinciding with the SBUs, regardless of legal entities. The Group's Management believes that the SBU structure should be reflected, consistently with the provisions of the accounting standards, also at the level of the CGUs used for impairment tests. The SBUs identified and their composition, in corporate terms, are defined as follows.

ASA – Facility Management

The SBU is identified with:

- Manutencoop Facility Management S.p.A.
- H2H Facility Solutions S.p.A.
- the Group controlled by Sicura S.p.A., operating in the facility management segment as supplier of specialist services
- Telepost S.p.A. which provides internal mailing services for the Telecom Italia Group
- Manutencoop International F.M. S.r.l. and e-Digital Services S.r.l. (newly-established companies)
- other minor investee companies operating in the same segment.

With effect from 1 January 2016, SMAIL S.p.A. (operating in the public lighting sector until 2015) was merged by incorporation into MFM S.p.A., following the transfer of the business unit of its operations to third parties.

SBU – Laundering & Sterilization

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and the sterilization of linen and surgical instruments
- other minor investee companies operating in the same segment.

SBU – Other

Until 31 December 2015 the SBU was identified with MACO S.p.A., to which the business unit relating to Group ''building'' activities had been conferred in 2009; this company has been the object of assessments by the Management as to the exit from the market of this business, since Management does not consider it to be strategic any longer.

With effect from 1 January 2016, MACO S.p.A. was finally merged by incorporation into MFM S.p.A..

The table below sets forth the carrying amounts of the goodwill recognized in the consolidated interim Financial Statements at 30 September 2016, relating to the different CGUs, which remained unchanged compared to the value reported in the Consolidated Financial Statements at 31 December 2015.

	30 September 2016	31 December 2015
Goodwill allocated to Facility Management CGU	358,693	358,693
Goodwill allocated to Laundering&Sterilization CGU	11,763	11,763
TOTAL GOODWILL	**370,456**	**370,456**

Goodwill is subject to impairment testing on an annual basis or more frequently if there are indications that the asset may have suffered an impairment loss.

At 30 September 2016, the Management did not identify any elements for impairment on the cash generating units and, therefore, it did not proceed to update the impairment test performed at the time of the preparation of the consolidated Financial Statements as at 31 December 2015.

6. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group holds some investments, which are accounted under the equity method in the consolidated Financial Statements. These companies include associates, joint-ventures and subsidiaries in liquidation, as listed in Annex I.

At 30 September 2016, the investments valued at Equity reported a net amount of Euro 30,022 thousand, against a net amount of Euro 28,419 thousand at the end of the previous year.

	Net assets 30 September 2016	Net assets 31 December 2015
Investments accounted for under the equity method	30,093	28,484
Provision for risks on investments	(70)	(65)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**30,022**	**28,419**

Details of changes during the period are shown in Annex II attached to the Interim Report on Operations.

In the first 9 months of 2016 investments accounted for under the equity method recorded a positive result equal to Euro 1,837 thousand, for the share attributable to the Group, as a result of the recording of income from equity investments of Euro 1,960 thousand and write-downs of Euro 123 thousand. Furthermore, negative effects were recognised directly under consolidated equity for a total of Euro 361 thousand.

7. OTHER ELEMENTS OF NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 30 September 2016 and at 31 December 2015:

	30 September 2016	31 December 2015
Other investments	3,925	3,502
Non-current financial assets	11,936	15,657
Other non-current assets	2,066	2,180
OTHER NON-CURRENT ASSETS	**17,927**	**21,339**

The financial assets accounted for as "*Other investments*" relate to investments in companies in which the Group has no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities such as industrial laundry services, performed by minor companies that may also act as sub-contractors.
The other investments are measured at purchase or establishment cost, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to Euro 11,936 thousand at 30 September 2016 (Euro 15,657 thousand at 31 December 2015), are composed of:

- Euro 7,712 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (Euro 6,413 thousand at 31 December 2015). The face value of these receivables is Euro 7,818 thousand, while the discounting fund amounts to Euro 106 thousand. Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread.
- Euro 4,061 thousand of non-current financial receivables from third parties (Euro 9,082 thousand at 31 December 2015). The change compared to the previous year was mainly due to the reclassification of the remaining balance of the receivable for amounts in escrow relating to the transfer of MIA S.p.A. that took place in December 2014, among short-term financial assets in an overall nominal amount of Euro 5 million, in line with the fulfilment of some contract conditions.
- Euro 162 thousand of securities held to maturity (unchanged compared to 31 December 2015).

Other non-current assets, amounting to Euro 2,066 thousand as at 30 September 2016 (Euro 2,180 thousand at 31 December 2015) mainly consist of security deposits related to long-term income-

generating manufacturing contracts (Euro 1,108 thousand) and long-term deferrals relating to some contracts (Euro 671 thousand).

8. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS AND OTHER CURRENT ASSETS

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current assets at 30 September 2016 and 31 December 2015:

	30 September 2016	of which from related parties	31 December 2015	of which from related parties
Work in progress on order	18,179		19,062	
Trade receivables, gross	447,017		489,519	
Allowance for doubtful accounts	(32,928)		(29,500)	
Provision for discounting of trade receivables	0		0	
Trade receivables due from third parties	**432,268**		**479,081**	
Trade receivables from Parent Companies	58	58	74	74
Trade receivables from Associates	35,086	35,086	29,242	29,242
Trade receivables from Affiliates and Joint Ventures	5,595	5,595	7,992	7,992
Trade receivables due from Manutencoop Group	**40,739**	**40,739**	**37,308**	**37,308**
Advances to suppliers	3,259	15	2,805	2
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**476,266**	**40,754**	**519,194**	**37,310**
Current tax assets within 12 months	19,637		13,701	
Other current assets due from third parties	13,377		12,315	
Due from social security institutions	2,252		2,898	
Due from employees	476		472	
Other current assets from third parties	**35,742**		**29,386**	
Current assets from Manutencoop Società Cooperativa	10	10	5	5
Current assets from associates	669	669	649	649
Other current assets from Manutencoop Group	**679**	**679**	**654**	**654**
Accrued income	0		0	
Prepaid expenses	1,319		1,098	
Accrued income and prepaid expenses	**1,319**		**1,098**	
OTHER CURRENT ASSETS	**37,739**	**679**	**31,138**	**654**

The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to Euro 476,266 thousand as at 30 September 2016, down by Euro 42,928 thousand compared to 31 December 2015 (Euro 519,194 thousand). The changes reported in the period mainly concerned the decline in the balance of trade receivables from third parties, which amounted to Euro 432,268 thousand at 30 September 2016 (31 December 2015: Euro 479,532 thousand).

The reduction in this balance was due to the assignments of receivables without recourse that were made during 2016 under the agreement entered into by the Parent Company MFM S.p.A. and by Servizi Ospedalieri S.p.A. with Banca Farmafactoring S.p.A. on 23 February 2016, concerning receivables from the National Health System. The committed credit line has a term of three years. During the first 9 months of 2016 assignments were made in an overall nominal amount of Euro 39,803 thousand, subject to derecognition pursuant to IAS 39 in consideration of the features of the transactions, against interest discount costs of Euro 637 thousand. As at 30 September the balance of receivables assigned without recourse but not yet collected by Banca Farmafactoring amounted to Euro 15,092 thousand, to which must be added an amount of Euro 1,367 thousand relating to assignments without recourse that were made to Credit Agricole in previous financial years and that were no longer implemented starting from the 2013 financial year.
Finally, trade receivables from the Group amounted to Euro 40,739 thousand (Euro 37,308 thousand at 31 December 2015), in addition to advances for Euro 15 thousand (Euro 2 thousand at 31 December 2015).

A specific allowance for doubtful accounts was recorded in connection with non-performing receivables, which are difficult to fully recover, amounting to Euro 32,928 thousand at 30 September 2016 (at 31 December 2015: Euro 29,500 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2015	Increases	Utilizations	Releases	Other changes	30 September 2016
Allowance for doubtful accounts	**29,500**	3,982	(975)	(24)	445	**32,928**

The other changes relate to increases in the consolidated provision for write-down of default interests.

Other current assets, equal to Euro 37,739 thousand (Euro 31,138 thousand at 31 December 2015), increased by an overall amount of Euro 6,601 thousand in the year.
This item includes the receivables arising from the VAT settlements of Group companies (Euro 19,025 thousand compared to Euro 10,648 thousand at 31 December 2015). The same item had also been recognizing, since 2012, receivables of 2.587 2,587 thousand from the Tax Authorities on account of refund following the petition submitted for the deduction of IRAP tax from the IRES tax base by companies not adhering to the National Tax Consolidation agreement with Manutencoop Società Cooperativa. These receivables were assigned without recourse to Banca Farmafactoring during the period under examination, against overall interest discount charges equal to Euro 618 thousand.
Furthermore, as from 2013, *Other current assets due from third parties* also include an amount of Euro 4,019 thousand of receivables from a customer on account of VAT required in the application of the principle of recourse laid down in article 93, paragraph 1, of Decree Law 1 of 24 January 2012, as converted by Law 27 of 24 March 2012, following the objections raised by the Tax Authority concerning the

misapplication of reduced VAT rates during an audit that was completed at the parent company MFM S.p.A. in May, with the issue of two PVCs. Subsequently MFM S.p.A. also filed formal notices of acceptance of the PVCs, which were followed by a voluntary tax correction (*ravvedimento operoso*) concerning the tax years after the audit, with an additional tax payment of Euro 1.6 million, which was also claimed from the customer on the basis of the same principle of recourse.

The subsequent dispute was settled by means of an arbitration award dated August 2016, in the application of the arbitration clause laid down in the contracts, which fully acknowledged the payment of the amounts required by way of recourse for VAT (Euro 5.6 million) to MFM S.p.A., even in consideration of the payment of an amount of Euro 1.7 million to the customer by way of compensation, which was entered under *Other operating costs* as at 30 September 2016.

Finally, the item also recognizes Euro 2,175 thousand of credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract stipulated with the aforementioned authority. Some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*.

9. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As early as in 2014 MFM S.p.A. classified the business which deals with public lighting, an activity exclusively conducted by subsidiary SMAIL S.p.A. as held for sale, and which was then transferred to third parties on 13 November 2015. On 30 December 2014 MFM S.p.A. also transferred the total stake held in MIA S.p.A., the sub-holding company of the group that operates in the maintenance and installation of lifting equipment ("MIA Group").

In the condensed consolidated interim Financial Statements at 30 September 2016, as well as at 30 September 2015, the economic results achieved by these activities have been excluded from the perimeter of "Continuing operations" and are recognized in a single item of the Statement of Profit or Loss as "Profit (loss) from discontinued operations", in accordance with IFRS5.

Profit (loss) from discontinued operations

Below is the breakdown of profit (loss) from discontinued operations:

	30 September 2016	30 September 2015
Revenues		1,953

Operating costs		(3,578)
GROSS MARGIN	**0**	**(1,625)**
Amortization, depreciation, write-downs and write- backs of assets		(16)
Accrual of provisions for risks and charges		(100)
Net financial charges		210
Other write-downs on discontinued operations		(830)
Capital gain from the sale of MIA S.p.A.	185	
Earn-out on the transfer of the SMAIL business	1,200	
PROFIT (LOSS) BEFORE TAXES FROM DISCONTINUED OPERATIONS CESSATE	**1,385**	**(2,360)**
Income taxes from discontinued operations:		
- related to profit (loss) for the period		565
- related to discontinued operations	(333)	
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**1,052**	**(1,796)**
Basic earnings per share from discontinued operations	0.0096	(0.0165)
Diluted earnings per share from discontinued operations	0.0096	(0.0165)

As at 30 September 2016 discontinued operations generated an overall profit, net of tax, equal to Euro 1,052 thousand, broken down as follows:

- An amount of Euro 970 thousand (Euro 1,200 thousand, net of a tax effect of Euro 330 thousand) relating to the payment of the earn-out on the transfer of SMAIL S.p.A. that took place in 2014, as a result of the fulfilment of some contract conditions, and the collection of which is expected during the next 12 months;
- An amount of Euro 182 thousand (Euro 185 thousand, net of a tax effect of Euro 3 thousand) relating to the positive adjustment applied following the partial collection of the receivable for escrowed sums relating to the sale of MIA S.p.A. that took place in December 2014.

The result of discontinued operations for the period ended 30 September 2015 was a loss of Euro 1,796 thousand, arising from the net result for the year relating to the scope of operations transferred by SMAIL S.p.A., equal to Euro 1,600 thousand, including the related tax effect, and charges accrued in the year in relation to transfers of investments in previous years (Euro 830 thousand).

Net cash flows from/(used in) discontinued operations

In the first 9 months of 2016 discontinued operations generated the following cash outflows, compared with the cash flows generated during the same period of 2015:

	30 September 2016	30 September 2015
Profit /(loss) for the period from discontinued operations		**(965)**
Amortization, depreciation, write-downs and (write-backs) of assets		16
Accrual (reversal) of provisions for risks and charges		100

Employee termination indemnity provision		3
Payments of employee termination indemnity		(43)
Utilization of provisions		(25)
Financial charges (income) for the period		(210)
CASH FLOWS RELATED TO PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**0**	**(1,125)**
Residual transfer price of Energyproject S.r.l. (2013)	56	50
Adjustment of net capital gain on discontinued operation of MIA S.p.A. (2014)		(41)
Deferred transfer price of MIA S.p.A. (2014)	3,948	23
Collection of Earn-Out amounts on the sale of SMAIL S.p.A.	200	
CASH FLOW FROM INVESTING ACTIVITIES	**4,204**	**32**

The cash flows reported at 30 September 2016 mainly related to the collection of an amount of Euro 3,948 thousand on 9 May 2016, relating to the receivable for escrowed sums on the transfer of the total stake held in MIA S.p.A. (the sub-holding company of the related group of companies operating in the market of lifting equipment installation and maintenance), which took place on 30 December 2014. The transfer agreement provided for the definition of a preliminary price of the investment, in addition to the full repayment of the intragroup loan, which was outstanding, as at that date, between the transferred company and the transferor MFM S.p.A.. On the closing date of the transaction, a portion of the transfer price (Euro 10 million) was paid by the buyer into an escrow account, as security for the future commitments entered into by the parties. On 30 September 2016 the remaining deposit amounted to Euro 5 million, which is expected to be collected during the early months of 2017. Furthermore, according to the transfer agreement, the price set before closing would have been the object of a settlement. At 31 December 2014, the management had made an estimate of this price adjustment, on the basis of the information to hand at the time, while, as at the reporting date of the financial statements at 30 September 2015, there was the final calculation of this adjustment, thus entailing the recognition of a negative differential of Euro 41 thousand in the income statement.

Furthermore, the first 9 months of 2016 saw the collection of additional portions of the remaining receivable for the transfer of Energyproject S.r.l., which took place during 2014 (Euro 56 thousand at 30 September 2016 against Euro 50 thousand at 30 September 2015). Finally, in accordance with the contract provisions, an amount of Euro 200 thousand was collected from the abovementioned Earn-Out that MFM S.p.A. (the merging company of SMAIL S.p.A.) obtained on the sale of the business during 2015.

At 30 September 2015 there was an absorption of cash flows relating to the profit (loss) from discontinued operations made up of the business of SMAIL S.p.A., which was already classified as held for sale.

10. SHARE CAPITAL AND RESERVES

	30 September 2016	31 December 2015
Share Capital - Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of Euro 1 each. Ordinary shares issued and fully paid up at 30 September 2016 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earnings

The table below shows changes in shareholders' equity reserves in the period:

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
1 January 2015	**145,018**	**17,736**	**(855)**	**0**	**(5,781)**	**14,047**	**170,167**
Allocation of profits of previous years		646	3,804		673	12,286	**17,409**
Economic effects on shareholders' equity			130		643		**773**
31 December 2015	**145,018**	**18,382**	**3,079**	**0**	**(4,465)**	**26,334**	**188,349**
Allocation of profits of previous years					(395)		**(395)**
Economic effects on shareholders' equity			(361)		(863)		**(1,224)**
30 September 2016	**145,018**	**18,382**	**2,718**	**0**	**(5,723)**	**26,334**	**186,730**

The item *Other reserves* includes the following items, among the others:

- The reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a negative amount of Euro 45,400 thousand as at 30 September2016.
- The Parent Company's extraordinary reserve (Euro 73,229 thousand).

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
1 January 2015	**3,809**	**38,744**	**42,553**
Allocation of profits of previous years		(5,055)	(5,055)
31 December 2015	**3,809**	**33,689**	**37,498**
Allocation of profits of previous years	(44,257)	(760)	(45,017)
30 September 2016	**(40,448)**	**32,929**	**(7,519)**

Below is the breakdown of Shareholders' Equity attributable to minority shareholders. For a detailed list of the companies in which non-controlling interests are held, reference should be made to the paragraph on Consolidation Principles.

	30 September 2016	31 December 2015
Capital and reserves attributable to non-controlling interests	**347**	**380**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	150	306
Other minor consortia	66	74

MFM S.p.A. holds a stake of 85% in the share capital of Sicura S.p.A., but the equity attributable to the minority shareholder is not reported since the Parent Company has a call option on this holding, linked to a put option in favour of the minority shareholder which is recognised as a financial liability. Therefore, the equity and the result for the period attributable to minority interests relates to the minorities present in some indirect subsidiaries relating to the same sub-group.

11. NET FINANCIAL INDEBTEDNESS

Net financial indebtedness as of 30 September 2016 amounted to Euro 227,024 thousand, compared to Euro 240,601 thousand as of 31 December 2015. Below is the related breakdown by balance sheet lines:

	30 September 2016	31 December 2015	Change
Long-term financial debt	305,276	311,685	(6,409)
Bank borrowings, including current portion of long-term debt, and other financial liabilities	51,754	48,563	3,191
Financial liabilities	**357,030**	**360,248**	**(3,218)**
Medium/long-term derivatives	0	0	0

	30 September 2016	31 December 2015	Change
Gross financial indebtedness	**357,030**	**360,248**	**(3,218)**
Cash and cash equivalents	(122,609)	(114,391)	(8,217)
Current financial assets	(7,396)	(5,257)	(2,139)
NET FINANCIAL INDEBTEDNESS	**227,024**	**240,601**	**(13,577)**

Bank borrowings, including current portion of long-term debt and other financial liabilities

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 30 September 2016 and 31 December 2015.

	30 September 2016	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	294.,335		294,335	
C.C.F.S. loan	10,000		10,000	
Prepaid expenses on interest expense	(55)	(55)		
Accrued interest expense	4,340	4,340		
Long-term bank borrowings and current portion of long-term bank borrowings	**308,620**	**4,285**	**304,335**	
Current bank overdrafts	19,466	19,466		
Financial lease obligations	1,049	523	526	
Loans from syndicated shareholders	354	354		
Other current financial liabilities	45	45		
Receipts on behalf of assignees of trade receivables	2,288	2,288		
Obligations arising from assignments of receivables with recourse	18,648	18,648		
Debt for the acquisition of investments	226	226		
Options on subsidiaries' minority shareholdings	5,435	5,435		
Capital contribution to be paid	900	485	415	
TOTAL FINANCIAL LIABILITIES	**357,030**	**51,755**	**305,276**	**0**

	31 December 2015	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	293,435		293,435	
C.C.F.S. loan	10,000		10,000	
Prepaid expenses on interest expense	(52)	(52)		
Accrued interest expense	10,651	10,651		
Long-term bank borrowings and current portion of long-term bank borrowings	**314,034**	**10,599**	**303,435**	**0**
Current bank overdraft, advance payments and hot money	34,064	34,064		
Financial lease obligations	1,484	564	888	32
Loans from syndicated shareholders	351	351		
Loan from the parent company Manutencoop Cooperativa	15	15		

	31 December 2015	within 1 year	from 1 to 5 years	after 5 years
Other current financial liabilities	3	3		
Obligations arising from assignments of receivables with recourse	2,543	2,543		
Debt for the acquisition of investments	226	146	80	
Options on subsidiaries' minority shareholdings	7,250		7,250	
Capital contribution to be paid	277	277		
TOTAL FINANCIAL LIABILITIES	**360,248**	**48,562**	**311,653**	**32**

Senior Secured Notes (MFM S.p.A.)

On 2 August 2013 the Parent Company MFM S.p.A. issued secured High Yield bonds (Senior Secured Notes) due 1 August 2020, restricted to institutional investors. The proceeds of the transaction were used to repay most of the existing bank loans and replace the revolving programmes for the assignment of trade receivables without recourse. The bonds, which are listed on the Euro MTF Market of the Luxembourg Stock Exchange and on the Extra MOT Pro Segment of the Italian Stock Exchange, was issued for a nominal value of Euro 425 million, with an issue price below par by 98.713%, with a fixed annual 8.5% coupon on a six-monthly settlement basis. As at 30 September 2016 the nominal value of the debt amounted to Euro 300 million, given the buy-back transactions carried out during 2014 and 2015, for nominal portions of Euro 45 million and Euro 80 million, respectively. None of the notes purchased (for a total nominal value of Euro 125 million) were cancelled; they were deposited in a securities account with Unicredit S.p.A. and are reported in the Statement of Financial Position as a straight reduction of total financial debt since, from the accounting point of view, they constitute the repayment of a debt. Furthermore, an amount of Euro 14 million of the same was pledged against the committed 3-year credit line of Euro 10 million obtained from CCFS. Finally, the period saw the recognition of financial charges of Euro 900 thousand, against the upfront fees paid when the bonds were issued, accounted for at amortised cost in compliance with IAS 39.

To protect the investment of the Bondholders of the so-called notes, the rules governing the bond issue provide for a system of guarantees and restrictions (covenants). In fact, some limitations are envisaged on the financial operations of the Issuer and of its subsidiaries, while leaving the Group the freedom of movement insofar as the operations undertaken contribute, at least potentially, added value and cash flows to the Group. These restrictions consist of limitations on the possibility of incurrence of indebtedness and of making distributions of dividends, investments and some types of payments that fall outside the scope of the so-called Restricted Group payments. Furthermore, there are provisions in relation to the allocation of sums obtained from the transfer of fixed assets, extraordinary operations and transactions with related parties and the issue of collaterals to third parties on corporate assets. The restrictions in question lie not so much in the absolute prohibition on carrying out the abovementioned operations, but rather in checking for compliance with certain financial ratios (incurrence base financial covenants), the presence of certain conditions or a quantitative limit on the performance of the above operations. Finally,

periodic disclosure obligations are provided for in relation to the Group's financial position, results of operation and cash flows. The limits and provisions envisaged in the rules governing the bond issue are in line with the market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that express a state of insolvency, constitute events of default. For the most of them, there is the possibility of remediation within a certain period of time. The event of default relating to the state of insolvency or the absence of remediation of any other events of default are a reason for acceleration, i.e. the forfeiture of the right to the time limit and the early redemption of the bonds. As at the reporting date of these financial statements, no events of default had occurred and the financial covenants, in relation to which no periodic check is required, had been complied with.

C.C.F.S. loan

On 6 August 2015, the Parent Company entered into a loan agreement with CCFS of Euro 10,000 thousand, due August 2018. The loan has a fixed interest rate, net of a spread with quarterly settlement and is backed by a pledge over the Notes for Euro 14 million.

Accrued interest expense

At 30 September 2016 the Group recognised accrued expenses on interest payable of Euro 4,340 thousand, of which Euro 4,250 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 2 February 2017. The balance of the latter items includes an amount accrued on the total coupons being paid equal to Euro 6,021 thousand, net of accrued income of Euro 1,771 thousand relating to the Notes held on securities accounts.

Obligations arising from finance lease

The lease agreements entered into are not secured and refer to the companies Servizi Ospedalieri S.p.A. and Sicura S.p.A.. They refer to motor vehicles and plant and machinery mainly used by Servizi Ospedalieri S.p.A. in the laundering and sterilization production processes.

Syndicated loans

This item refers to financing provided by third-party syndicated shareholders to consortium companies included within the scope of consolidation as they are controlled or held under a joint venture (50%). In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. The balance of this item, equal to Euro 354 thousand, remained almost unchanged compared to 31 December 2015.

Obligations from assignments of receivables with recourse

During 2015 MFM S.p.A. entered into an agreement for the assignment with recourse (*pro-solvendo*) of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities. The

assignments took place in more than one tranche starting from the last quarter of 2015. During 2016 assignments were made at a nominal value of receivables of Euro 38,338 thousand, while the amount of receivables assigned but not yet collected by the factor at 30 September 2016 amounted to Euro 18,648 thousand.

Options on subsidiaries' minority shareholdings

The Euro 5,435 thousand (Euro 7,250 thousand at 31 December 2015) reported as the value of options on subsidiaries' minority shareholdings is, in its entirety, the residual value of the Put option held by the minorities of Gruppo Sicura S.r.l. (acquired in 2008 and now merged into Sicura S.p.A.). On 12 July 2016 MFM S.p.A. acquired an additional 5% stake of the share capital of Sicura S.p.A., which is the sub-holding of the related group providing specialist fire-fighting and security services, thus increasing its own stake up to 85%. The acquisition took place against the payment of amounts proportional to the liability already entered in the accounts and therefore for Euro 1,815 thousand.

Current financial assets

At 30 September 2016 Current financial assets amounted to Euro 7,398 thousand (Euro 5,257 thousand as at 31 December 2015). This item is composed of:

- Receivables for amounts still to be collected on transfers of investments in previous years for Euro 5,010 thousand, in conformity to the respective provisions in the agreement;
- A receivable for the earn-out paid on the sale of SMAIL S.p.A. for Euro 1,000 thousand (for more details, reference should be made to paragraph 9 above);
- Euro 938 thousand of receivables from short-term loans and financial accounts held with non-consolidated companies belonging to the Group;
- The balance of pledged current accounts dedicated to the operation of the service within the scope of assignments of trade receivables without recourse with Banca Farmafactoring, equal to Euro 443 thousand.

12. EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity (''T.F.R.'') occurred during the first 9 months of 2016 are shown below, compared with changes in the same period of the last year.

	For the 9 months ended	
	30 September 2016	30 September 2015
At 1 January	18,424	21,207

Increases for personnel acquired in business combinations		32
Service cost	303	341
Interest costs on benefit obligation	271	234
Benefits paid	(1,472)	(1,541)
Net actuarial (gains)/ losses recognized in the period	1,136	(856)
Other changes	(343)	0
AT 30 SEPTEMBER	**18,321**	**19,417**

Below is reported the breakdown of the net cost of employee benefits relating to the termination indemnity:

	For the 9 months ended	
	30 September 2016	**30 September 2015**
Service cost	303	341
Interest costs on benefits obligation	271	234
Net cost of the benefits recognized in the statement of profit or loss	**574**	**575**
Net actuarial (gains)/ losses recognized in the period	1,136	(856)
TOTAL COST OF THE BENEFITS	**1,710**	**(281)**

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Group by Manutencoop Società Cooperativa:

	For the 9 months ended	
	30 September 2016	**30 September 2015**
Executives	57	58
Office workers	1,258	1,417
Manual workers	15,133	14,814
AVERAGE STAFF	**16,447**	**16,290**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 477 units at 30 September 2016 (30 September 2015: no. 536 units).

13. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 September 2016:

	Risks on investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Restructuring provision	Bonuses	Other provisions	Total
At 1 January 2016	**65**	**8,157**	**57,717**	**478**	**192**	**4,254**	**1,326**	**1,064**	**73,253**
Accruals	5	923	1,536			800		19	**3,284**
Utilizations		(599)	(1,515)		(10)	(2,827)	(1,208)	(69)	**(6,228)**
Unused and reversed		(204)	(681)				(118)	(61)	**(1,064)**
Other		(427)	(8)						**(435)**
At 30 September 2016	**70**	**7,851**	**57,049**	**478**	**182**	**2,227**	**0**	**953**	**68,810**
At 30 September 2016:									
Current	*70*	*7,594*	*217*	*478*		*2,227*	*0*	*39*	*10,626*
Non-current		*257*	*56,831*		*182*			*914*	*58,184*
At 31 December 2015:									
Current	*65*	*7,885*	*432*	*478*		*4,254*	*1,326*	*75*	*14,515*
Non-current		*272*	*57,285*		*192*			*989*	*58,738*

Provision for risks on investments

The item, amounting to Euro 70 thousand at 30 September 2016, includes the provision for unrecoverable future losses of Group companies and related to the subsidiary Alisei S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

- estimated risks relating to potential disputes with customers, on the report of works;
- estimated penalties charged by customers;
- estimated costs to complete job orders, in respect of which no additional revenues will be paid.

The balance at the period end was equal to Euro 7,851 thousand, against accruals of Euro 924 thousand, in addition to uses, releases and other changes that entailed a decrease of Euro 1,230 thousand in the provision.

Provision for pending disputes

At the end of the financial year, the company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers, employees and others. During the period ended 30 September 2016 the provision, totalling Euro 57,049 thousand, reported increases for accruals of Euro 1,536 thousand and decreases for uses, releases and other changes totalling Euro 2,204 thousand.

Accruals were mainly recognized to cover risks of Servizi Ospedalieri S.p.A. for Euro 267 thousand and of the Parent Company MFM S.p.A. for Euro 1,181 thousand. Utilization and reversal in the period (Euro

2,196 thousand) refer to the provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties..

On 20 January 2016 the Competition Authority (the "Authority") considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine of Euro 48,510 thousand against the Parent Company MFM S.p.A.. On 21 March 2016, the Company, which rejects the arguments on which the charge was based, lodged an appeal against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale*, TAR), while submitting at the same time an interim application to stay the payment of the fine. The Directors have obtained the opinion of the Company's lawyers and, while relying on the reasonableness of their defence arguments, have found risk elements in the litigation in question and adopted a conservative approach in preparing the financial statement estimates relating to the case in question. In consideration of the uncertainties arising from the actual outcome of the appeal on the merits, the directors have then considered that the more appropriate solution in accordance with IAS 37, for the purposes of the recognition of provisions for risks and charges, was the full allocation of the fine imposed in the consolidated Financial Statements at 31 December 2015. At a subsequent hearing held on 20 April, MFM S.p.A. declined to discuss the application for suspension and asked the Court to combine the same with the merits: consequently, the Court set the hearing on the merits at 6 July 2016, while on 14 October 2016 it ruled by partially granting the appeal filed by MFM S.p.A. and referring the papers to the Authority for a new calculation of the fine, taking account that the violations being contested are not to be considered serious such as to justify the considerable fine previously levied. The judgment provides for the Authority to start preliminary investigations for a new calculation of the new fine on the basis of the instructions received from the Administrative Court, which have ordered to reduce both the related taxable base (thus limiting it to the contracted tender amount) and the percentage to be applied to the abovementioned amount, which would pass from 15% to 5%. In any case, while claiming its full non-involvement in the violations being contested, MFM S.p.A. will challenge the trial judgment before the Council of State within the time limits prescribed by law. On the basis of the precise instructions laid down in the judgment issued by the Regional Administrative Court, the new estimated possible future charge can be set at an amount not exceeding Euro 15 million. The directors will make their considerations as to the adjustment to the provision at the time of the preparation of the Financial Statements at 31 December 2016, also in light of such possible appeal as the parties may possibly file against the trial judgment within the time limits prescribed by law.
The Management believes that any additional risks associated with the measures that CONSIP could adopt in consideration of the possible rejection of the appeal filed against the Authority's order, as detailed in note 15 (Commitments and contingent liabilities) can be regarded as possible but unlikely.

Restructuring provision

This provision relates to the amounts due for severance and employee redundancy costs, as part of the restructuring plans implemented by some Group companies over the last few years. At 31 December 2015 the Group had recognized provisions totalling Euro 4,254 thousand (of which Euro 3,285 thousand in MFM S.p.A., Euro 704 thousand in Telepost S.p.A. and Euro 266 thousand in Servizi Ospedalieri S.p.A.). In 2016 there were uses of Euro 2,827 thousand (of which Euro 2,665 thousand in MFM S.p.A.) and accruals to provisions of Euro 800 thousand, which led to a balance of the provision equal to Euro 2,227 thousand.

Provision for bonuses

This provision includes accrual for future payments in relation to the bonus system adopted by the Group in favour of the top and middle management. As early as in the course of 2014 this incentive plan was not applied, while, during 2016, there was the payment of the remaining amounts set aside until 31 December 2015.

14. TRADE PAYABLES, ADVANCES FROM CUSTOMERS AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item as at 30 September 2016 and 31 December 2015:

	30 September 2016	of which to related parties	31 December 2015	of which to related parties
Trade payables	287,914		345,833	
Trade payables to third parties	**288,545**	**0**	**345,833**	
Trade payables to Manutencoop Cooperativa	5,921	5,921	6,421	6,421
Trade payables to associates within 12 months	16,521	16,521	17,016	17,016
Trade payables to related parties	**22,422**	**22,442**	**23,437**	**23,437**
Advances from customers and payables for work to be performed	12,894	40	10,945	
TRADE PAYABLES AND ADVANCES FROM CUSTOMERS	**323,250**	**22,482**	**380,215**	**23,437**
Payables to directors and statutory auditors	444		552	
Tax payables	5,580		12,148	
Payables to social security within 12 months	7,278		8,282	
Other current payables to TJA (“*Associazione temporanea di Imprese*”)	5,788		10,477	
Payables to employees within 12 months	53,425		48,875	
Other payables within 12 months	16,981		10,292	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**91,672**	**0**	**92,802**	
Other current payables to Manutencoop Cooperativa	63	63	131	131
Other payables to associates	210	210	462	462
Other current operating payables to the related parties	**273**	**273**	**593**	**593**

	30 September 2016	of which to related parties	31 December 2015	of which to related parties
Accrued expenses	10		10	
Deferred income	1,164		1,167	
Accrued expenses and deferred income	**1,174**	**0**	**1,177**	
OTHER CURRENT LIABILITIES	**93,119**	**273**	**94,572**	**593**

The other are non-interest bearing payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for VAT payments.

Trade payables and advances from customers as at 30 September 2016 amounted to Euro 323,250 thousand against a balance at 31 December 2015 of Euro 380,215 thousand.

Other current operating payables showed a balance of Euro 93,119 thousand at 30 September 2016 and are mainly made up of the following items:

- payables to employees of Euro 53,425 thousand, including the current monthly salaries to be paid in the months after the closing of the financial year, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for Euro 7,278 thousand;
- in payables due to tax authorities for Euro 5,580 thousand, mainly related to the balance of the payable relating to the IRPEF of employees (Euro 5,386 thousand at 31 December 2015).
- collections on behalf of Temporary Associations of Companies for Euro 5,788 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (Euro 10,477 thousand at 31 December 2015).

15. COMMITMENTS AND CONTINGENT LIABILITIES

Financial lease

The Group signed financial leases primarily for plant and machinery used in the production processes of the *Laundering&Sterilisation* SBU and for motor vehicles. The table below details the amount of future rental fees deriving from financial leases and the current value of these fees:

	30 September 2016		31 December 2015	
	Rental fees	Current value of rental fees	Rental fees	Current value of rental fees

Within one year	564	523	632	564
From one year to five years	551	526	929	888
After five years	0	0	33	32
TOTAL LEASE FEES	**1,115**	**1,049**	**1,593**	**1,484**
Financial charges	(66)		(109)	
CURRENT VALUE OF LEASE FEES	**1,049**	**1,049**	**1,484**	**1,484**

At 30 September 2016, the Group granted sureties to third parties for:

- guarantees in favour of associates amounting to Euro 18,482 thousand (31 December 2015: Euro 21,027 thousand);
- other sureties granted to third parties: i) to ensure the correct fulfilment of contract obligations in place with customers amounting to Euro 221,537 thousand (31 December 2015: Euro 237,556 thousand) ii) to replace security deposits required to activate utilities or for lease contracts, as well as for VAT refunds from Inland Revenue Agency, for a total amount of Euro 2,094 thousand (31 December 2015: Euro 2,098 thousand);
- guarantees in favour of Factoring Agencies amounting to Euro 2,104 thousand (31 December 2015: Euro 2,104 thousand), to ensure correct fulfilment of factoring contracts.

Guarantees given within the bond issue

L The Parent Company MFM S.p.A. and the subsidiaries Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. have issued, in favour of bondholders, the following collaterals:

- first-recorded pledge on the shares held by MFM S.p.A. in H2H Facility Solutions S.p.A. and in Servizi Ospedalieri S.p.A., equal to 100% of the capital of the same;
- assignment as security of receivables from private customers claimed by MFM S.p.A. and H2H Facility Solutions S.p.A.. At 30 September 2015 the receivables assigned as security amounted to Euro 72,905 thousand (Euro 75,459 thousand at 31 December 2015);
- execution of a deed of pledge on the current accounts held with Unicredit S.p.A., which were credited with the amounts collected from private customers assigned as security. The balance of these current accounts at 30 September 2015 was equal to Euro 5,473 thousand;
- the release by Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. of a personal security for an overall maximum amount of Euro 48,411 thousand and Euro 16,907 thousand at 30 September 2016.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 30 September 2016 no events of default had occurred.

Contingent liabilities

As at the date of approval of this consolidated Interim Report on Operations at 30 September 2016, no contingent liabilities had arisen for the MFM Group which had not been recognised in the accounts, in addition to the information already reported in the Notes to the 2015 Consolidated Financial Statements, to which reference should be made, and for which the Management believes that the related financial risks can be regarded as possible but unlikely.

Specifically:

- as regards the proceedings that are involving MFM S.p.A. as liable for the offences of arson recklessly endangering life and breach of safety regulations following the fire that occurred in the former Olivetti area in Scarmagno (Turin) on 19 March 2013, for an overall claim for damages equal to about Euro 50 million, including claims for damages submitted by the owners of the properties concerned and the abovementioned insurance company's recourse actions, hearings continued to be held at the Court of Ivrea during the first 9 months of 2016;
- as regards the proceedings initiated by CONSIP for the termination of the Agreements entered into with MFM S.p.A. regarding cleaning services provided at school buildings and Public Administration training establishments, following the fine ruling issued by the Competition Authority on 20 January 2016, the Authority accepted the application to stay the procedure while pending the outcome of the appeal filed with the Lazio Regional Administrative Court, as already notified on 26 February 2016. Following the latter's ruling, on 21 October Consip notified that the proceedings in question had been resumed and should be completed within 30 days from the notice itself. Subsequently MFM S.p.A. submitted a brief, asking the authority to terminate the procedure without any consequence and, alternatively, to stay the same until the date when the Authority's order becomes final, given the already expressed intention to file an appeal on the merits. Any possible termination of the agreement might entail, as an indirect consequence, the enforcement of the performance bond issued at the time of the tender, for a maximum value of about Euro 24.5 million.

16. MANAGEMENT OF FINANCIAL RISKS

The management of borrowing and the relative risks (mainly interest rate and liquidity risks) is carried out centrally by the financial department of the Group on the basis of guidelines that are approved by the Parent Company's Management Board and which are reviewed periodically. The main aim of these guidelines is to ensure that the liabilities structure is in line with the composition of the balance sheet assets in order to maintain a high degree of financial solidity.

In 2013 the Parent Company executed secured high yield bonds due August 2020, which radically revised the composition of the sources of financing. The bond issue that has been described has then rationalised our financial debt structure with a view to greater future financial stability that is more consistent with

medium- and long-term strategic growth and development targets. The other traditional financing instruments used by the Group Companies are made up of:

- short-term loans and revolving assignment of trade receivables without and with recourse with the aim of funding working capital. With effect from the end of 2015 and during 2016 assignments with recourse were made with Unicredit Factoring, while in early 2016 a 3-year agreement was signed for an assignment without recourse with Banca Farmafactoring;
- very short-term credit lines used for contingent cash requirements;
- medium- and long-term loans with long-term amortization plans to cover investments in non-current assets and in acquisitions of companies and business units.

The Group also uses trade payables deriving from operations as financial instruments. It is not Group policy to trade in financial instruments.

The Group's financial instruments involves a classification at the three levels stated in IFRS 7. The fair value hierarchy has the following three levels:

- Level 1: prices quoted on active markets for similar liabilities and assets.
- Level 2: prices calculated through information obtained from observable market data.
- Level 3: prices calculated through information other than observable market data.

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 30 September 2016 and 31 December 2015.

	Hierarchy Level				Hierarchy Level			
	30 September 2016	Level 1	Level 2	Level 3	31 December 2015	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	162	162			162	162		
- of which securities held to maturity	162	162			162	162		
Available for sale financial assets								
Financial assets and other current financial assets	0	0			0	0		
- of which hedging derivatives	0	0			0	0		
- of which non-hedging derivatives	0	0			0	0		
TOTAL FINANCIAL ASSETS	**162**	**162**			**162**	**162**		

Any additional financial assets resulting from the Statement of Financial Position have not been measured at fair value. The Group has no financial liabilities measured at fair value as of September 2016 and 31

December 2015. During the period under examination there were no transfers from one fair value measurement level to another.

There were no changes in the designation of financial assets that entailed any being classified differently. The Group has no credit security instruments to mitigate credit risk. The carrying amount of the financial assets, therefore, represents its potential credit risk.

Management of capital

The main objective of the Group's policy for the management of its capital is to ensure that a solid credit rating and sound capital ratios are maintained in order to support its activities and maximize shareholder value.

The Group manages and modifies capital structure according to changes in economic conditions. In order to maintain or adjust capital structure, the Group may change the amounts of shareholder dividends, repay capital or issue new shares.

The Group checks its indebtedness ratio comparing its net debt with the sum of its total assets and its net liabilities: interest-paying loans, trade payables, other payables and the employee termination indemnity in its net liabilities, net of cash and cash equivalents.

	30 September 2016	31 December 2015
Employee termination indemnity	18,321	18,424
Interest-bearing financial loans	305,322	345,767
Trade payables and advances from customers	323,250	380,215
Other current liabilities	93,119	94,572
Other current financial liabilities	51,709	14,482
Cash and cash equivalents	(122,609)	(114,391)
Current financial assets	(7,398)	(5,257)
Total Net Debt	**661,714**	**733,811**
Equity attributable to equity holders of the parent	302,106	289,585
Profit of the period attributable to equity holders of the parent	(13,745)	45,412
Total Capital	**288,361**	**334,997**
EQUITY AND NET DEBT	**950,074**	**1,068,808**
Indebtedness ratio	70.0%	68.7%

An increase was recorded in the debt ratio compared to 31 December 2015 which was mainly due to a reduction of Euro 72.1 million in net debt against a capital decrease of Euro 46.6 million for the allocation of the 2015 loss to reserve.

17. OPERATING SEGMENTS

The services provided by the MFM Group can be divided into three primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channelled. The latter is not affected by significant seasonality factors. The SBUs identified coincide with the CGUs where the Group's activities are conducted and are summarised below.

SBU Facility Management

The Facility Management Segment offers a collection of logistic and organizational support services targeted at users of properties and aimed to optimize the management of property-related activities.

The so-called ''traditional'' Facility Management services provided by the MFM Group include the following activities:

- Cleaning;
- Technical Services;
- Landscaping.

Cleaning activity includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Group employees.

The so-called "Technical Services" encompass the management, running and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, lifts, fire prevention and safety systems), including therein:

- design and implementation of redevelopment and adjustment work into line with the safety legislation;
- design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere.

Finally, a third type of activities attributable to the Facility Management service rendered by the Group is the so-called Landscaping, i.e. a service for the maintenance of green spaces, which include both the planning and implementation of maintenance of properties' green areas, and services for the area.

Starting from 2008, as a consequence of the diversification and horizontal integration strategy, the Group expanded its range of services through a series of acquisitions, providing certain specialist facility management services alongside its ''traditional'' Facility Management services, such as:

- services related to building security;
- public lighting services;
- mail services;
- document management.

SBU Laundering & Sterilization

The so-called Laundering and Sterilization is an industrial activity given in support of health care activities. The activity, provided by the MFM Group, in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, mainly involves (i) the rental and industrial laundering of bed linens, packaged linen and mattress provider (linen rental and industrial laundering), (ii) sterilization of linen and (iii) sterilization of surgical equipment.

Laundering&Sterilization services provided by the Group include the following activities:

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items;
- rental of linen with special materials for operating rooms;
- acceptance, treatment, sterilization and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilization systems.

SBU Other

The Other activities SBU includes all the remaining activities of the Group, i.e. all building activities until 31 December 2015, that consist of construction projects, not particularly significant in respect of total Group production, also carried out on behalf of other Manutencoop Group companies. The SBU was identified in MACO S.p.A. and other minor investees. With effect from 1 January 2016, MACO S.p.A. was merged into MFM S.p.A..

The following table shows the economic results by segment for the periods ended 30 September 2016 and 30 September 2015:

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
Segment revenues	580,783	101,196		(2,194)	679,784
Segment costs	(551,978)	(87,183)		2,194	(636,967)
Operating income (loss) by segment	**28,805**	**14,013**	**0**	**0**	**42,817**
Share of net profit of associates	1,791	46			1,837
Net financial charges					(21,278)
Profit before taxes					**23,376**
Income taxes					(10,813)
Profit (loss) from discontinued operations	1,052				1,052
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2016					**13,615**

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
Segment revenues	594,017	103,728	1,915	(3,058)	696,602
Segment costs	(559,493)	(93,821)	(2,171)	3,058	(652,426)
Operating income (loss) by segment	**34,525**	**9,907**	**(256)**	**0**	**44,176**
Share of net profit of associates	1,588	476			2,604
Net financial charges					(26,779)
Profit before taxes					**19,461**
Income taxes					(10,037)
Profit (loss) discontinued operations	(1,796)				(1,796)
NET PROFIT FOR THE PERIOD ENDED 30 SEPTEMBER 2015					**7,629**

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 September 2016 and 31 December 2015.

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
Assets allocated to the segment	**494,662**	**110,337**		**(2,310)**	**602,689**
Goodwill	358,693	11,763			370,456
Investments	27,896	6,123			34,018
Other assets not allocated and related taxes					170,470
SEGMENT ASSETS AT 30 SEPTEMBER 2016	**881,250**	**128,223**		**(2,310)**	**1,177,633**
Liabilities allocated to the segment	**455,760**	**50,051**		**(2,310)**	**503,501**
Other liabilities not allocated and related taxes					371,808
SEGMENT LIABILITIES AT 30 SEPTEMBER 2016	**455,760**	**50,051**		**(2,310)**	**875,309**

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
Assets allocated to the segment	520,986	125,939	822	(2,275)	645,472
Goodwill	358,693	11,763			370,456
Investments	25,058	6,076	852		31,986
Assets classified as held for sale					
Other assets not allocated and related taxes					179,960
SEGMENT ASSETS AT 31 DECEMBER 2015	**904,737**	**143,778**	**1,673**	**(2,275)**	**1,227,874**
Liabilities allocated to the segment	507,842	59,179	1,719	(2,275)	566,466
Other liabilities not allocated and related taxes					371,443
SEGMENT LIABILITIES AT 31 DECEMBER 2015	**507,842**	**59,179**	**1,719**	**(2,275)**	**937,909**

18. RELATED PARTIES TRANSACTIONS

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.
Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company MFM S.p.A.

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies.
The Parent Company also has some administrative, financial and lease service contracts in place with its parent company Manutencoop Società Cooperativa.

The main contracts in place with other MFM Group companies, controlled by Manutencoop Società Cooperativa, with the latter and its subsidiaries, are shown below:

- e-Digital Solutions S.r.l. signed a contract with associate Roma Multiservizi S.p.A. on the basis of which it is committed to provide an Information System service. The contract, expiring on 31 December 2017, makes provision for an annual consideration of Euro 815 thousand.
- Manutencoop Cooperativa sub-leased to MFM S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The duration of the lease has a 5-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be Euro 1,723 thousand, to be paid in 12 monthly instalments. The contract is currently being renewed.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.p.A. the property located in Vicenza (VI), at via Zamenhof 363, for use as offices/warehouse. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be Euro 390 thousand, to be paid in 12 monthly instalments.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to MFM S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be Euro 348 thousand, to be paid in 12 monthly instalments.
- On 6 July 2007, MFM S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to MFM S.p.A, pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not provide rights to third parties, MFM and the parent company Manutencoop Cooperativa set out the

conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and terminating said contracts.

- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the MFM Group, to preparing pay packets.
- MFM S.p.A. signed agreements with Manutencoop Cooperativa and its subsidiaries, for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group Companies with related parties is provided in Annex III attached to the Interim Report on Operations.

The MFM Group is subject to the management and coordination activities of Manutencoop Società Cooperativa.

19. SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

On 28 October 2016 MFM S.p.A. transferred the total quotas held in Malaspina Energy S.c.a.r.l. (equal to 50% of the quota capital) to Yousave S.p.A.. The consortium company was consolidated according to the equity method and did not constitute a strategically important investment for the Group.

Zola Predosa, 14 November 2016

The Chairman of the Management Board

Marco Canale

ANNEX I

GROUP COMPANIES

PARENT COMPANY

Name	Registered Office	City
Manutencoop Facility Management S.p.A.	Via Poli no. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Type
CO.GE.F. Soc. Cons. a r.l	Via Poli 4	Zola Predosa (BO)	80%	Subsidiary
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Poli 4	Zola Predosa (BO)	66.66%	Subsidiary
Consorzio Servizi Toscana Soc. Cons. a r.l	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Evimed S.r.l.	Via Zamenhof 363	Vicenza	90%	Subsidiary
e-Digital Services S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
Ferraria Soc. cons. a r.l.	Via Poli 4	Zola Predosa (BO)	69%	Subsidiary
Global Oltremare Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
H2H Facility Solutions S.p.A.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
ISOM Lavori Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	62.71%	Subsidiary
ISOM Gestione Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	52.97%	Subsidiary
KANARIND Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	62.43%	Subsidiary
Leonardo S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
Logistica Sud Est Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Manutencoop International FM S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
Manutencoop France S.a.r.l.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Subsidiary
MCF servizi Integrati Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
S.AN.CO S.c.a.r.l.	Via A. Saffi, 51	Bologna	100%	Subsidiary
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Subsidiary
San Gerardo Servizi Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Servizi Brindisi Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	52%	Subsidiary
Servizi Ospedalieri S.p.A.	Via Calvino 33	Ferrara	100%	Subsidiary
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino 33	Ferrara	70%	Subsidiary
Servizi Taranto Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60.08%	Subsidiary
Sicura S.p.A.	Via Zamenhof 363	Vicenza	85%	Subsidiary
Telepost S.p.A.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
Yougenio S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Type
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Joint Venture
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord	Carinaro (CE)	60%	Joint Venture
CO. & MA. Soc. Cons. a r.l.	Via del Parco n. 16	Tremestieri Etneo (CT)	50%	Joint Venture
DUC Gestione Sede Unica Soc.cons.r.l.	Via Poli 4	Zola Predosa (BO)	49%	Joint Venture
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, n. 4	Çankaya/ Ankara	50%	Joint Venture
Legnago 2001 Soc.cons.r.l.	Via Poli 4	Zola Predosa (BO)	50%	Joint Venture
Malaspina Energy Soc.cons.r.l.	Via Varesina 118	Lurate Caccivio (CO)	50%	Joint Venture
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri 93	Rome	50%	Joint Venture

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Type
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	In liquidation
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione 9	Bologna	27.58%	In liquidation
Bologna Global Strade Soc.Cons. r.l.	Via Zanardi n372	Bologna	51%	Associate
Bologna Multiservizi Soc.Cons. r.l.	Via Del Lavoro 23/4	Casalecchio di Reno (BO)	39%	Associate
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	In liquidation
Centro Europa Ricerche S.r.l.	Via G. Zanardelli n. 34	Rome	21.38%	Associate
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (BO)	60%	In liquidation
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi 2	Como	30%	Associate
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padova	60%	Associate
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	In liquidation
F.lli Bernard S.r.l.	Stradella Aquedotto 21	Bari	20%	Associate
Gico System S.r.l.	Via Finelli 8	Calderara di Reno (BO)	20%	Associate
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	42.40%	In liquidation
Global Riviera Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	30.66%	Associate
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (MO)	41.25%	Associate
Gymnasium Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	68%	In liquidation
GRID Modena S.r.l.	Via Divisione Acqui, 129	Modena (MO)	23%	Associate
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	Associate
Livia Soc.Cons. a r.l. in liquidation	Via Roma 57/B	Zola Predosa (BO)	34.10%	In liquidation
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Associate
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Associate
Palazzo della Fonte S.c.p.a.	Via Calamandrei, 255	Arezzo (AR)	33.30%	Associate
Progetto ISOM S.p.A.	Via Poli 4	Zola Predosa (BO)	36.98%	Associate
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Associate

Name	Registered Office	City	% Held	Type
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Associate
Savia Soc.Cons. a r.l.	Via B. Vanzetti 1	Forlì	49.11%	Associate
Società Consortile Adanti Manutencoop a r.l. In liquidation	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Serena S.r.l. In liquidation	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	fraz. Castellina - Soragna (PR)	25%	Associate
Servizi l'Aquila Soc. Cons. a r.l. In liquidation	Via Poli 4	Zola Predosa (BO)	60%	In liquidation
Servizi Napoli 5 Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	45%	Associate
Servizi Sanitari Treviso Soc.Cons.a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Associate
Sesamo S.p.A.	Via C. Pisacane 2	Carpi (MO)	20.91%	Associate
Simagest 2 Soc. Cons. a r.l In liquidation	Via Poli 4	Zola Predosa (BO)	90%	In liquidation
Simagest 3 Soc. Cons. a r.l In liquidation	Via Poli 4	Zola Predosa (BO)	89.99%	In liquidation
Synchron Nuovo San Gerardo S.p.A.	Via Poli 4	Zola Predosa (BO)	35.82%	Associate
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi 18	Turin	25%	Associate
Tower Soc.Cons. a r.l. In liquidation	Via Zanardi 372	Bologna	20.17%	Associate

ANNEX II

VALUATION OF INVESTMENTS USING THE EQUITY METHOD

	%	Net Book Value, December 31, 2015	Changes of the period					Net Book Value, September 30, 2016	Book value	Investment Provision
			Additions/Disposals	Dividends	Share of net profit / Write-downs	Provision	Reserves			
Alisei S.r.l. in liquidation	100%	(65)				(5)		(70)		(70)
A.M.G. S.r.l.	50%	2,257			76			2,333	2,333	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	6						6	6	
Bologna Global Strade Soc. Cons. a. r.l.	51%	0	51					51	51	
Bologna Multiservizi Soc. Cons. a r.l.	39%	4						4	4	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Cardarelli Soc. Cons. a r.l.	60%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	0	69					69	69	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l.	30%	11						11	11	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	23			(22)			1	1	
Consorzio Sermagest in liquidation	60%	0						0	0	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	50%	391						391	391	
F.lli Bernard S.r.l.	20%	1,239			47			1,286	1,286	
GICO Systems S.r.l.	20%	79			61			140	140	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	

	%	Net Book Value, December 31, 2015	Changes of the period					Net Book Value, September 30, 2016	Book value	Investment Provision
			Additions/Disposals	Dividends	Share of net profit / Write-downs	Provision	Reserves			
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
GRID Modena S.r.l.	23%	24						24	24	
IPP S.r.l.	25%	434			(38)			396	396	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
LIVIA Soc. Cons. a r.l	34.10%	3						3	3	
Logistica Ospedaliera Soc. Cons. a r.l	45%	5						5	5	
Malaspina Energy Soc. Cons. a r.l.	50%	50						50	50	
Newco DUC Bologna S.p.A.	24.90%	387			77		(424)	40	40	
Palazzo della Fonte S.c.p.a.	33.30%	8,000						8,000	8,000	
Progetto ISOM S.p.A.	36.98%	1,143			(47)		121	1,218	1,218	
ROMA Multiservizi S.p.A.	45.47%	6,540			840		(58)	7,322	7,322	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	5						5	5	
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
SE.SA.MO. S.p.A.	20.91%	1,724			221			1,945	1,945	
Se.Ste.Ro S.r.l.	25%	139			(16)			123	123	
Serena S.r.l.	50%	9						9	9	
Servizi L'Aquila Soc. Cons. a r.l. in liquidation	60%	0	12					12	12	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sanitari Treviso (SE.SA.TRE)	40%	8						8	8	
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Synchron Nuovo San Gerardo S.p.A.	35.82%	4,808			639			5,447	5,447	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000						1,000	1,000	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**28,419**	**132**	**0**	**1,837**	**(5)**	**(361)**	**30,022**	**30,092**	**(70)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANY

		Revenues	Costs	Financial income	Financial expences		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Manutencoop Società Cooperativa	30-Sept-15	142	24,188		9	31-Decc-15	74	18,384	6,421	145
	30-Sept-16	106	24,546		498	30-Sept-16	58	8,801	5,921	2,999

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Alisei s.r.l. in liquidation	30-Sept-15					31-Dec-15	3			1
	30-Sept-16					30-Spet-16	3			1
AMG S.r.l.	30-Sept-15		189	2		31-Dec-15	19	502	162	
	30-Sept-16		174	1		30-Sept-16	1		84	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30-Sept-15	36	58			31-Dec-15	175		50	
	30-Sept-16					30-Sept-16	175		50	
Bologna Multiservizi Soc.Cons. a r.l.	30-Sept-15					31-Dec-15	195		1,619	
	30-Sept-16		20			30-Sept-16	195		1,264	
Bologna Più Soc.Cons.a r.l. in liquidation	30-Sept-15					31-Dec-15	(2)	39	13	
	30-Sept-16					30-Sept-16	(2)	3	3	
Bologna Global Strade Soc. Cons. a r.l	30-Sept-15					31-Dec-15				
	30-Sept-16	2,023	2,996			30-Sept-16	2,247	336	2,759	
Cardarelli Soc. Cons. a r.l.	30-Sept-15		1,556			31-Dec-15			1,042	
	30-Sept-16		1,185			30-Sept-16			707	
Centro Europa Ricerche S.r.l.	30-Sept-15		704			31-Dec-15			900	
	30-Sept-16		697			30-Sept-16			1,226	
Como Energia Soc.Cons.a r.l.	30-Sept-15					31-Dec-15	49	36	48	
	30-Sept-16					30-Sept-16	49	36	60	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16				
Consorzio Leader Soc.	30-Sept-15					31-Dec-15				

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Cons. a r.l. in liquidation	30-Sept-16					30-Sept-16				
Consorzio Polo Sterilizzazione Integrata a r.l.	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Sept-15	270	696			31-Dec-15	360	20	2,287	
	30-Sept-16	270	1,176			30-Sept-16	30	20	1,176	
CO.& MA. Soc. Cons. a r.l	30-Sept-15	3,970	1,917			31-Dec-15	5,799		997	
	30-Sept-16	5,025	2,224			30-Sept-16	4,198		564	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Seèt-15	52			10	31-Dec-15	188	2	54	267
	30-Sept-16	191	6			30-Sept-16	582	672	7	258
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	30-Sept-15	17	1			31-Dec-15	58	50		
	30-Sept-16	9				30-Sept-16	67	50		
Fr.lli Bernard s.r.l.	30-Sept-15		6			31-Dec-15				
	30-Sept-16					30-Spet-16				
Gestlotto 6 Soc. cons. a r.l in liquidation	30-Sept-15	4	712			31-Dec-15	9		624	
	30-Sept-16	11	431			30-Sept-16	10		261	
Gico Systems S.r.l.	30-Sept-15					31-Dec-15	25	70	18	
	30-Sept-16					30-Sept-16	25	70	38	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Sept-15		9			31-Dec-15	55		(105)	
	30-Sept-16		9			30-Sept-16	55		(96)	
Global Riviera Soc.Cons.a r.l.	30-Sept-15	147	1,014			31-Dec-15	34	570	933	
	30-Sept-16	103	926			30-Sept-16	144	588	654	
Global Vicenza Soc.Cons. a r.l.	30-Sept-15		12			31-Dec-15	2			
	30-Sept-16					30-Sept-16	2			
Grid Modena S.r.l.	30-Sept-15					31-Dec-15	1	7	33	5
	30-Sept-16					30-Sept-16	1	7	33	5
Gymnasium Soc. cons. a r.l in liquidation	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16				
HEADMOST in liquidation	30-Sept-15	303	195			31-Dec-15	313	60	152	
	30-Sept-16	286	139			30-Sept-16	113	60	87	
IPP S.r.l.	30-Sept-15		3			31-Dec-15	216		84	
	30-Sept-16		3			30-Sept-16	158		40	
Legnago 2001 Soc. Cons. r.l.	30-Sept-15			22		31-Dec-15				
	30-Sept-16					30-Sept-16				
Livia Soc. cons. a r.l.	30-Sept-15		311			31-Dec-15			140	
	30-Sept-16		353			30-Sept-16			64	
Logistica Ospedaliera Soc. Cons. a r.l.	30-Sept-15		46	(3)		31-Dec-15	1,047	180	91	
	30-Sept-16		15	3		30-Sept-16	700	183	78	
Malaspina Energy Soc. Cons. a r.l.	30-Sept-15					31-Dec-15			25	
	30-Sept-16		4			30-Sept-16			29	
Newco DUC Bologna S.p.A	30-Sept-15	2,834				31-Dec-15	723			
	30-Sept-16	2,957				30-Sept-16	805			

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Palazzo della Fonte S.c.p.a.	30-Sept-15					31-Dec-15		1		
	30-Sept-16					30-Sept-16				
P.B.S. Soc.Cons. a r.l. in liquidation	30-Sept-15	168	38	9		31-Dec-15	13,630	1,802	131	
	30-Sept-16	166	58	90		30-Sept-16	14,935	1,892	206	
Progetto ISOM S.p.A.	30-Sept-15	128	66	30		31-Dec-15				
	30-Sept-16					30-Sept-16				
Progetto Nuovo Sant'Anna S.r.l.	30-Sept15	1,174	1,487			31-Dec-15	516		1,330	462
	30-Sept-16	1,873	1,232			30-Sept-16	1,217		1,017	224
Roma Multiservizi S.p.A.	30-Sept-15	1,265	2,573			31-Dec-15	717		675	
	30-Sept-16	1,203	2,517			30-Sept-16	1,351		1,200	
San Martino 2000 Soc.Cons. r.l.	30-Sept-15		946			31-Dec-15	18		965	
	30-Sept-16		1			30-Sept-16			314	
Savia Soc. Cons. a r.l	30-Sept-15					31-Dec-15		3	1	
	30-Sept-16					30-Sept-16		3		
Serena S.r.l. - in liquidation	30-Sept-15					31-Sept-15				
	30-Sept-16	0				30-Sept-16	0			
Servizi l'Aquila Soc.Cons. a r.l. in liquidation	30-Sept-15	16	1,475			31-Dec-15	339		(93)	
	30-Sept-16					30-Sept-16				
Servizi Luce Soc. Cons. a r.l.	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16				
Servizi Marche Soc. Cons. r.l. in liquidation	30-Sept-15	1,039	956			31-Dec-15	2,076		1,287	
	30-Sept-16	1,059	965			30-Sept-16	1,944		1,272	
Servizi Napoli 5 Soc.Cons. a r.l.	30-Sept-15	3,885		13		31-Dec-15	2,608	606	6	
	30-Sept-16	3,804		20		30-Sept-16	2,035	612	6	
Se.Sa.Mo. S.p.A.	30-Sept-15	13	3,305	14		31-Dec-15	(14)	1,221	1,475	
	30-Sept-16	12	3,298	7		30-Sept-16	10	1,209	1,716	
SESATRE S.cons. a r.l.	30-Sept-15	7	379			31-Dec-15	46		921	
	30-Sept-16					30-Sept-16	46		815	
Se.Ste.Ro S.r.l.	30-Sept-15					31-Dec-15	20	75	4	2
	30-Sept-16					30-Sept-16	20	75	32	2
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	30-Sept-15					31-Dec-15			3	
	30-Sept-16					30-Sept-16			3	
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	30-Sept-15					31-Dec-15				
	30-Sept-16	25	151			30-Sept-16	37		163	
Società Consortile Adanti Manutencoop in liquidation	30-Sept-15		550	2		31-Dec-15	11	578	334	
	30-Sept-16		537	1		30-Sept-16	7	576	198	
Steril Piemonte Soc. cons. a.r.l	30-Sept-15	6,419	73	39		31-Dec-15	7,915	2,123	646	
	30-Sept-16	3,863	227	129		30-Spet-16	9,191	2,292	495	
Synchron Nuovo San	30-Sept-15					31-Dec-15		11		

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Gerardo S.p.A.	30-Sept-16					30-Sept-16	33	17	(11)	
Tower Soc.Cons. a r.l.	30-Sept-15					31-Dec-15	3			1
in liquidation	30-Sept-16					30-Sept-16	3			1

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial expences		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Cerpac S.r.l. in liquidation	30-Sept-15					31-Dec-15	1			
	30-Sept-16					30-Sept-16	1			
Manutencoop Immobiliare S.p.A.	30-Sept-15	8	1,865			31-Dec-15	6		114	
	30-Sept-16	8	1,831			30-Sept-16	3			
Nugareto Società Agricola Vinicola S.r.l.	30-Sept-15	2	16			31-Dec-15	8		39	
	30-Sept-16	7	1			30-Sept-16	13		(2)	
Segesta servizi per l'Ambiente S.r.l.	30-Sept-15	12				31-Dec-15	9			
	30-Sept-16	12				30-Sept-16	12			

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Consorzio Karabak Società Cooperativa	30-Sept-15	46	2			31-Dec-15	11		2	
	30-Sept-16	137	1			30-Sept-16	100		1	
Consorzio Karabak 2 Società Cooperativa	30-Sept-15	2	1			31-Dec-15			1	
	30-Sept-16	79	1			30-Sept-16	115		39	
Consorzio Karabak 3 Società Cooperativa	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16				
Consorzio Karabak 4 Società Cooperativa	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16			1	
Consorzio Karabak 5 Società Cooperativa	30-Sept-15					31-Dec-15				
	30-Sept-16					30-Sept-16				
Consorzio Karabak 6 Società Cooperativa	30-Sept-15		1			31-Dec-15		1		
	30-Sept-16					30-Sept-16				

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Sacoa S.r.l.	30-Sept-15	54	20			31-Dec-15	50		8	
	30-Sept-16	81	19			30-Sept-16	68		8	

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
TOTAL	**30-Sept-15**	**22,013**	**45,369**	**128**	**19**	**31-Dec-15**	**37,310**	**26,340**	**23,437**	**882**
	30-Sept-16	**23,310**	**45,743**	**251**	**498**	**30-Sept-16**	**40,754**	**17,502**	**22,482**	**3,489**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOWS AND THE STATUTORY SCHEDULES ITEMS

	For the 9 months ended 30 September			
	2016		2015	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**114,391**		**113,382**
CASH FLOW FROM CURRENT OPERATIONS:		**48,446**		**41,470**
Profit before taxes for the period	23,376		19,462	
Profit (loss) from discontinued operation	1,052		(1,796)	
(Capital gain) losses from transfer of equity investments	(1,409)		830	
Amortization, depreciation, write-downs and (write-backs) of assets	24,607		23,210	
Accrual (reversal) of provisions for risks and charges	2,219		2,690	
Employee termination indemnity provision	574		578	
Share of net profit of associates, net of dividends collected	(1,837)		(1,148)	
Financial charges (income) for the period	21,516		25,796	
Net interest received (paid) in the period	(26,447)		(32,387)	
Income tax paid in the period	9,055		(2,356)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*5,211*		*6,589*	
Cash flow from the assignment of tax receivables without recourse under tax consolidation, included in changes in other operating assets	*(9,471)*		*0*	
USES OF PROVISIONS FOR RISKS AND CHARGES AND PAYMENTS OF THE EMPLOYEE TERMINATION INDEMNITY :		**(8,039)**		**(9,925)**
Payments of Employee termination indemnity	(1,811)		(1,542)	
Utilization of provisions	(6,228)		(8,383)	
CHANGE IN ADJUSTED NWOC:		**(33,609)**		**15,404**
Decrease (increase) of inventories	(156)		(334)	
Decrease (increase) of trade receivables and advances to suppliers	38,501		41,653	
Increase (decrease) of trade payables and advances from customers	(56,894)		(25,971)	
Adjustments:				
Change in the amount of trade receivables assigned without recourse to Factoring agencies and not yet collected by the latter	*(15,060)*		*56*	
INDUSTRIAL AND FINANCIAL CAPEX:		**(9,681)**		**(12,132)**
(Purchase of intangible assets, net of sales)	(3,931)		(4,042)	
(Purchase of property, plant and equipment)	(10,642)		(12,709)	

	For the 9 months ended 30 September			
	2016		2015	
Proceeds from sales of property, plant and equipment	736		355	
Acquisition of investments	(351)		465	
Decrease (increase) of financial assets	(754)		1,222	
Financial effects of business combinations	0		(408)	
Discontinuing activities	4,204		32	
Reclassifications:				
Change in current financial assets, to be included in Net Financial Liabilities	*1,680*		*3,113*	
Payables for acquisition of equity investments and business combinations	*(623)*		*(160)*	
CHANGE IN ADJUSTED NET FINANCIAL LIABILITIES:		**9,701**		**(64,368)**
Net proceeds from/(reimburse of) borrowings	910		(54,768)	
Adjustments:				
Change in the amount of receivables assigned without recourse to Factoring agencies and not yet collected by the latter	*15,060*		*(56)*	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*(5,211)*		*(6,589)*	
Change in current financial assets, to be included in Net Financial Liabilities	*(1,680)*		*(3,113)*	
Payables for acquisition of equity investments and business combinations	*623*		*160*	
OTHER CHANGES:		**1,398**		**(28,584)**
Decrease (increase) of other current assets	(6,591)		393	
Increase (decrease) of other current liabilities	(1,452)		(28,957)	
Dividends paid	(25)		(20)	
Changes in the consolidation area	(4)			
Reclassifications:				
Cash flow from the assignment of tax receivables without recourse under tax consolidation, included in changes in other operating assets	*9,471*			
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**122,609**		**55,247**

Manutencoop Facility Management S.p.A.
Registered office: Zola Predosa (BO)
Via U. Poli no. 4

F.C.– VAT – Bologna Register of Companies
no. 02402671206
Share Capital: Euro 109,149,600.00 fully paid-up

"The Company is subject to the management and coordination activities of Manutencoop Società Cooperativa Zola Predosa (BO)"