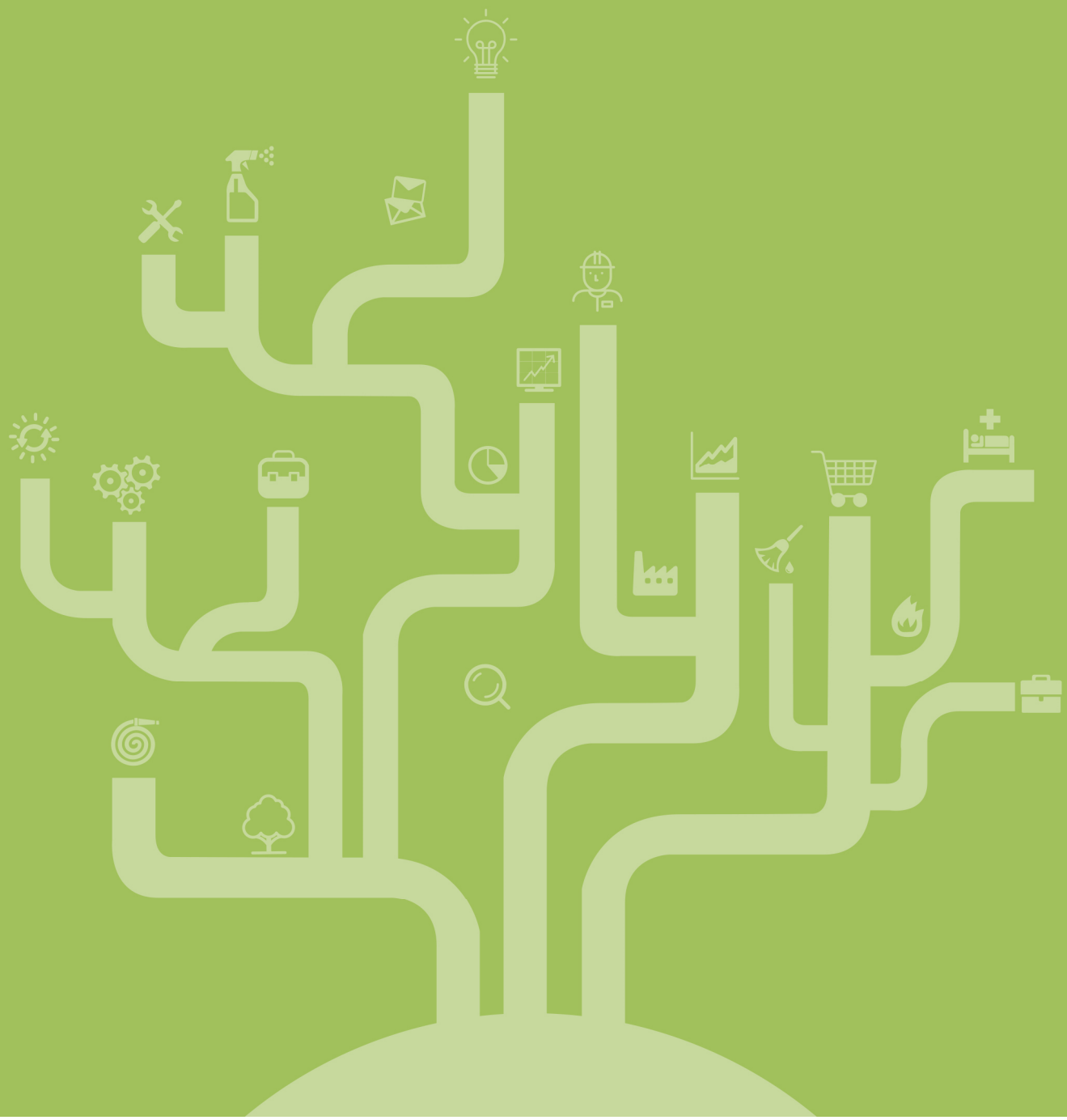
MANUTENCOOP



H1

CONSOLIDATED HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2017



GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting held on 30.11.2016

CHAIRMAN
Marco Canale

VICE CHAIRMAN
Giuliano Di Bernardo

CHIEF EXECUTIVE OFFICER
Aldo Chiarini

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

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting held on 30.11.2016

STATUTORY AUDITORS
Germano Camellini
Monica Mastropaolo
Vieri Chimenti

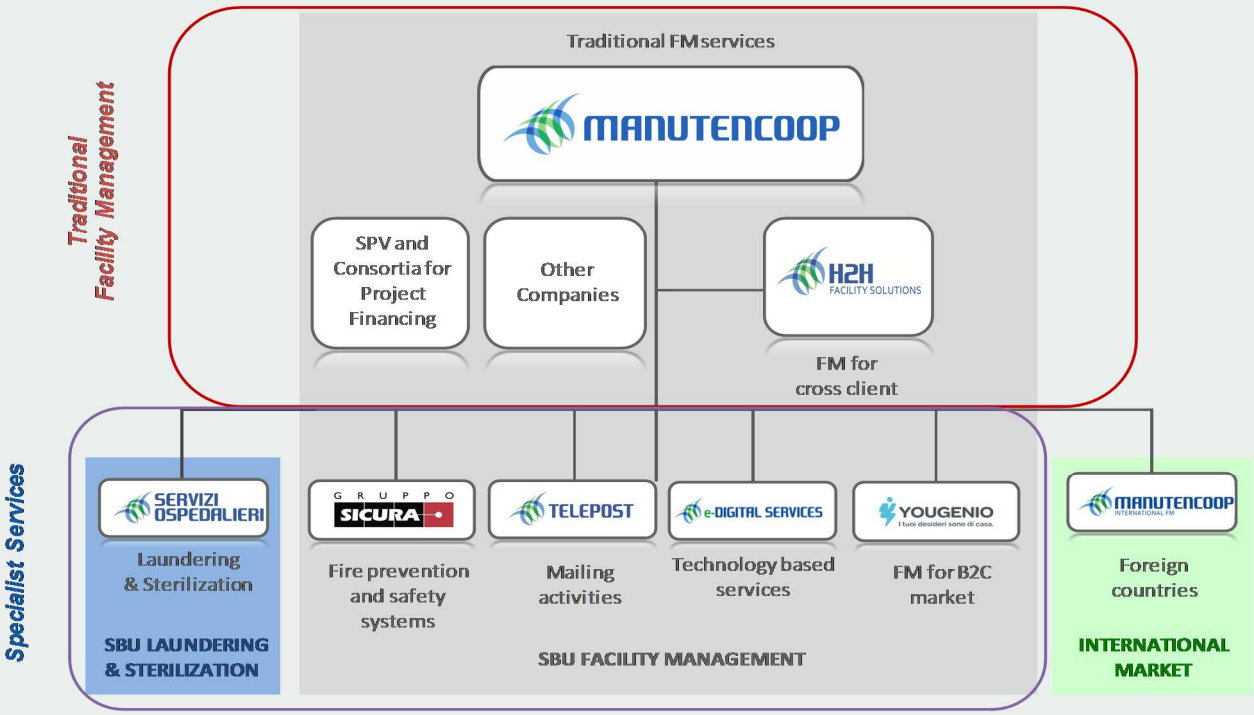
ALTERNATE AUDITORS
Antonella Musiani
Augusto Bagnoli

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 30 June 2017 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.

Today, the MFM Group branches out from a single operating holding company that combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. Around the central part of the holding, already in the previous financial years a diversification strategy was pursued: (i) of the activities, also through a series of acquisitions, by placing some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), involving fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilisation at healthcare facilities and high technology "business to business" (B2B) services, (ii) of markets, by means of the sub-holding Manutencoop International FM S.r.l., established at the end of 2015 to start business development in international markets.

A further boost to diversification occurred during 2016 with the establishment of Yougenio S.r.l., innovative start-up providing services to private consumers through an e-commerce platform. This event marked the entry of the Group in the market of "business to consumer" (B2C) services.

Shareholding structure

Ordinary shares issued by the MFM Group and fully paid up at 30 June 2017 amounted to 109,149,600, with a par value of Euro 1 each.

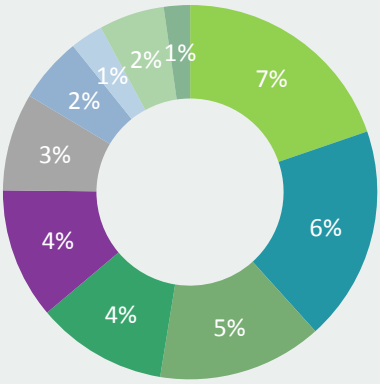
There are no other share classes. The Parent Company does not hold own shares.

As at 30 June 2017, Manutencoop Società Cooperativa held a controlling interest in MFM S.p.A. of 66.793% and the remaining stake was held by a pool of Private Equity Investors. On 1 July 2013, Manutencoop Società Cooperativa 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. The financial and administrative rights attached to said stake 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 superseded those that were entered into in 2013 and provided for Manutencoop Società Cooperativa to transfer an additional stake of 12.13% to the minority Shareholders: as a result, it holds 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. In addition to this, 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 new agreements finally laid down new governance rules that led to the appointment of a new Chairman and a new Chief Executive Officer, as well as a new composition of the Management Board and the Supervisory Board.

The effectiveness of the agreements reached by the Shareholders was ratified by the Extraordinary Shareholders' Meeting of 7 October 2016, which approved the subsequent amendments to the Articles of Association.

As at the date of approval of this Consolidated Half-year Financial Report, the minority shareholders held the following stakes in the share capital of MFM S.p.A.:

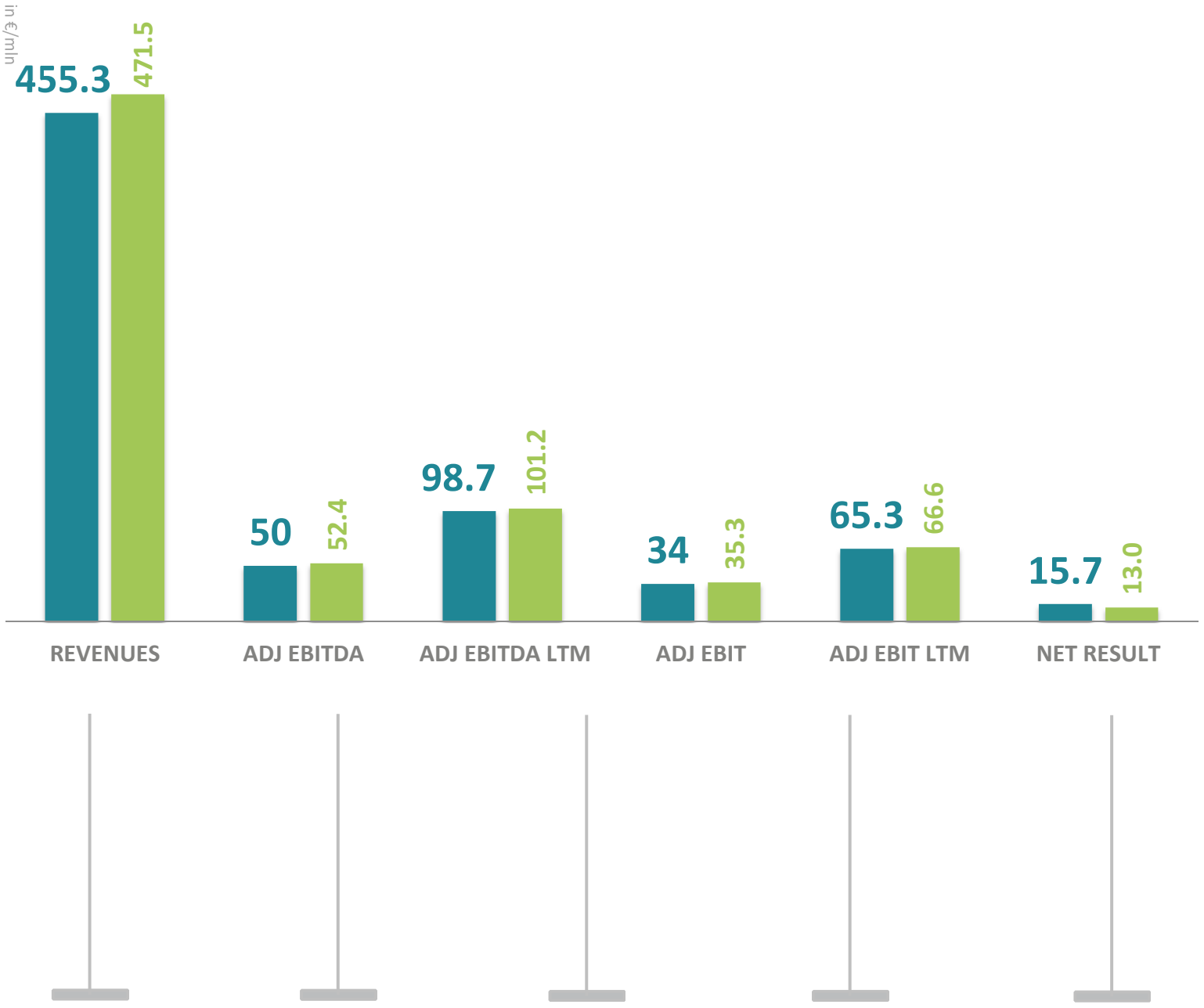

7%
6%
5%
4%
4%
3%
2%
1%
2%
1%
Value Italy
Private Equity Partners
Idea Capital
21 Investimenti
Cooperare
Unipol Banca
Nordest
NEIP II
Mediobanca
SICI

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 ratios, 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 and equity performance. These 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 invoices 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 "Accrual (reversal) of provisions for risks and charges" and "Amortisation/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 to those applied by others.
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".
Normalized EBIT or EBITDA	Normalized EBITDA and EBIT represent Adjusted measures that also exclude the contribution to the consolidated results of the start-up activities relating to the subsidiary Yougenio S.r.l. and to the sub-group controlled by Manutencoop International S.r.l.
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)	NIBFI 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.
Adjusted NFP and Adjusted NWOC	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.



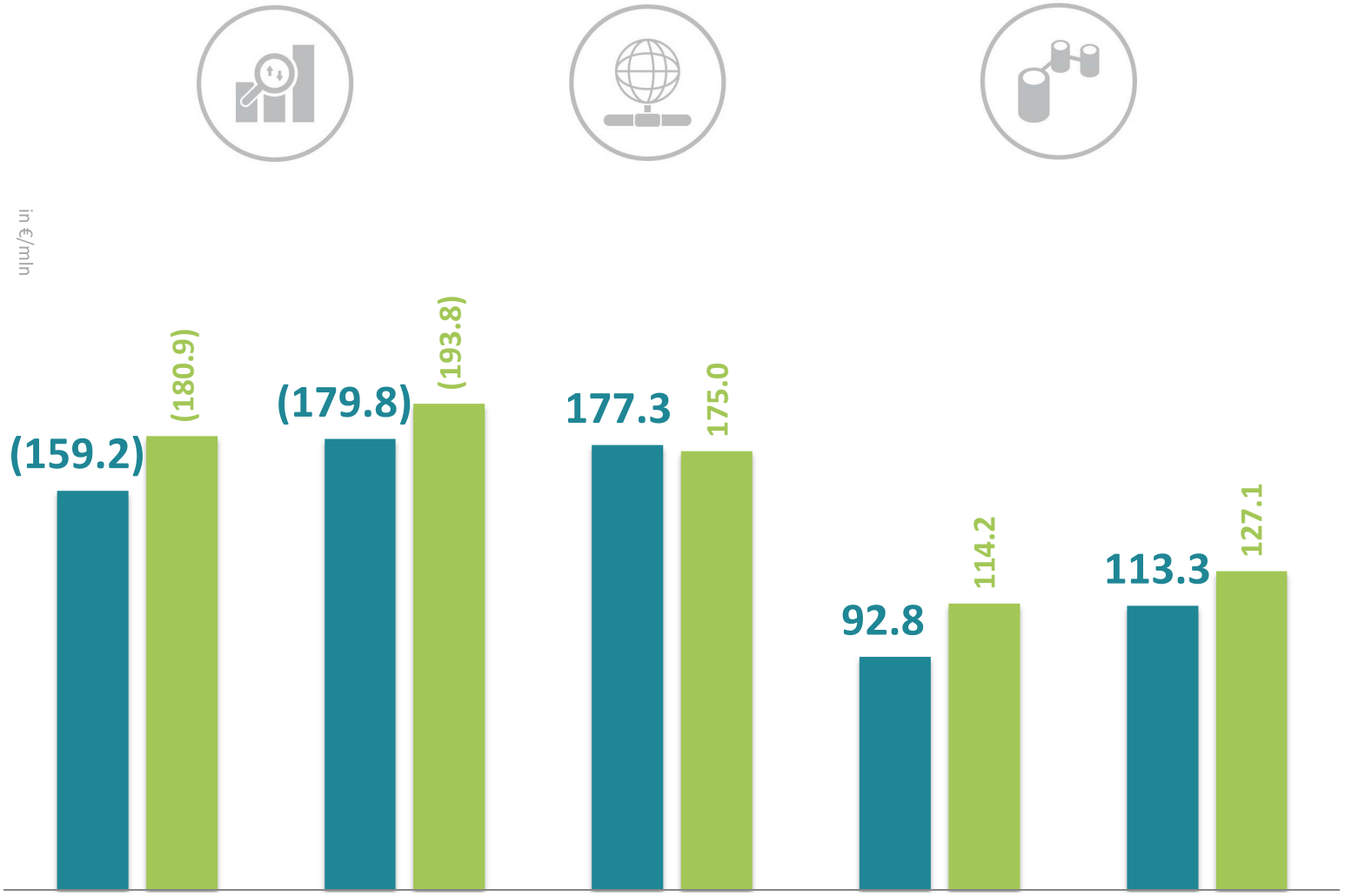
REVENUES DELTA
-3.4%
vs 30/06/2016

ADJ EBITDA / REVENUES
11.0%
vs 11,1% at 30/06/2016

ADJ EBITDA LTM / REVENUES LTM
10.8%
vs 10,9% at 31/12/2016

ADJ EBIT/ REVENUES
7.5%
vs 7,5% at 30/06/2016

ADJ EBIT LTM / REVENUES LTM
7.2%
vs 7,2% at 31/12/2016



NFP/ EBITDA LTM
1.6x
vs 1.9x at 31/12/2016

ADJ NFP/ ADJ EBITDA LTM
1.8x
vs 1.9x at 31/12/2016

NET CASH
164.3
vs 142,3 at 31/12/2016

NWOC/ REVENUES LTM
10.2%
vs 12,3% at 31/12/2016

ADJ NWOC/ REVENUES LTM
12.4%
vs 13,7% at 31/12/2016

MAIN EVENTS IN THE FIRST HALF-YEAR 2017

Regulatory changes in relation to "Oneri di sistema"

The Parent Company MFM S.p.A. is the owner of some important contracts related to energy services. During 2015, costs related to the so-called "Oneri di Sistema" were prudentially recorded on these contracts for a total of € 6.2 million, of which € 3.1 million related to the previous year as a result of regulatory provisions of Italian LD 91/2014 as converted with amendments by Italian Law 116/2014 and of the related enactment decree issued in 2015. During 2016, the assessments of these charges were revised for some sites previously considered potentially non qualifying as SEU (to which the "Oneri di Sistema" apply at a reduced rate of 5%), which was accompanied by an amendment to the regulations on the matter contained in Italian Law Decree no. 244 of 30 December 2016 (known as "Decreto Milleproroghe"). Therefore, no additional "Oneri di Sistema" were set aside during 2016.

On 23 February 2017, the Chamber of Deputies followed up the final approval, resulting in the conversion into Law Decreto Milleproroghe. The introduced amendments abrogated the regulation (contained in the Italian laws of 2014 mentioned above) according to which, except for RIUs, the general "oneri di sistema" would have been determined, starting from 2014, with reference to the consumption of electricity rather than to drawing from the network, by re-establishing in this way the regulation previously in force, contained in the Bersani Decree (Italian Legislative Decree 79/99). Therefore, on the basis of the amended regulations, the management of MFM S.p.A. believed that these was no need to record additional "Oneri di Sistema" in 2017, assimilating also the elimination of the payment obligations for those related to the previous years for which no payment was made, pending clarification of the terms.

Antitrust Authority's order for sanctions on the Consip Tender of 2012 and new proceedings on the FM4 Tender

During the first half of 2017, the administrative dispute relating to the fine imposed by the Competition Authority on 20 January 2016 due to the breach of competition rules on the part of some companies that had taken part in the European Union tender for cleaning services in school buildings called by CONSIP in 2012 continued.

The Parent Company MFM S.p.A., which continued to reject the arguments on which the charge was based, lodged an appeal with the Council of State against the judgement of the Lazio Regional Administrative Court (Tribunale Amministrativo Regionale, TAR) of 14 October 2016, which had only partially accepted the appeal submitted by MFM S.p.A. and sent the official documents to the Competition Authority for recalculating the fine, recommending reducing both the tax base (limiting it to the tender amount) and the percentage to be applied to the above-mentioned amount (from 15% to 5%).

However, the Council of State pronounced its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. MFM S.p.A. lodged also an appeal against the judgement of the Council of State with the Court of Cassation on 21 May.

On 23 December 2016, the Competition Authority followed up the ruling of the Lazio Regional Administrative Court and adopted a new measure, re-calculating the fine in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well. On the other hand, on 24 March 2017, the Lazio Regional Administrative Court decided against the application to stay the related payment lodged by MFM S.p.A. and therefore, the entire amount of the fine was reclassified in the item "Other operating liabilities", given the obligation to follow up on payment. Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the request for payment by instalments, by allowing the Company to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The first instalment was paid on 3 May 2017 and this was regularly followed by the monthly instalments in May, June and July.

On 24 April 2017, Italian Law Decree no. 50 was published on the O.G.: Article 64 (Services in school) of this law decree envisages the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements "*for the acquisition of cleaning services and other auxiliary services provided in order to keep school buildings and public school and education establishments clean and in working order*" (known as "Consip Scuole" agreement) were terminated. In the subsequent Decree Law no. 91 of 20 June 2017, converted with amendments to Law on 3 August 2017 and published in the O.G. on 12 August 2017, such services were further extended until 31 December 2017.

On 16 June 2017, Consip officially informed MFM S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). The Company authorised its lawyers to appeal against such decisions with the Lazio Regional Administrative Court, considering them legally groundless, and on 13 July 2017, the administrative court ordered the stay of the measure of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled for next 25 October 2017.

These decisions do not imply in any case any impediment for MFM S.p.A. to the participation and awarding of new call for tenders by Consip and, more in general, by the public administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, MFM S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations". These contracts have a term of 5 or 7 years, at the discretion of each administration, starting from the activation of each supply, with a total limit of MFM S.p.A. of € 209 million.

Consip Sanità and Consip Caserme tenders as well as the Consip Mies 2 agreement have not yet generated consolidated revenues and are not included in the Group's backlog.

Finally, on 23 March 2017, the Competition Authority notified MFM S.p.A. the start of an investigation procedure against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (former Cofely Italia S.p.A.), ManitalIdea S.p.A., MFM S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender").
To date, AGCM has started only investigations. The Company firmly rejected the assumption of an alleged collusive agreement with the other companies involved in the proceedings.
A detailed report on the administrative procedures in progress and further assessments made by the Directors at the end of the reporting period of the Consolidated financial statements as at 31 December 2016 and of the condensed Consolidated Half-Year Financial Statements as at 30 June 2017 were included in the condensed explanatory Notes (note 13), to which reference is made.

Enquiry of the Public-prosecutor's office of Naples relating to the tender for the awarding of the cleaning services at A.O.R.N. Santobono Pausilipon

On 3 April 2017, the Public-prosecutor's office of Naples served a search order against some employees of the Company, carried out at its premises. These executives were under investigation as part of the enquiry started by the Public-prosecutor's office of Naples relating to the tender for the awarding of the cleaning services at A.O.R.N. Santobono Pausilipon of Naples. The offences notified to the employees also included the crime of corruption pursuant to Article 319 and 319-bis of the Italian Penal Code, potentially relevant under Italian Legislative Decree 231 of 2001.
The Preliminary Investigation Magistrate of Naples had initially established a precautionary measure (forced residence pursuant to Article 283 of the Italian code of criminal procedure) against the only investigated executive of the Company who, at the time of the alleged facts, was a function manager of the Company but, on the conclusion of the interrogation of investigation, ordered the revocation of the precautionary measure. Finally, on 27 April 2017, the summons for the hearing was formally notified to MFM S.p.A. for discussing the request for applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Italian Legislative Decree 231/2001; however, the Preliminary Investigation Magistrate of the Court of Naples rejected this request for disqualification measure. Finally, one of the suspects and the Company were formally notified of the closing of the investigations.

1. SUMMARY OF RESULTS OF THE SECOND QUARTER OF 2017

	For the 3 months ended 30 June			For the 6 months ended 30 June		
	2017	2016	%	2017	2016	%
Revenues	216,747	229,851	-5.7%	455,346	471,547	-3.4%
Adjusted EBITDA	19,026	24,226	-21.5%	49,954	52,427	-4.7%
Adjusted EBITDA % on Revenues	*8.8%*	*10.6%*		*11.0%*	*11.1%*	
Adjusted EBIT	11,196	14,543	-23.0%	33,999	35,346	-3.8%
Adjusted EBIT % on Revenues	*5.2%*	*6.3%*		*7.5%*	*7.5%*	
Consolidated Net Result	2,366	5,048		15,736	12,951	

In the second quarter of 2017, the Group recorded Revenues of € 216.7 million, down by € 13.1 million compared with the second quarter of 2016 (€ 229.9 million). Although the downward trend in volumes was confirmed, the quarter recorded a more pronounced decline in sales compared to the first quarter of the year. The decrease in consolidated revenues was distributed on an almost straight-line basis in the different markets of reference (- € 3.9 million for the Public sector, - € 4.4 million for the Healthcare sector - € 4.7 million for the Private customer sector), against a slight increase in the weight relating to turnover from Healthcare clients over the total (49.5% of Consolidated revenues compared to 48.7% during the same period of last year).
The turnover of Laundering&Sterilization SBU showed a decrease of € 1.7 million (from € 34.6 million for the quarter ended 30 June 2016 to € 32.9 million for the quarter ended 30 June 2017) whereas the decrease in Consolidated revenues affected more clearly the turnover of Facility Management SBU that came to € 184.5 million in the quarter ended 30 June 2017, down by € 11.5 million compared to the same period of 2016. In particular, in the second quarter of 2016, extraordinary maintenance activities were carried out and were not repeated in the same quarter of 2017. In addition to this, some important Private-sector contracts were renegotiated: those with a downward trend in fees with retroactive effect and a review of the traditional facility management portfolio that was not fully offset over the quarter.

As at 30 June 2017, the **backlog** came to € 2,731 million, largely in line (- € 35 million) with the value reported at the end of the previous quarter (€ 2,766 million as at 31 March 2017). The deterioration of the backlog during the first half-year must be considered as being physiological and in line with the historical trend. The Backlog/LTM Revenues as at 30 June 2017 amounted to 3.0x versus 2.9x as at 30 June 2016 (3.1x as at 31 December 2016).

The **Adjusted EBITDA** of the second quarter of 2017 decreased by € 5.2 million compared to the second quarter of last year (€ 19.0 million versus € 24.2 million), only partially attributable to the

volume effect, which therefore was reflected on the drop in average profit margins (**Adjusted EBITDA/Revenues** 8.8% for the quarter ended 30 June 2017 versus 10.6% for the same period last year). This trend was attributable to a sum of effects including: (i) the discounts negotiated with two large private customers during the quarter, one of which with retroactive effect as from 1 January, (ii) profit margins above the average of extraordinary activities carried out in the second quarter of 2016 and no longer repeated in 2017, mentioned above, (iii) an effect of the repercussions of direct and general cost efficiency improvement measures that accrued in the quarter less than proportionally compared to the decrease in revenues.

Adjusted LTM EBITDA (€ 98.7 million as at 30 June 2017, 10.8% of related LTM Revenues) came below the Adjusted LTM EBITDA recorded in the two previous quarters (€ 104.0 million as at 31 March 2017 and € 101.2 million as at 31 December 2016, 11.2% and 10.9% of the related LTM Revenues, respectively) even though profit margins seemed more in line in this case, in particular compared to 2016 (10.8% versus 10.9%).

Adjusted EBIT for the quarter ended 30 June 2017 amounted to € 11.2 million (5.2% of related revenues), compared to € 14.5 million (6.3% of related revenues) posted in the same period of the previous year. The trend was affected, in absolute terms, by the trend already shown for Adjusted EBITDA (- € 5.2 million) plus higher impairment losses on assets of € 0.3 million. Furthermore, lower write-downs of receivables of € 2.3 million were reported (however, determined by the presence of an important specific position of the parent company MFM S.p.A. during 2016) and higher recurring accruals of provisions for risks and charges of € 0.1 million.

Finally, the **Consolidated Net Result** for the quarter amounted to € 2.4 million, against a net profit of € 5.0 million for the quarter ended 30 June 2016, as a result of a lower consolidated EBIT of € 1.8 million, to which, against almost unchanged net financial charges, the effect of lower net income from the measurement of companies recognised under the equity method (- € 0.8 million) is added.

	30 June 2017	31 March 2017	31 December 2016
Adjusted Net Working Operating Capital (NWOC)	113,301	139,783	127,052
Adjusted Net Financial Position (NFP)	(179,777)	(197,697)	(193,825)

From an equity and financial point of view, the data relating to the Adjusted Net Working Operating Capital (**NWOC**) at 30 June 2017 recorded a decrease of € 13.8 million compared to the same figure at the end of the previous year.

At 30 June 2017 DSO was the historical minimum of 168 days, thus showing a further improvement compared to the end of 2016 (170 days at 31 December 2016), while also confirming a sharp improvement trend compared to the same period in the previous year (180 days at 30 June 2016). The first half of 2017

showed also a substantially unchanged DPO compared to the figure of the previous quarter (227 days) as well as compared to the figure reported at the end of the 2016 reporting period (226 days), albeit increasing compared to the figure reported for the first half of 2016 (218 days as at 30 June 2016).
The trend described in terms of amounts collected from customers and payments to suppliers showed in the half-year, and even more in the second quarter, a total generation of positive cash flows.

The Adjusted Net Financial Position (**NFP**) showed a decrease of € 17.9 million during the quarter. The flows generated by the change in Adjusted NWOC (€ 26.5 million) and the cash flow generated from operating activities of the quarter (€ 13.3 million) were offset by an absorption related to net industrial investments (€ 6.4 million) and to € 2.9 million related to the use of provisions for risks and charges and Employee termination indemnity of the quarter. Moreover, there was a positive cash flow of € 12.7 million for changes occurred in the quarter in other operating assets and liabilities, and in particular against assignments of VAT receivables without recourse on account of refund that were carried out by some companies of the Group (€ 9.8 million) against the payment in the quarter of the dividend to the shareholders of the Parent Company MFM S.p.A. of € 25.1 million),

Non-recurring events and transactions

In the course of the first half-year of 2017, the Group recognised, in the Statement of Profit/Loss for the period, some "non-recurring" economic 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, i.e. 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.
The following non-recurring items are recorded in the Consolidated Statement of Profit/Loss for the period:

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
Legal advice fees concerning pending administrative disputes	349	425
Cost from reorganization of company units	1,730	
"Oneri di Sistema" relating to previous years	(6,152)	
Consultancy advice fees concerning agreements for assignment of trade receivables without recourse		620
Non-recurring operating charges (income) impacting on EBITDA	**(4,073)**	**1,045**
Reversals related to risks for damages on contractual liability to associates	(1,881)	

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
Non-recurring operating charges (income) impacting on EBIT	**(1,881)**	0
TOTAL NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**(5,954)**	**1,045**

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
EBITDA	**54,027**	**51,382**
Non-recurring operating charges (income) impacting on EBITDA	(4,073)	1,045
ADJUSTED EBITDA	**49,954**	**52,427**
ADJUSTED EBITDA % ON REVENUES	**11.0%**	**11.1%**
EBIT	**39,953**	**34,301**
Non-recurring operating charges (income) impacting on EBITDA and EBIT	(5,954)	1,045
ADJUSTED EBIT	**33,999**	**35,346**
ADJUSTED EBIT % ON REVENUES	**7.5%**	**7.5%**

As from 2015, the Group also undertook to diversify its own markets of reference by establishing the sub-holding Manutencoop International FM S.r.l. (as vehicle dedicated to business development in international markets) and Yougenio S.r.l. (subsidiary active in the B2C market through an e-commerce platform). These new initiatives were considered in the start-up phase and contributed negatively to the consolidated results of the period.

Therefore, consolidated Normalised EBITDA and EBIT - which exclude this negative contribution - are shown below:

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
ADJUSTED EBITDA	**49,954**	**52,427**
EBITDA related to start-up activities	3,012	1,534
NORMALIZED EBITDA	**52,966**	**53,961**
NORMALIZED EBITDA % ON REVENUES	**11.6%**	**11.4%**
ADJUSTED EBIT	**33,999**	**35,346**

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
EBIT related to start-up activities	3,088	1,541
NORMALIZED EBIT	**37,087**	**36,887**
NORMALIZED EBIT % ON REVENUES	**8.1%**	**7.8%**

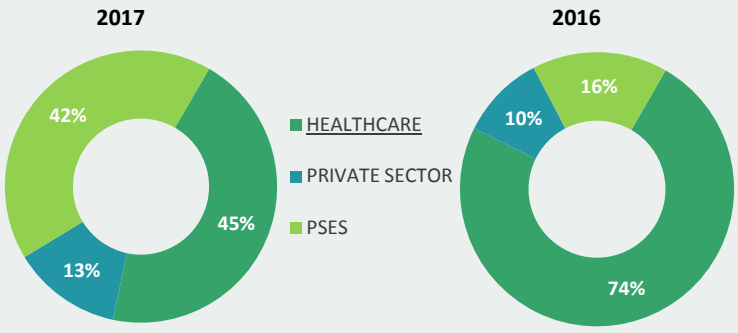
2. BUSINESS DEVELOPMENT

In the first six months of 2017, the Group gained orders for an overall multi-year amount of € 169 million, of which € 128 million related to extensions and renewals of contracts already existing in its business portfolio.

As in the past, this figure regarded 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 sterilisation 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 (around 4% in the first 6 months of 2017) on consolidated production volumes.

New contracts in the Healthcare sector still affected in the half-year the total in a significant manner (an overall percentage of 45%, equal to € 78 million), against significant orders gained in the half-year also for the Public sector (€ 71 million).

CONTRACTS ACQUIRED BY MARKET AS AT 30 JUNE



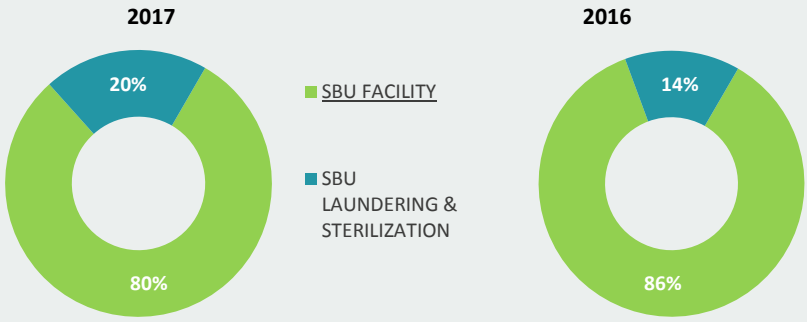
In the first half-year, in the Healthcare sector, the Group acquired by means of Servizi Ospedalieri S.p.A. an important contract for linen rental and industrial laundering and sterilisation of surgical instrument services at the new private hospital facility Mater Olbia in Sardinia, with a nine-year duration. In the same market, MFM S.p.A. also acquired batch 2 of the redevelopment and supply contract of energy services at ASUR Marche – Ospedale di San Benedetto del Tronto and the contract for hygiene services was renewed at Azienda Provinciale per i Servizi Sanitari (Provincial Authority for Healthcare Services) of Trento.

In the Public sector, the global service contract for maintenance and hygiene services for HERA S.p.A. and the contract for hygiene services within the Alma Mater Studiorum – University of Bologna were renewed by MFM S.p.A. The cleaning services as part of the three-year Intercenter 4 contract were also renewed within structures of the Municipality of Bologna and of the Province of Bologna and Modena.

Finally, the new contracts for the year in the Private sector were € 23 million (13% of total). About € 6 million of these contracts were related to the renewal for the next 4 years of the document management service contract that Telepost S.p.A. manages within the Telecom Italia Group. This renewal affected retrospectively consolidated revenues effective as from 1 January 2017 and resulted in a reduction in the total volume of annual revenues. Finally, the new contracts for maintenance and cleaning services in the industrial sector within the premises of BT Italia S.p.A. were reported.

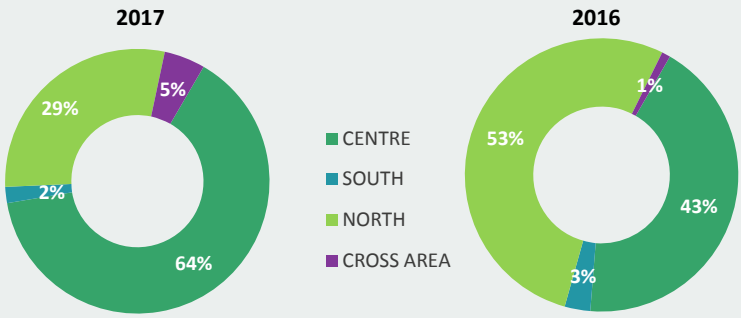
Regarding the orders gained in the period, in terms of Strategic Business Unit (SBU), the Facility Management segment obtained contracts of € 136 million and the Laundering&Sterilization of € 34 million. This last field also included the already described contract acquired with Mater Olbia.
All acquisitions described for the Public and Private sector were part of the Facility Management SBU.

CONTRACTS ACQUIRED BY SBU AS AT 30 JUNE



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

CONTRACT ACQUIRED BY GEOGRAPHICAL AREA AS AT 30 JUNE



3. THE MFM GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND OF THE FINANCIAL POSITION FOR THE HALF-YEAR ENDED 30 JUNE 2017

3.1 Consolidated performance of operations in the first half-year 2017

Below are reported the main income figures relating to the half-year ended 30 June 2017, compared to the figures of the corresponding period of 2016:

(in thousands of Euro)	For the 6 months ended 30 June		For the 3 months ended 30 June	
	2017	2016	2017	2016
Revenues	455,346	471,547	216,747	229,851
Costs of production	(401,319)	(420,165)	(198,159)	(207,717)
EBITDA	**54,027**	**51,382**	**18,588**	**24,134**
EBITDA %	**11.9%**	**10.9%**	**8.6%**	**10.5%**
Amortisation, depreciation, write-downs and write-backs of assets	(14,602)	(16,199)	(7,030)	(9,049)
Accrual of provisions for risks and charges	528	(882)	1,081	(674)
Operating Income (EBIT)	**39,953**	**34,301**	**12,639**	**14,411**
EBIT %	**8.8%**	**7.3%**	**5.8%**	**6.3%**
Share of net profit of associates	1,156	1,601	(71)	730
Net financial charges	(14,161)	(14,096)	(7,036)	(7,020)
Profit before taxes (EBT)	**26,948**	**21,806**	**5,532**	**8,121**
EBT %	**5.9%**	**4.6%**	**2.6%**	**3.5%**
Income taxes	(11,212)	(9,907)	(3,166)	(4,125)
Profit (loss) from continuing operations	**15,736**	**11,899**	**2,366**	**3,996**
Profit (loss) from discontinued operations	**0**	**1,052**	**0**	**1,052**
NET RESULT FOR THE PERIOD	**15,736**	**12,951**	**2,366**	**5,048**
NET RESULT FOR THE PERIOD %	**3.5%**	**2.7%**	**1.1%**	**2.2%**
Minority interests	(36)	135	(14)	(35)
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**15,700**	**13,086**	**2,352**	**5,013**
NET RESULT ATTRIBUTABLE TO ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**3.4%**	**2.8%**	**1.1%**	**2.2%**

REVENUES

In the first 6 months of 2017, the Group recorded Revenues of € 455.3 million, with a drop (- € 16.2 million, -3.4%) compared to the same period in the previous year when it recorded Revenues of € 471.5 million. The downward trend in turnover, which was more moderate during the first quarter of 2017 (when it was € 3.1 million compared to the same period of the previous year), increased in the quarter in progress.

The breakdown of the consolidated revenues in the first 6 months of 2017 is provided below, compared to the figure of the same period in the previous year, as broken down by reference market..

REVENUES BY MARKET

(in thousands of Euro)	For the 6 months ended 30 June				For the 3 months ended 30 June	
	2017	% on total revenues	2016	% on total revenues	2017	2016
Public Authorities	121,701	26.7%	130,906	27.8%	55,467	59,403
Healthcare	223,877	49.2%	222,748	47.2%	107,385	111,828
Private Customers	109,768	24.1%	117,893	25.0%	53,895	58,620
CONSOLIDATED REVENUES	**455,346**		**471,547**		**216,747**	**229,851**

In contrast to the overall figure, the breakdown of turnover by market confirmed for the first 6 months of 2017 an increase in the revenues from Healthcare customers (which includes public or private healthcare establishments), with an increase in absolute terms of € 1.1 million (equal to 49.2% of Consolidated revenues against 47.2% during the same period of 2016). The effect was mainly attributable to the start from the end of 2016 to the first months of 2017 of some new major facility management orders, including Frosinone ASL Local Health Unit and Roma 2 ASL Local Health Unit. However, in the Private Healthcare sector, revenues were recorded during 2016 related to redevelopment works on hospital facilities, whose lack of contribution in 2017 partly offset the renewal of the more favourable portfolio described for Public Healthcare. Finally, the turnover of the Healthcare sector was fully affected also by the negative contribution of linen rental and industrial laundering and sterilisation services relating to Laundering&Sterilization SBU (- € 1.8 million).

On the contrary, revenues from PSEs decreased in the half-year, both in absolute terms (-€ 9.2 million compared to the same period of the previous year) and in terms of contribution compared to Consolidated revenues (26.7% against 27.8% in the first 6 months of 2016), albeit with a smoother trend compared to the first quarter of the year. In fact, the end of 2016 saw the end of some important contracts only partially replaced by the start and entering into operation of new contracts.

Finally, the Revenues of the Private market decreased in absolute terms compared to the first 6 months of 2016 of € 8.1 million and showed a reduction also in terms of impact on total Revenues, from 25.0% as at 30 June 2016 to 24.1% as at 30 June 2017. The trend, already seen in previous years, was related, in general, to a business development that has somewhat showed limited effects over the half-year and in particular, in the half-year under examination, to the renewal of certain contracts in the portfolio against lower fees on average (including those of document management that the subsidiary Telepost S.p.A. renewed with the Telecom Italia Group and with UnipolSai).

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 business areas defined as "*Facility Management*" and "*Laundering & Sterilization*":

REVENUES BY SEGMENT

(in thousands of Euro)	For the 6 months ended 30 June				For the 3 months ended 30 June	
	2017	% on total revenues	2016	% on total revenues	2017	2016
Facility Management	390,606	85.8%	405,086	85.9%	184,532	196,035
Laundering & Sterilization	66,078	14.5%	67,906	14.4%	32,903	34,554
Eliminations	(1,338)	-0.3%	(1,445)	-0.3%	(688)	(738)
CONSOLIDATED REVENUES	**455,346**		**471,547**		**216,747**	**229,852**

The breakdown of turnover by operating segments confirmed the substantial stable weight of the sectors, equal for Facility Management to 85.8% in the first 6 months of 2017 (85.9% in the same period last year) and for Laundering&Sterilization to 14.5% (14.4% in the same period last year).

The change in Consolidated revenues affected more significantly the Facility Management SBU, the turnover of which amounted to € 390.6 million as at 30 June 2017, down by € 14.5 million (-3.6%) compared to the same period of 2016. This SBU fully included both the drop in Revenues with regard to PSEs and the negative delta shown in the Private sector.

The Laundering&Sterilization sector achieved Revenues of € 66.1 million in the half-year ended 30 June 2017 against € 67.9 million in the half-year ended 30 June 2016 (- € 1.8 million, or -2.7%). In connection with a review of the portfolio that was not particularly significant, the reduction is mainly related to the completion of certain activities in the Turkish territory (- € 0.5 million compared to the first half of 2016) as well as to the conclusion of a contract with an important private hospital.

EBITDA

As at 30 June 2017, the Group's EBITDA came to € 54.0 million, against € 51.4 million for the half-year ended 30 June 2016. However, EBITDA expensed non-recurring costs of € 2.1 million during the first half of 2017 against non-recurring costs of € 1.0 million during the first half of 2016. On the other hand, EBITDA for the first half of 2017 included a non-recurring income related to the so-called "Oneri di sistema" of € 6.2 million. Therefore, Adjusted EBITDA that excluded these non-recurring elements amounted to € 50.0

million as at 30 June 2017, against an Adjusted EBITDA of € 52.4 million as at 30 June 2016, albeit against basically unchanged relative profit margins compared to Revenues (11.0% of 30 June 2016 against 11.1% of 30 June 2017).
It should also be emphasised that the Group continued to bear start-up costs related to the new initiatives (B2C and international development) against reduced initial volumes of activities. In the first 6 months of 2017, the effect of these initiatives was reflected in a lower EBITDA for € 3.0 million (€ 1.5 million as at 30 June 2016).

Below is provided a comparison of EBITDA by business segment for the half-year ended 30 June 2017 compared to the half-year ended 30 June 2016:

EBITDA BY SEGMENT

(in thousands of Euro)	For the 6 months ended 30 June				For the 3 months ended 30 June	
	2017	% on segment revenues	2016	% on segment revenues	2017	2016
Facility Management	36,068	9.2%	33,311	8.2%	9,571	14,594
Laundering&Sterilization	17,959	27.2%	18,071	26.6%	9,015	9,540
CONSOLIDATED EBITDA	**54,027**	**11.9%**	**51,382**	**10.9%**	**18,587**	**24,134**

The profit margin of the Facility Management sector showed a significant recovery as a percentage of Revenues (9.2% as at 30 June 2017 against 8.2% as at 30 June 2016), however, in connection with the already described non-recurring elements that significantly affected sector results (a net income of € 4.1 million as at 30 June 2017, against charges of € 1.0 million as at 30 June 2016). However, net of the non-recurring items, a decrease in EBITDA by segment of € 2.1 million was noted, attributable for € 1.5 million to the negative contribution of the start-up initiatives, currently included in this SBU, as well as to the result of the reduction in volumes, though mitigated by the initiatives of productive efficiency and renegotiation with suppliers.

EBITDA in the Laundering&Sterilization sector for the half-year ended 30 June 2017 came to € 18.0 million, down by € 0.1 million compared to € 18.7 million during the same period of 2016. However, the result for the period was appreciable in terms of profit margins, which remained essentially unchanged (27.2% as at 30 June 2017 against 26.6% as at 30 June 2016). The period performance was affected by the lower impact of costs for property leases on industrial properties (- € 0.5 million) following the purchase of the properties of Teramo, Ferrara and Lucca as part of a general restructuring of production sites between the end of 2016 and the first months of 2017.

Costs of production

At 30 June 2017, Costs of production, which amounted to € 401.3 million, showed a decrease of € 18.8 million in absolute terms compared to € 420.2 million posted at 30 June 2016 (-4.5%).

(in thousands of Euro)	For the 6 months ended 30 June				For the 3 months ended 30 June	
	2017	% of total	2016	% of total	2017	2016
Costs of raw materials and consumables	61,749	15.4%	64,193	15.3%	23,745	22,499
Change in inventories of finished and semi-finished products	0	0.0%	(20)	0.0%	0	0
Costs for services and use of third party assets	152,592	38.0%	159,094	37.9%	77,423	83,312
Personnel costs	190,712	47.5%	192,956	45.9%	95,457	97,768
Other operating costs	(3,645)	-0.9%	3,942	0.9%	1,558	2,138
Capitalisation of lower internal construction costs	(89)	0.0%	0	0.9%	(24)	0
COSTS OF PRODUCTION	**401,319**	**100%**	**420,165**	**100%**	**198,159**	**205,717**

Costs of raw materials and consumables, in the first 6 months of 2017, came to € 61.7 million, showing a decrease of € 2.4 million (-3.8%) compared to the value posted in the same period of 2016, with an incidence on consolidated revenues substantially unchanged (15.4% at 30 June 2017 against 15.3% at 30 June 2016). A decrease in fuel costs (- € 5.1 million) was reported during the period under examination against an increase in costs of materials (+ € 2.7 million), mainly as a result of a different mix of services rendered compared to last year and consequently of the use of the prevailing raw material. Moreover, in 2017, efficiency targets were focused significantly on energy and heat management services, including renegotiations, which also affected some utility suppliers.

Costs for services and use of third-party assets, in the period ended 30 June 2017, showed a substantial reduction compared to the period ended 30 June 2016, with a decrease in absolute terms of € 6.5 million (-4.1%) and an impact on total Costs of production that remained unchanged (38.0% against 37.9%). The trend was primarily related to the mix of services in progress and to the resulting make or buy choices. Moreover, the renegotiation initiatives mentioned above are also significantly shown on service providers.
In particular, lower *costs for use of third-party assets* were recorded in the half-year of € 1.2 million, attributable partially to lower leases on industrial properties of Servizi Ospedalieri S.p.A. (- € 0.5 million), as a result of their acquisition in property and financial lease between the end of 2016 and the first months of 2017, and partially to specific cost cutting measures related to some operating premises of the Group whose economic benefits were felt in 2017 (- € 0.3 million).

The item *Personnel costs* decreased from € 193.0 million as at 30 June 2016 to € 190.7 million as at 30 June 2017, showing in any case an increase in the impact on total Costs of production (45.9% as at 30 June 2016 against 47.5% as at 30 June 2017). However, it should be noted that the first half of 2017 showed the recognition of non-recurring personnel costs for a total of € 1.3 million (absent in the first half of 2016).
The average number of employees in service during the first 6 months of 2017 was equal to 16,200, while it was 16.457 in the same period in the previous year (of which 14,894 against 15,129 manual workers). Perfectly symmetrical to what was said for costs for services and for materials, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress.

Finally, *Other operating costs* as at 30 June 2017 was a positive € 3.6 million compared with € 3.9 million as at 30 June 2016.
As at 30 June 2016, this item included costs of € 1.5 million relating to the so-called “Oneri di sistema” which weighed on some energy service contracts up to the previous year. The Parent Company MFM S.p.A. recorded these costs until 31 December 2016 for a total of € 6.2 million as a result of regulatory provisions of Italian LD 91/2014 as converted with amendments by Italian Law 116/2014 and of the related enactment decree issued in 2015. However, the relevant payments were not made yet waiting to know the collection methods of the tax authorities. On 23 February 2017, the Chamber of Deputies followed up the final approval, resulting in the conversion into Law of Law Decree no. 244 of 30 December 2016 (known as "Milleproroghe”). The introduced amendments had an impact on the existing regulations concerning "Oneri di Sistema" and, in particular, the regulation (contained in the Italian laws of 2014 mentioned above) according to which, except for RIUs, the general "oneri di sistema" were determined, starting from 2014, with reference to the consumption of electricity, was abrogated, by re-establishing in this way the regulation previously in force, contained in the Bersani Decree (Italian Legislative Decree 79/99). Therefore, on the basis of the amended regulations, the management of MFM S.p.A. believed that these was no need to record additional "Oneri di Sistema" in 2017, assimilating also the elimination of the payment obligations for those related to the previous years and recognising the extraordinary income for the payable that was recorded at the end of the previous year.

Operating Income (EBIT)

In the first 6 months of 2017, consolidated Operating Income (**EBIT**) stood at € 40.0 million (8.8% of Revenues) against € 34.3 million (7.3% of Revenues) during the same period of 2016. However, EBIT of the first half of 2017 recorded, in addition to the non-recurring elements already described for EBITDA, the non-recurring release of a provision for risks set aside as at 31 December 2016 and relating to future charges for a dispute involving an associate with regard to which MFM S.p.A. had a service contract that envisaged possible contractual liability profiles by the servicer. This dispute had a positive outcome in the first half of 2017, with a significant reduction in terms of disbursement for the company concerned, which in turn resulted in a net release of the provision for risks of MFM S.p.A. of € 1.9 million. **Adjusted EBIT**

came to € 34.0 million (€ 35.3 million as at 30 June 2016) albeit remaining unchanged in terms of relative profit margins (Adjusted EBIT/Revenues), equal to 7.5% in both periods under comparison.
EBIT was mainly affected by the above mentioned consolidated performance in terms of EBITDA (-€ 2.6 million), from which must be deducted amortization and depreciation of € 13.5 million (€ 13.6 million at 30 June 2016), accruals of provisions for risks and charges (net of reversals) of € 0.5 million (net reversal of € 0.9 million at 30 June 2016) as well as write-downs of receivables and reversals of € 0.8 million (against € 2.5 million at 30 June 2016, when a significant specific risk position was reported on the Parent Company MFM S.p.A.). Moreover, Other impairment losses of € 0.3 million (€ 0.2 million as at 30 June 2016) were recognised in the half-year of 2017.

Below is reported a comparison of Operating Income (EBIT) by segment in the half-year ended 30 June 2017 with the amounts recorded in the same period of the previous year:

EBIT BY SEGMENT

(in thousands of Euro)	For the 6 months ended 30 June				For the 3 months ended 30 June	
	2017	% on segment revenues	2016	% on segment revenues	2017	2016
Facility Management	30,770	7.9%	25,781	6.4%	7,875	9,492
Laundering&Sterilization	9,183	13.9%	8,520	12.5%	4,764	4,920
CONSOLIDATED EBIT	**39,953**	**8.8%**	**34,301**	**7.3%**	**12,639**	**14,412**

EBIT in the Facility Management sector came to € 30.8 million (7.9% of related segment Revenues) at 30 June 2017 against EBIT of € 25.8 million (6.4% of related segment Revenues) at 30 June 2016 and therefore with a net increase of € 5.0 million compared to the same period last year. First of all, it reflects the already described performance in terms of EBITDA (+ € 2.8 million) against lower amortisation and depreciation of € 0.2 million (specifically due to investments in hardware and software infrastructure) and lower write-downs of trade receivables of € 1.5 million, which included, however, in 2016 a risk assessment on certain specific positions of MFM S.p.A. Moreover, higher impairment losses of assets of € 0.1 million were recognised. Finally, net releases on provisions for risks and charges of € 0.5 million were recognised in the first half-year, in particular, against a non-recurring accrual of € 1.9 million of the provision for risks that the Parent Company MFM S.p.A. had set aside as at 31 December 2016 against potential contractual liabilities with regard to an associate with which there exist a service contract, following a penalty measure against it whose amount was however significantly reduced by the competent authority during 2017.

The performance of EBITDA in the Laundering&Sterilization segment during the first half of 2017 (- € 0.1 million compared to the same period last year) was also accompanied, at the level of segment EBIT, by lower amortisation and depreciation of € 0.3 million (mainly relating to the linen rental and industrial laundering segment, and in particular to the management of linen), lower write-downs of receivables of € 0.1 million and lower net provisions for provisions for risks and charges of € 0.1 million, in connection with risk situations of an absolutely insignificant amount in both periods under comparison. Albeit in connection with the described slight drop in Revenues by segment of the half-year, described above, profit margins by segment increased (+1.3% of related Revenues).

Profit before taxes

To the consolidated EBIT must be added net income from companies valued at equity equal to € 1.2 million (€ 1.6 million at 30 June 2016), which reflected, among others, the Group's share of the result achieved by the associate Roma Multiservizi S.p.A. for € 0.2 million (€ 1.1 million at 30 June 2016). Furthermore, there was the recognition of net financial charges of € 14.2 million (€ 14.1 million at 30 June 2016), thus obtaining a profit before taxes equal, at 30 June 2017, to € 26.9 million (€ 21.8 million at 30 June 2016).

Below is provided the breakdown by nature of net financial charges in the first half-year of 2017 and for the same period in the previous year:

(in thousands of Euro)	For the 6 months ended 30 June		For the 3 months ended 30 June	
	2017	2016	2017	2016
Dividends and income (loss) from sale of investments	159	238	159	238
Financial income	604	1,089	385	312
Financial charges	(14,922)	(15,420)	(7,578)	(7,567)
Profit (loss) on exchange rate	(2)	(3)	(3)	(2)
NET FINANCIAL CHARGES	**(14,161)**	**(14,097)**	**(7,036)**	**(7,020)**

During the first half of 2017 dividends were collected from non-consolidated companies for € 0.2 million (€ 0.2 million at 30 June 2016).

Financial income decreased by € 0.5 million compared to the same period last year, which recorded, among other things, default interests income of € 0.6 million arising at the time of the settlement of previous credit positions with a specific customer of the Healthcare segment.

The impact of *financial charges* on the consolidated results of the period was equal to € 14.9 million, with a change of € 0.5 million compared to € 15.4 million during the same period of 2016. First of all, this item

recorded financial costs on the coupons of the bond issue for € 12.7 million, unchanged compared to the previous year owing to the absence of repurchase transactions of the portions of Senior Secured Notes.
On the other hand, during the first 6 months of 2017 higher financial charges from assignments of receivables with recourse are being recognised for € 0.1 million during 2017 (in relation to the contract in place with Unicredit Factoring), as are interest discount costs for € 0.6 million in relation to agreements for the assignment of receivables without recourse with Banca Farmafactoring. The latter items amounted to € 1.1 million as at 30 June 2016, when additional interest discount charges were recognised of € 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 € 12.4 million.

Consolidated Net Result for the period

From the profit before taxes (€ 26.9 million) in the half-year must be deducted taxes of € 11.2 million, thus obtaining a Net profit from continuing operations of € 15.7 million (€ 11.9 million at 30 June 2017). Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
Profit before taxes	**26,948**	**21,806**
Current, prepaid and deferred IRES tax	(8,443)	(7,344)
Current, prepaid and deferred IRAP tax	(2,769)	(2,563)
Tax rate from continuing operations	**41.6%**	**45.4%**
Profit (loss) from discontinued operations	0	1,385
Taxes related to the profit (loss) from discontinued operations	0	(333)
NET RESULT FOR THE PERIOD	**15,736**	**12,951**
OVERALL TAX RATE	**41.6%**	**44.2%**

Compared to the first half of the previous year, the Profit before taxes showed an increase of € 3.8 million (including the profit (loss) from discontinued operations equal to € 1.4 million at 30 June 2016), against an increase of € 1.0 million in the overall tax burden. The overall tax rate came to 41.6% for the half-year ended 30 June 2017 against 44.2% 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 Analysis of the statement of financial position as at 30 June 2017

(in thousands of Euro)	30 June 2017	31 December 2016	Change
USES			
Trade receivables and advances to suppliers	437,952	456,095	(18,143)
Inventories	4,744	4,382	362
Trade payables and advances from customers	(349,942)	(346,308)	(3,634)
Net working operating capital	**92,754**	**114,169**	**(21,415)**
Other working capital elements	(99,340)	(68,555)	(30,785)
Net working capital	**(6,586)**	**45,614**	**(52,200)**
Property, plant and equipment	68,690	66,110	2,580
Goodwill and other intangible assets	396,837	396,570	267
Investments accounted for under the equity method	29,794	30,534	(740)
Other items of non-current assets	39,668	38,913	755
Fixed assets	**534,989**	**532,127**	**2,862**
Non-current liabilities	(55,149)	(73,427)	18,278
NET INVESTED CAPITAL	**473,254**	**504,314**	**(31,060)**
SOURCES			
Equity attributable to non-controlling interests	271	235	36
Equity attributable to equity holders of the Parent	313,753	323,137	(9,384)
Shareholders' equity	**314,024**	**323,372**	**(9,348)**
Net financial indebtedness	159,230	180,942	(21,712)
FINANCING SOURCES	**473,254**	**504,314**	**(31,060)**

Net working capital

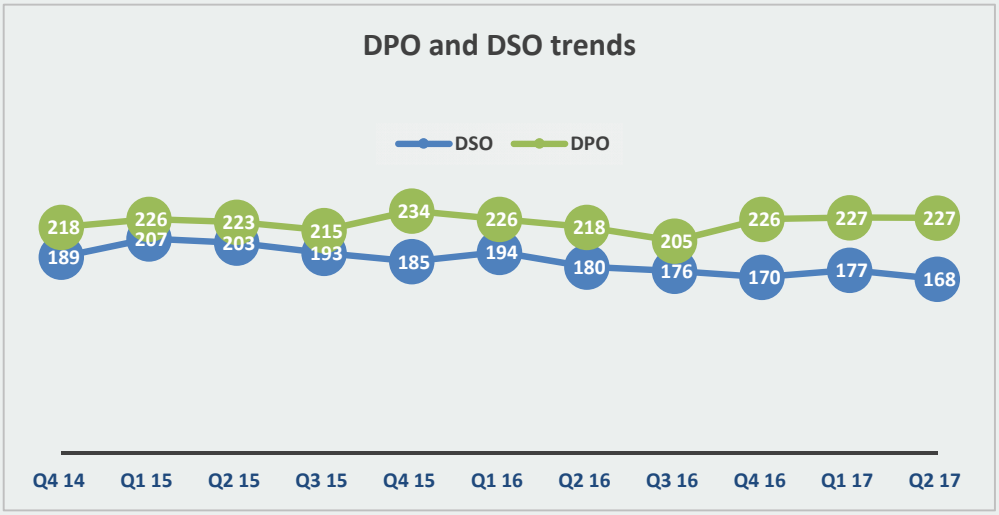
At 30 June 2017, Consolidated Net Working Capital (**NWC**) was negative and equal to € 6.6 million, with a decrease of € 52.2 million compared to the figure at 31 December 2016 (€ 45.6 million).

At 30 June 2017, consolidated Net Working Operating Capital (NWOC), composed of trade receivables and advances to suppliers and inventories, net of trade payables and advances from customers, was equal to € 92.8 million against € 114.2 million at 31 December 2016. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 20.5 million at 30 June 2017 and € 12.9 million at 31 December 2016), the **Adjusted NWOC** came to € 113.3 million and € 127.1 million, respectively.

First of all, the change in this latter item (- € 13.8 million) was related to the decrease in the balance of trade receivables (- € 10.5 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) against a slight increase in stock of trade payables that came to € 349.9 million as at 30 June 2017 (+ € 3.6 million compared to the balance as at 31 December 2016 of € 346.3 million).

As at 30 June 2017, average DSO was 168 days against 170 days as at 31 December 2016 and 180 days as at 30 June 2016.
The first half of 2017 showed also a substantially unchanged DPO both compared to the figure of the previous quarter (227 days) and compared to the end of the 2016 reporting period (226 days), albeit increasing compared to the figure reported for the first half of 2016 (218 days as at 30 June 2016).

It should be noted that, within the overall management of cash flows, the figure related to the flow of receipts of receivables in the half year constituted a historical low of recognitions made in the same periods in previous years (-12 days compared to 2016 and -35 days compared to 2015, which was affected, however, by physiological delays related to the introduction of VAT regulations on Split Payment). On the other hand, the financial planning of payments to suppliers kept the DPO in line with previous quarters.



The balance of the other elements in working capital at 30 June 2017 was a net liability of € 99.3 million, up by € 30.8 million compared to a net liability of €68.6 million at 31 December 2016:

(in thousands of Euro)	30 June 2017	31 December 2016	Change
Current tax receivables	0	3,500	(3,500)
Other current assets	25,523	25,932	(409)
Provisions for risks and charges, current	(9,376)	(10,715)	1,339
Current tax payables	(8,939)	(1,363)	(7,576)
Other current liabilities	(106,548)	(85,909)	(20,639)
OTHER ELEMENTS IN WORKING CAPITAL	**(99,340)**	**(68,555)**	**(30,785)**

The increase in the net liability of 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 € 15.6 million, given the payment of the summer bonus in July against a payment of the year-end bonus that already took place at the end of the previous year;
- the decrease in the net credit balances for VAT of the companies of the Group of € 1.5 million. These credit balances, systematically generated following the introduction of new regulations already in 2015 concerning the so-called "Split payments" and "Reverse charges", allowed during the first half of 2017 to result in assignments without recourse of the balances on account of refund from the tax authorities, for a total amount of € 9.8 million.
- the recognition in the item "Other current operating liabilities" of the payable of € 14.7 million related to the fine imposed by the Competition Authority during 2016, previously recognised under provisions for risks and charges, owing to the enforceability of the measure issued by the Authority on 23 December 2016 notwithstanding the appeal with the Court of Cassation was pending, for which the right to pay in 30 monthly instalments was granted with a measure of the Competition Authority itself on 28 April 2017. The balance of the residual debt as at 30 June 2017 was € 13.2 million, as a result of the payment of no. 3 monthly instalments.
- The decrease, again in the item "Other current operating liabilities", in the payable related to the so-called "Oneri di sistema" of € 6.2 million, following the final conversion in Law on 23 February 2017 of Law Decree no. 244 of 30 December 2016, (known as "Milleproroghe"), which, as said, allowed MFM S.p.A. not to record in 2017 additional Oneri di Sistema, also causing the elimination of the payment obligations for those related to the previous years for which no payment whatsoever was made.

Net current tax payables were recognised for € 8.9 million as at 30 June 2017 against a net receivable of € 2.1 million as at 31 December 2016, with the recognition of € 11.2 million of current taxes for the period.

Other non-current liabilities

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

- TFR (employee benefits), equal to € 15.7 million and € 17.0 million at 30 June 2017 and 31 December 2016, respectively;
- long-term portion of provisions for risks and charges (€ 27.6 million as at 30 June 2017 against € 44.5 million as at 31 December 2016, when it included the provision for the Competition Authority fine subsequently classified in item "Other current liabilities");
- Deferred tax liabilities of € 11.8 million (€ 11.8 million at 31 December 2016).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 June 2017 are shown below, compared to the figures at 31 December 2016, 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 June 2017	31 December 2016	Change
A. Cash	45	38	7
B. C/a, bank deposits and consortia, non-proprietary accounts	177,270	174,954	2,316
C. Securities held for trading			
D. Liquidity (A) + (B) + (C)	**177,315**	**174,992**	**2,323**
E. Current financial assets	**5,550**	**2,387**	**3,163**
F. Current bank overdraft	939	11,857	(10,918)
G. Current portion of non-current debt	11,279	11,176	103
H. Other current financial liabilities	21,276	29,806	(8,530)
I. Current financial indebtedness (F)+(G)+(H)	**33,494**	**52,839**	**(19,345)**
J. Current net financial indebtedness (I) - (D) - (E)	**(149,371)**	**(124,540)**	**(24,831)**
K. Long-term bank debts and Senior Secured Notes	305,297	304,648	649
L. Other non-current financial liabilities	3,304	834	2,470
M. Derivatives			
N. Non-current financial indebtedness (K) + (L) + (M)	**308,601**	**305,482**	**3,119**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**159,230**	**180,942**	**21,712**

The first 6 months of 2017 saw a significant improvement in the Consolidated net financial debt, which passed from € 180.9 million at 31 December 2016 to € 159.2 million at 30 June 2017. This positive figure was further appreciable in consideration of the financial outlay associated with the payment of the dividend to the shareholders of the Parent Company MFM S.p.A. in May 2017 (€ 25.1 million), which consisted in the use of extraordinary cash guaranteed by a significant cash generation during the half year.

On 23 February 2016, the Parent Company MFM S.p.A. and Servizi Ospedalieri S.p.A. entered with Banca Farmafactoring S.p.A into a three-year maturity factoring agreement without recourse concerning the assignment of receivables from entities in the National Health System, in an annual amount of up to € 100 million. During the first six months of 2017, assignments of receivables without recourse were made in an amount of € 26.3 million, subject to derecognition according to IAS 39, while the amount of receivables assigned but not yet collected by the factor as at 30 June 2017 amounted to € 18.8 million. To these must be added € 1.7 million relating to a stand-alone assignment carried out with Banca Farmafactoring S.p.A. but outside the described three-year contract whose subject matter was receivables from Public Administrations. The consolidated net “adjusted” financial debt for the amount of receivables assigned to factoring companies that had not been collected at the balance sheet date (therefore equal overall to €

20.5 million at 30 June 2017 against € 12.9 million at 31 December 2016) came to € 179.8 million (€ 193.8 at 31 December 2016).

At 30 June 2017 the balance of Cash and cash equivalents, net of short-term liabilities, amounted to € 164.3 million (€ 142.3 million at 31 December 2016):

(in thousands of Euro)	30 June 2017	31 December 2016
Cash and cash equivalents	177,315	174,992
Current bank overdraft, advance payments and hot money	(939)	(11,857)
Payables for assignments of trade receivables with recourse	(12,080)	(20,805)
NET CASH AND CASH EQUIVALENTS	**164,296**	**142,330**

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 2016:

(in thousands of Euro)	30 June 2017	31 December 2016
Cash and cash equivalents	(177,315)	(174,992)
Current bank overdraft, advance payments and hot money	939	11,857
Current portion of non-current bank debts	10,645	10,681
Long-term bank debts	10,000	10,000
Senior Secured Notes	295,297	294,648
Finance lease obligations	3,939	914
NET INTEREST BEARING FINANCIAL INDEBTEDNESS	**143,505**	**153,108**

The “Net interest bearing financial indebtedness” reported an improvement of € 9.6 million compared to 31 December 2016 (€ 143.5 million against € 153.1 million), mainly in connection with a reduced use of short-term credit lines (- € 10.9 million) even in connection with a greater cash in hand of € 2.3 million. The increase in residual finance lease payables (+ € 3.0 million) was fully attributable to the real-estate leasing transaction concluded in the quarter by Servizi Ospedalieri S.p.A. for the acquisition of the property of Lucca. This property was already used on rental for the industrial laundry activities and was acquired by Manutencoop Immobiliare S.p.A., company of the Manutencoop Cooperativa Group, as part of an overall reorganisation of the production sites of the Laundering&Sterilization SBU.

Finally, it should be noted that the current portion of non-current bank debt included net accrued expenses, at 30 June 2017 and at 31 December 2016, relating to interest on the bond coupons to be paid in August and February, respectively (in an unchanged amount of € 10.6 million)

The change in consolidated Cash and cash equivalents is analysed in the table below: the cash flows for the half-year of 2017 are compared with the figures for the same period in the previous year. Annex IV to the consolidated Half-year Financial Report contains a reconciliation between the items in this table and those in the statutory Consolidated Statement of Cash Flows presented in the Condensed Explanatory Notes pursuant to IAS 7.

	2017	2016
At 1 January	**174,992**	**114,391**
Cash flow from current operations	41,729	37,860
Uses of provisions for risks and charges and payments of the employee termination indemnity	(4,482)	(6,101)
Change in adjusted NWOC	12,942	(22,395)
Industrial capex, net of disposals	(16,338)	(8,303)
Financial capex, net of disposals	(266)	4,570
Change in adjusted net financial liabilities	(11,725)	27,561
Other changes	(19,536)	19,622
AT 30 JUNE	177,315	167,204

The overall cash flows mainly reflect:

- a positive cash flow from operations of € 41.7 million (€ 37.9 million at 30 June 2016);
- € 4.5 million in outflows from the utilisation of the provision for future risks and charges and for employee termination indemnity (€ 6.1 million at 30 June 2016);
- a cash outflow from changes in Adjusted NWOC for € 12.9 million (against a cash inflow of € 22.4 million at 30 June 2016) which arises from a positive flow correlated to a change in adjusted trade receivables of €11.9 million (€ 30.3 million in the first 6 months of 2016) against a flow generated by an increase in trade payables for € 3.6 million (a flow absorbed by a reduction in this item for € 13.4 million in the first 6 months of 2016);
- a € 16.6 million cash flow used in industrial investments (€ 8.9 million as at 30 June 2016), net of disposals of € 0.3 million (€ 0.6 million as at 30 June 2016), against also net financial investments of € 0.3 million (+ € 4.6 million as at 30 June 2016, mainly related to the collection of an amount of € 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).
- a decrease in adjusted net financial liabilities of € 11.7 million, which was due to a decrease in financial liability relating to factoring with recourse of the quarter (- € 8.7 million) and in the balance of short-term credit lines used for hot money and advances on invoices (- € 10.9 million), albeit against an increase in financial lease payables (+ € 3.0 million). Finally, an increase in the balance of current financial assets (+ € 3.2 million) was recorded: they included the balance of the pledged current account used for channelling the receipts of trade receivables assigned without recourse to Banca

Farmafactoring (+ € 1.9 million) and the financial receivable related to the dividends distributed by the associate Roma Multiservizi S.p.A. On the other hand, in the first half of 2016, an increase in adjusted net financial liabilities of € 27.6 million was reported, which was due to the change in the financial liability relating to factoring with recourse of the quarter (+ € 18.5 million) and in adjusted liability relating to the assignments without recourse (+ € 17.5 million) against an increase in short-term financial assets of € 3.4 million, mainly due to the accounting reclassification as a short-term asset of the last portion of € 5 million of the price, not yet collected, for the sale of shares of December 2014 of MIA S.p.A., previously escrowed.

- other decreases occurred in the half-year (€ 19.5 million) that included, among other things, the payment by the Parent Company MFM S.p.A. of a dividend to the shareholders of € 25.1 million in May 2017. Besides, other assets and liabilities generated all-in-all cash flows of € 5.6 million, due to the net effect: (i) of the increase in the balance of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the tax authorities (+ € 15.6 million), in particular, due to the different seasonal trend of the payment of supplementary monthly pays (year-end and summer bonuses); (ii) of the decrease in net credit balances for VAT of the companies of the Group (- € 1.5 million), which, albeit against credit balances systematically generated following the introduction already in 2015 of regulations concerning the so-called “Split payment” and “Reverse charge”, were the subject matter during the first half of 2017 of some assignments without recourse of the balances on account of refund from the tax authorities, for a total amount of € 9.8 million; (iii) of the decrease (- € 6.2 million) relating to the removal of the payable for the so-called “Oneri di sistema”, following the already mentioned regulatory changes that caused the elimination of the payment obligations for MFM S.p.A. of the charges relating to the previous years (for which no payment whatsoever was made) in addition to recording new Oneri di Sistema for 2017; (iv) the recognition in the item “Other operating current liabilities” of the payable of € 14.7 million related to the fine imposed by the Competition Authority during 2016, previously recognised under provisions for risks and charges, given the enforceability of the measure issued by the Authority on 23 December 2016, for which the right to pay in 30 monthly instalments was granted with a measure of the Competition Authority itself on 28 April 2017. The balance of the residual debt as at 30 June 2017 was € 13.2 million, as a result of the payment of no. 3 monthly instalments. Finally, it should be noted that the other changes during the first half of 2016 generated positive flows for € 19.6 million, mainly due to the net effect of a positive inflow from the assignment of tax receivables without recourse (€ 11.7 million) net of changes in the other assets and liabilities, in particular in the higher net VAT credit balances attributable to the companies of the Group (+ € 7.0 million) and of the changes that were reported in other operating assets and liabilities during the half-year (specifically in the seasonal performance of payables to/receivables from employees described above 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 € 15.2 million) against an outflow of financial resources due to higher net VAT credit balances concerning the Group companies for € 9.8 million;

Financial and industrial Capex

In the first half of 2017, the Group made net capital expenditures which totalled € 16.6 million, compared to disinvestments of € 0.3 million:

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
Acquisitions of properties under finance leases	4,484	
Increases in owned properties	20	
Purchase of plant and equipment	8,162	6,423
Other capital expenditures in intangible assets	3,947	2,498
INDUSTRIAL CAPEX	**16,612**	**8,920**

On 3 March 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a financial lease agreement with Unicredit Leasing S.p.A. of a 12 year duration for the purchase of the factory of Lucca, previously used through a lease contract with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa Group that owned it), for a value of € 4,484 thousand. Acquisitions of plant and equipment include 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 (€ 6.2 million at 30 June 2017 against € 4.5 million at 30 June 2016). Investments in intangible assets for the period amounted to € 3.9 million (€ 2.5 million at 30 June 2016) and mainly related to ICT investments. These included € 1.5 million of investments in the technological platform of the subsidiary Yougenio S.r.l.

Finally, disinvestments from property, plant and equipment were recorded for € 0.3 million (€ 0.6 million at 30 June 2016).

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

(in thousands of Euro)	For the 6 months ended 30 June	
	2017	2016
Facility Management	5,039	3,328
Laundering & Sterilization	11,574	5,592
INDUSTRIAL CAPEX	**16,612**	**8,920**

Finally, the negative cash flow for financial investments of € 0.3 million was mainly related to the payment of share capital carried out in an investee company not included in the consolidation area (€ 0.4 million) against the receipt of portions of the transfer price of discontinued operations in previous years (€ 0.1

million). This positive cash flow of € 4.6 million as at 30 June 2016 arose from the accounting reclassification among short-term financial assets 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) of € 5 million, following the fulfilment of some contract conditions governing the sale.

Change in net financial liabilities

The table below shows the changes that were recorded in the half-year 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 2016	New loans	Repayments and payments for the period	Other changes	30 June 2017
Bank loans	10,000				10,000
Current bank overdraft, advance payments and hot money	11,857	939	(11,857)		939
Accrued expense and deferred income on loans	10,634		(12,750)	12,727	10,611
Bonds	294,648			649	295,297
BANK DEBTS	**327,139**	**939**	**(24,607)**	**13,376**	**316,847**
Financial lease obligations	914	4,467	(1,442)		3,939
Payables for assignments of trade receivables with recourse	20,805	17,121	(25,846)		12,080
Receipts on behalf of assignees of trade receivables without recourse	2,744	2,645	(2,744)		2,645
Other current financial liabilities	6,719			(136)	6,583
FINANCIAL LIABILITIES	**358,321**	**25,173**	**(54,639)**	**13,241**	**342,095**
Current financial assets	(2,387)			(3,163)	(5,550)
NET FINANCIAL LIABILITIES	**355,934**	**25,173**	**(54,639)**	**10,078**	**336,545**
Outstanding amount of receivables assigned to factoring companies without recourse	12,883	26,345	(18,681)		20,547
ADJUSTED NET FINANCIAL LIABILITIES	**368,817**	**51,518**	**(73,320)**	**10,078**	**357,092**

The first 6 months of 2017 saw the payment of the net six-monthly coupon on the bond loan totalling € 12.8 million; the settlement date was 2 February. 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 of € 125 million. The bond issue was accounted for in accordance with IAS 39 for a nominal value of € 300 million and entailed the recognition of financial charges during the period arising from the related amortised cost for € 0.6 million. The Notes in the portfolio were held on securities accounts until 30 June 2017. A portion of the notes (in a nominal amount of € 14 million) was pledged against the committed credit line of € 10 million, due 2018, obtained from CCFS. This credit line was cancelled on 3 July 2017

resulting in the repayment of the debt for principal and on 20 July 2017, the Parent Company requested the Trustee and the Paying Agent to formally delete all Notes previously held in the portfolio.

As at the closing date of the period, short-term uncommitted credit lines had been used for hot money and advance payments on invoices (in order to meet peaks in temporary cash requirements linked to the physiological performance of operations) of € 0.9 million (€ 11.9 million as at 31 December 2016).

Furthermore, MFM S.p.A. has an agreement for the assignment of trade receivables with recourse in place with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector market. During the first 6 months of 2017, assignments were made in an overall nominal amount of € 17.1 million, while the amount of receivables assigned but not yet collected by the factor amounted to € 12.1 million at 30 June 2017 (€ 20.8 million at 31 December 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 € 100 million. The committed credit line is due 2019. During the period, assignments of receivables without recourse of € 26.3 million were made (to which must be added an amount of € 1.7 million relating to a stand-alone assignment to Banca Farmafactoring whose subject matter was receivables from Public Administrations, not related to the described three-year contract), while the amount of receivables assigned but not yet collected by the factor as at 30 June 2017 amounted to € 18.8 million. Furthermore, the Group collected amounts of € 2.6 million at 30 June 2017, 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 gave rise to the payment of said amounts at the beginning of the following quarter.

Finally, the Group recorded among “Other financial liabilities” as at 31 December 2016 the estimated liability against the put option held by the Sicura S.p.A. minority shareholders on the remaining 15% of the shares held by them, on the basis of the investment agreement signed upon acquisition in 2008 (€ 5.4 million). On 30 June 2017, the call option was exercised by MFM S.p.A., for the above-mentioned value already recorded, which was followed by the payment on 10 August 2017.

Finally, the balance of short-term financial assets was € 3.2 million higher mainly as a result of the change in the balance of pledged current bank accounts dedicated to the operation of the collection service within the scope of the above-mentioned agreement for the assignment of trade receivables without recourse signed with Banca Farmafactoring (+ € 1.9 million) as well as of the recognition of receivables for dividends distributed by non-consolidated companies of € 1.3 million.

4. SUBSEQUENT EVENTS AFTER THE END OF THE HALF-YEAR

Exercise of the Call option on minority shareholdings of the share capital of Sicura S.p.A.

The investment agreement signed by MFM S.p.A. with the minority shareholders of Gruppo Sicura S.r.l. (acquired in 2008 and merged today into Sicura S.p.A.) envisaged a Put&Call mechanism through which MFM S.p.A. would have subsequently acquired the minority shareholding (initially equal to 20% of the share capital). MFM S.p.A. acquired an additional shareholding equal to 5% of the share capital of Sicura S.p.A. already on 12 July 2016 and exercised the Call option for the residual shareholding of 15% at the deadline set at 30 June 2017. The financial outlay (equal to the value recorded in the financial statements of € 5.4 million) and the transfer of the shares were set at 10 August 2017.

Cancellation of the Notes held in the portfolio

As at the date of approval of this Consolidated Half-year Financial Report at 30 June 2017 the nominal value of the Notes shown in the accounts amounted to € 300 million, given the buy-back transactions carried out during 2014 and 2015, for nominal portions of € 45 million and € 80 million, respectively. The Notes in the portfolio were held on securities accounts until 30 June 2017. A portion of the notes (in a nominal amount of € 14 million) was pledged against the committed credit line of € 10 million, due 2018, obtained from CCFS. This credit line was cancelled on 6 July 2017 resulting in the repayment of the debt for principal and on 20 July 2017, the Parent Company requested the Trustee and the Paying Agent to formally delete all Notes previously held in the portfolio.

Refinancing transaction of the Manutencoop Società Cooperativa Group

On 26 May 2017, the parent company Manutencoop Società Cooperativa set up as sole shareholder a vehicle called CMF S.p.A. for the launch of a bond issue (Senior Secured Note) maturing in 2022 in order to refinance the consolidated debt of the Manutencoop Cooperativa Group. The transaction, launched on 29 June 2017 through the publication of the Offering Memorandum, was formalised in an issue of € 360 million, at an issue price of 98% with an annual fixed coupon of 9% (payable every six months) and non-callable redemption until 15 June 2020. The contract ("Indenture") was signed on 6 July 2017 by and between the issuer, Law Debenture Trust Corporation p.l.c. as trustee and UniCredit Bank AG, Milan Branch as Security Agent. The bond was listed on the Euro MTF Market of the Luxembourg Stock Exchange. The purpose of the Senior Secured Notes issued by CMF S.p.A. was to repurchase the Notes already issued by MFM S.p.A. during 2013 (with a 8.5% coupon, maturity in August 2020 and price redemption at 2 August 2017 equal to 102,125%), repay the other financial payables of the entire Group controlled by Manutencoop Cooperativa, provide the latter with the financial resources required to allow the exit of the Investment Funds holding a share of 33.2% of MFM S.p.A. and pay the Vendor Note issued by Manutencoop Società Cooperativa, in accordance with an Investment Agreement signed during 2013 and revised during 2016. Moreover, in close connection with the bond offer, an additional newly set-up vehicle between Manutencoop Cooperativa and CMF S.p.A. or Manutencoop Cooperativa must issue an equity or

debt instrument amounting to approximately € 50 million, necessary to complete the acquisition of all the shares of MFM S.p.A.

The income of the bond issue were deposited in an escrow account, managed by Bank of New YorkMellon, London Branch as escrow agent and pledged in favour of the trustee as a guarantee for the bondholders. Such escrow will be issued following the occurrence of some conditions precedent (known as "Completion Date"), and in particular the acquisition, through purchase and sale and/or transfer, of all the shares of MFM S.p.A. by Manutencoop Cooperativa and CMF S.p.A., the latter to be merged into its own subsidiary effective as from 1 January 2018. The Notes will be Senior Secured bonds of the issuer CMF S.p.A., to which the guarantee given by Servizi Ospedalieri S.p.A. will be added as a result of the described merger of CMF S.p.A. into MFM S.p.A.

If the acquisition of shares of MFM S.p.A. should not be completed by 13 November 2017 and/or if the other conditions precedent were not met on that date, the Notes will be subject to mandatory repayment. On the date of approval of the Consolidated Half-Year Financial Report of MFM S.p.A., the Completion Date was not yet followed up.

5. BUSINESS OUTLOOK

The turnover of the first half of 2017 confirmed a slight decrease in Revenues that, together with the delays in awarding contracts and agreements that continued to characterise the core market, likely represented a sign of delay of the expected recovery in volume growth. However, the reversal of the trend in Revenues is expected only to be postponed, as it is presumed by the significant amount of tenders in the pipeline that the company took part in and waiting to be awarded.

Income performance of the half-year seemed satisfactory, and the outlook for the continuation of the financial year showed evidences of basically unchanged profit margins (net of a greater negative impact expected for the start-up initiatives, Yougenio in particular, which was started during 2016), thanks also to the further efficiency measures implemented by production facilities to counteract the pressure on volumes and profit margins.

In financial terms, the Group achieved a good performance in the first half-year, confirming significant available funds also as at 30 June 2017, albeit against the payment of a dividend of € 25.1 million in the second quarter. The continuation of the deleverage remained a primary objective that the Group will continue to pursue in the second half of the year.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 June 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	62,779	64,483
Property, plant and equipment under lease	3	5,911	1,627
Goodwill	4-5	370,456	370,456
Other intangible assets	4	26,381	26,114
Investments accounted for under the equity method	6	29,794	30,534
Other investments	7	4,258	3,850
Non-current financial assets and other securities	7	11,627	11,769
Non-current assets	7	2,837	2,323
Prepaid tax assets		20,946	20,971
TOTAL NON-CURRENT ASSETS		**534,989**	**532,127**
CURRENT ASSETS			
Inventories		4,744	4,382
Trade receivables and advances to suppliers	8	437,952	456,095
Current tax receivables		0	3,500
Other current assets	8	25,523	25,932
Current financial assets	11	5,550	2,387
Cash and cash equivalents	11	177,315	174,992
TOTAL CURRENT ASSETS		**651,084**	**667,288**
Non current assets classified as held for sale		0	0
TOTAL NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,186,073**	**1,199,415**

(in thousands of Euro)	NOTES	30 June 2017	31 December 2016
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		145,148	187,856
Retained earnings		43,755	(7,518)
Profit (loss) attributable to equity holders of the Parent		15,700	33,649
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**313,753**	**323,137**
Capital and reserves attributable to non-controlling interests		235	351
Profit (loss) attributable to non-controlling interests		36	(116)
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**271**	**235**
TOTAL EQUITY	10	**314,024**	**323,372**
NON-CURRENT LIABILITIES			
Employee termination indemnity	12	15,705	17,043
Provisions for risks and charges, non-current	13	27,567	44,522
Non-current loans	11	308,601	305,482
Deferred tax liabilities		11,806	11,812
Other non-current liabilities		71	50
TOTAL NON-CURRENT LIABILITIES		**363,750**	**378,909**
CURRENT LIABILITIES			
Provisions for risks and charges, current	13	9,376	10,715
Trade payables and advances from customers	14	349,942	346,308
Current tax payables		8,939	1,363
Other current liabilities	14	106,548	85,909
Bank borrowings, including current portion of long-term debt, and other financial liabilities	11	33,494	52,839
TOTAL CURRENT LIABILITIES		**508,299**	**497,134**
Liabilities directly associated with 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		**1,186,073**	**1,199,415**

CONSOLIDATED HALF-YEAR STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the 6 months ended	
		30 June 2017	30 June 2016
REVENUES			
Revenues from sales and services		454,511	470,914
Other revenues		835	633
TOTAL REVENUES		**455,346**	**471,547**
OPERATING COSTS			
Costs of raw materials and consumables		(61,749)	(64,193)
Change in inventories of finished and semi-finished products		-	20
Costs for services and use of third party assets		(152,592)	(159,094)
Personnel costs		(190,712)	(192,956)
Other operating costs		3,645	(3,942)
Capitalisation of lower internal construction costs		89	0
Amortisation, depreciation, write-downs and write-backs of assets	4-5-8	(14,602)	(16,199)
Accrual of provisions for risks and charges	13	(528)	(882)
TOTAL OPERATING COSTS		**(415,393)**	**(437,246)**
OPERATING INCOME		**39,953**	**34,301**
FINANCIAL INCOME AND EXPENSES			
Share of net of associates	6	1,156	1,601
Dividends and income (loss) from sale of investments		159	238
Financial income		604	1,089
Financial charges		(14,922)	(15,420)
Profit (loss) on exchange rate		(2)	(3)
PROFIT (LOSS) BEFORE TAXES		**26,948**	**21,806**
Income taxes, current , prepaid and deferred		(11,212)	(9,907)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		**15,736**	**11,899**
Profit (loss) from discontinued operations		0	1,052
PROFIT (LOSS) FOR THE PERIOD		**15,736**	**12,951**
Net profit (loss) for the period attributable to non-controlling interests		(36)	135
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		**15,700**	**13,086**

	For the 6 months ended	
	30 June 2017	30 June 2016
Basic earnings per share	0.144	0.120
Diluted earnings per share	0.144	0.120
Basic earnings per share from continuing operations	0.144	0.120
Diluted earnings per share from continuing operations	0.144	0.120

CONSOLIDATED HALF-YEAR STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the 6 months ended	
		30 June 2017	30 June 2016
NET RESULT FOR THE PERIOD		**15,736**	**12,951**
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	(344)	(334)
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(344)**	**(334)**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gain (losses) on defined benefit plans		353	(1,136)
Income taxes		(22)	273
Net effect on actuarial gains (losses)	**12**	**331**	**(863)**
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**	20	(58)
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**351**	**(920)**
TOTAL PROFITS (LOSSES) IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME, NET OF TAXES		**7**	**(1,255)**
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**15,743**	**11,696**
Equity holders of the Parent		15,707	11,831
Non-controlling interests		36	(135)

CONSOLIDATED HALF-YEAR STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the 6 months ended	
		30 June 2017	30 June 2016
Net result from continuing operations for the period		**15,736**	**11,899**
Income taxes for the period		11,212	9,907
Profit before taxes from continuing operations		**26,948**	**21,806**
Amortisation, depreciation, write-downs and (write-backs) of assets		14,602	16,199
Accrual (reversal) of provisions for risks and charges		(528)	882
Employee termination indemnity provision		430	408
Payments of employee termination indemnity		(1,416)	(921)
Utilization of provisions		(3,066)	(5,180)
Share of net profit of associates, net of dividends collected		416	(1,601)
Financial charges (income) for the period		14,320	14,334
Operating cash flows before movements in Working Capital		**51,706**	**45,570**
Decrease (increase) of inventories		(362)	173
Decrease (increase) of trade receivables and advances to suppliers		17,334	26,711
Decrease (increase) of other current assets		(406)	(3,714)
Increase (decrease) in trade payables		3,634	(32,323)
Increase (decrease) of other current liabilities		5,960	13,894
Change in Working Capital		**26,160**	**4,741**
Net interests received (paid) in the period		(13,592)	(13,316)
Income taxes paid in the period		(139)	9,714
Net cash flow from operating activities		**64,135**	**46,708**
(Purchase of intangible assets, net of sales)	4	(3,947)	(2,497)
(Purchase of property, plant and equipment)	3	(12,666)	(6,423)
Proceeds from sale of property, plant and equipment	3	274	616
Disposal (acquisition) of investments		(408)	(227)
Decrease (increase) of financial assets		(1,222)	(841)
Discontinuing activities	9	110	3,984
Net cash flow from (used in) investing activities		**(17,858)**	**(5,387)**
Change in finance lease debt	11	3,025	619
Net opening (repayment) of short-term bank credit lines	11	(11,857)	(8,283)
Other net changes in borrowings	11	(10,031)	19,184
Dividends paid		(25,091)	(25)
(Purchase) /sale of subsidiaries' minority shareholdings		0	(4)
Net cash flow from / (used in) financing activities		**(43,954)**	**11,491**
Change in cash and cash equivalents		**2,323**	**52,813**
Cash and cash equivalents at the beginning of the period		174,992	114,391
Change in cash and cash equivalents		2,323	52,813
Cash and cash equivalents at the end of the period		**177,315**	**167,204**
Details of cash and cash equivalents:			
Cash and bank current accounts		177,315	167,204
TOTAL CASH AND CASH EQUIVALENTS		**177,315**	**167,204**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the 6 months ended	
	30 June 2017	30 June 2016
Interest paid	(14,197)	(14,685)
Interest received	605	1,369
Dividends paid	(25,091)	(25)
Dividends received	440	238

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2017	**109,150**	**187.856**	**(7,518)**	**33,649**	**323,137**	**235**	**323,372**
Allocation of prior year result		(42,715)	51,273	(8,558)	**0**	0	**0**
Dividends paid				(25,091)	**(25,091)**		**(25,091)**
Total comprehensive income (loss) for the period		7		15,700	**15,707**	36	**15,743**
30 June 2017	**109,150**	**145,148**	**43,755**	**15,700**	**313,753**	**271**	**314,024**

	Share capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to 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**		**0**
Dividends paid						(25)	**(25)**
Change in the consolidation area						(8)	**(8)**
Total comprehensive income (loss) for the period		(1,255)		13,086	**11,831**	(135)	**11,696**
30 June 2016	**109,150**	**186,699**	**(7,519)**	**13,086**	**301,416**	**212**	**301,628**

1. GENERAL INFORMATION

The Consolidated Half-year Financial Report of the Manutencoop Facility Management Group ("the MFM Group" or "the Group") for the half-year ended 30 June 2017 consists of the Interim Report of Operations and of the condensed consolidated half-year Financial Statements at 30 June 2017, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Consolidated Half-year Financial Report of the MFM Group for the half year ended 30 June 2017 was authorized by resolution of the Board of Directors of 29 August 2017.

As at 30 June 2017, the Group was 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 half-year Financial Statements at 30 June 2017 comprise the Consolidated statement of financial position, the Consolidated Half-Year Statement of profit or loss, the Consolidated Half-Year Statement of other comprehensive income, the Consolidated Half-Year 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 2016, while the economic values included in the Half-Year Statement of other Comprehensive Income and in the statement of Cash Flows are compared with those in the first six months of 2016. The condensed consolidated Half-Year Financial Statements at 30 June 2017 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 ones. The Consolidated Half-Year Statement of profit or loss is classified by nature and the Consolidated Half-Year 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 Half-Year Financial Statements at 30 June 2017 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 Half-Year Financial Statements at 30 June 2017 have been prepared in compliance with IAS 34 - Interim Financial Reporting.
The condensed consolidated 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 2016.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated half-year Financial Statements at 30 June 2017 are consistent with those used to prepare the consolidated Financial Statements as at 31 December 2016, to which reference is made for their detailed presentation, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2017, in addition to the amendments to the existing standards.
In particular, some amendments to existing principles have come into force:

- *Amendments to IAS7 – Cash flow statement.* The improvement provides guidance on the disclosures to be included on the liabilities arising from financing activities, including monetary and non-monetary changes (such as foreign exchange gains or losses).
- *Amendments to IAS12* – Recognition of prepaid tax assets for unrealised losses related to debt instruments measured at fair value. It clarifies that an entity must assess whether the tax regulations exclude tax deductions that give rise to a temporary difference. Moreover, the amendment provides guidance on how an entity should determine the future taxable profits and explain the circumstances under which the taxable income can ensure the recoverability of such assets.

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 Directors 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 and the acquiring 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 June 2017, the carrying amount of the goodwill stood at € 370,456 thousand (which remained unchanged compared to € 370,456 thousand at 31 December 2016). 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 by 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

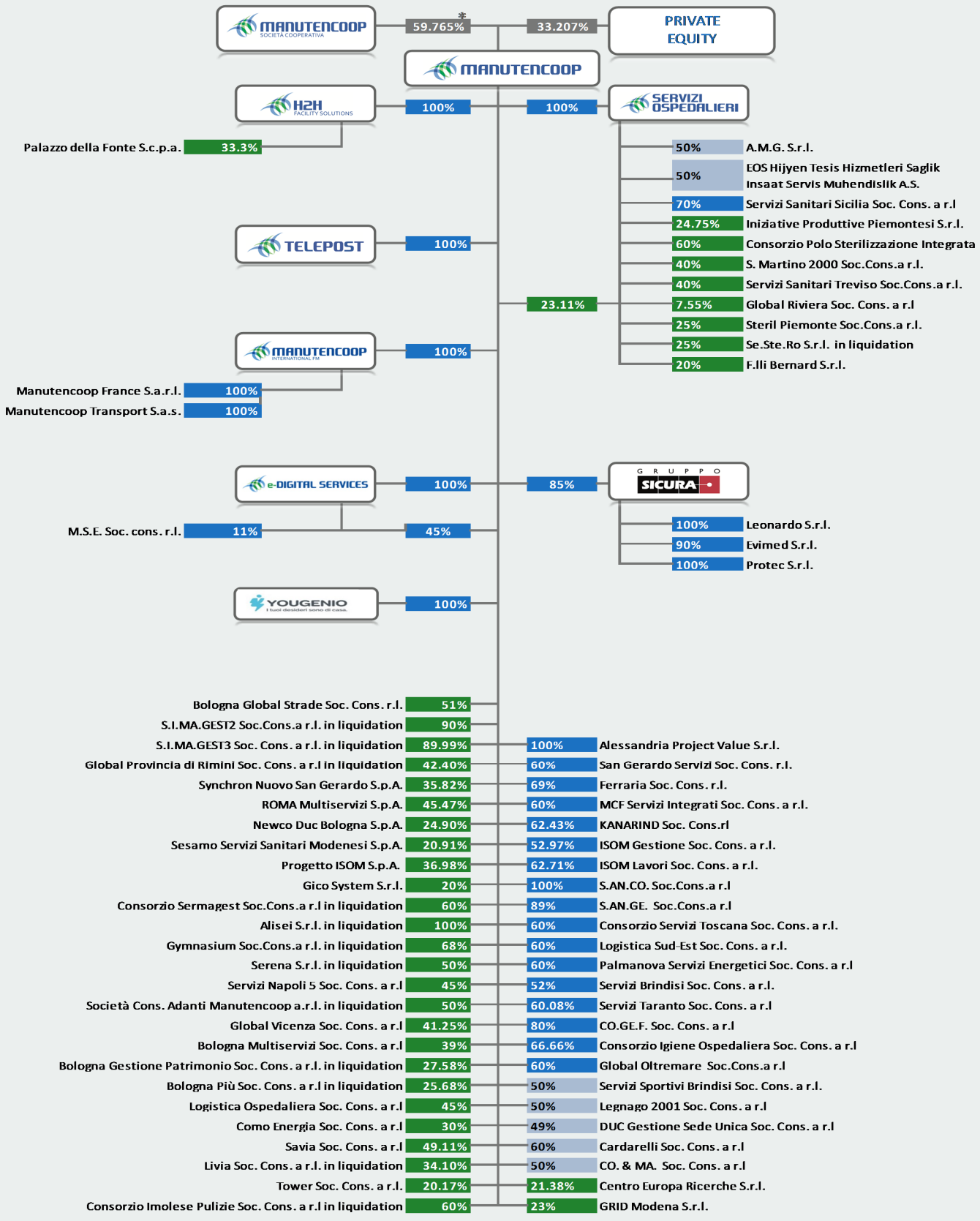
Management also needed to use estimates in determining:

- 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 June 2017. 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-ventures 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 June 2017 is shown below.



* 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 half-year of 2017:

- On 20 March 2017, Manutencoop Transport S.a.S. was established, which is wholly owned by Manutencoop France S.a.r.l.;
- the transfer, on 29 May 2017, of all the shares of Yougenio S.r.l. from e-Digital Services S.r.l. to the Parent Company MFM S.p.A.

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 June 2017.

	Property	Plant and equipment	Property under lease	Plant and equipment under lease	Total
At 1 January 2017, net of accumulated depreciation and impairment	**13,705**	**50,779**	**26**	**1,601**	**66,110**
Additions from acquisitions	20	8,162	4,484	0	**12,666**
Disposals	0	(274)	0	0	**(274)**
Depreciation for the period	(172)	(9,473)	(32)	(135)	**(9,812)**
Other	0	33	(26)	(7)	**0**
At 30 June 2017	**13,553**	**49,227**	**4,452**	**1,459**	**68,690**
At 1 January 2017					
Historical cost	16,005	334,864	236	4,950	**356,055**
Accumulated depreciation and impairment losses	(2,301)	(284,086)	(210)	(3,349)	**(289,945)**
NET BOOK VALUE	**13,705**	**50,779**	**26**	**1,601**	**66,110**
At 30 June 2017					
Historical cost	16,025	342,785	4,694	4,943	**368,447**
Accumulated depreciation and impairment losses	(2,473)	(293,559)	(242)	(3,484)	**(299,757)**
NET BOOK VALUE	**13,553**	**49,227**	**4,452**	**1,459**	**68,690**

The additions from acquisitions in the first half of the year relate to the linen in the Laundering&Sterilization segment for € 6,233 thousand and to the purchases of other machinery and specific equipment for € 1,929 thousand. Moreover, on 3 March 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a financial lease agreement with Unicredit Leasing S.p.A. for the purchase of the factory of Lucca, already used through a lease contract with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa Group that owned it previously). The financed amount was equal to € 4,467 thousand plus additional charges of € 17 thousand. The finance lease had a duration of 12 years with an initial down payment of € 1,117 thousand and constant monthly instalments.

Furthermore, some plant and equipment were disposed of for a total additional amount of € 274 thousand.

4. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 June 2017.

	Other intangible assets	Goodwill	Total
At 1 January 2017, net of accumulated amortisation and impairment	**26,114**	**370,456**	**396,570**
Additions from acquisitions	3,947	0	**3,947**
Depreciation for the period	(3,680)	0	**(3,680)**
At 30 June 2017	**26,381**	**370,456**	**396,837**
At 1 January 2017			
Cost	102,934	372,849	**475,783**
Accumulated depreciation and impairment losses	(76,820)	(2,393)	**(79,213)**
NET BOOK VALUE	**26,114**	**370,456**	**396,570**
At 30 June 2017			
Cost	106,881	372,849	**479,730**
Accumulated depreciation and impairment losses	(80,500)	(2,393)	**(82,893)**
NET BOOK VALUE	**26,381**	**370,456**	**396,837**

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

Other intangible assets, amounting to € 26,381 thousand as at 30 June 2017, 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 (€ 3,947 thousand) were mainly attributable to the Facility Management SBU (€ 3,930 thousand) and in particular to the investments related to the subsidiary Yougenio S.r.l. of € 1,472 thousand for the implementation and updating of the e-commerce portal intended for the B2C market.

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.

SBU – 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 a supplier of specialist services
- Telepost S.p.A., specialist in internal mailing services
- e-Digital Services S.r.l., active in high-tech services to companies
- Yougenio S.r.l., dedicated to the facility management for the B2C market
- Manutencoop International F.M. S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

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.

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated interim Financial Statements as at 30 June 2017, relating to the different CGUs, which remained unchanged compared to the value reported in the Consolidated Financial Statements as at 31 December 2016.

	30 June 2017	31 December 2016
Goodwill allocated to Facility Management CGU	358,693	358,693
Goodwill allocated to Laundering & Sterilization CGU	11,763	11,763
CONSOLIDATED 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 June 2017, 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 2016.

6. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group holds some investments that are accounted for 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 June 2017, the investments valued at Equity amounted to a net amount of € 29,719 thousand, against a net amount of € 30,462 thousand at the end of the previous year.

	Net assets 30 June 2017	Net assets 31 December 2016
Investments accounted for under the equity method	29,794	30,534
Provision for risks on investments	(76)	(72)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**29,719**	**30,462**

Details of changes during the period are shown in Annex II attached to the Consolidated Half-Year Financial Report, to which reference should be made.

In the first half of 2017 investments accounted for under the equity method recorded a positive result equal to € 1,156 thousand, for the share attributable to the Group, as a result of the recording of income from equity investments of € 1,283 thousand and write-downs of € 127 thousand. Furthermore, negative effects were recognised directly under consolidated equity for a total of € 325 thousand.

7. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets as at 30 June 2017 and as at 31 December 2016:

	30 June 2017	31 December 2016
Other investments	4,258	3,850
Non-current financial assets	11,627	11,769
Other non-current assets	2,837	2,323
OTHER NON-CURRENT ASSETS	**18,722**	**17,942**

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 € 11,627 thousand as at 30 June 2017 (€ 11,769 thousand as at 31 December 2016), are composed of:

- € 7,562 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 7,616 thousand as at 31 December 2016). The face value of these receivables is € 7,668 thousand, while the discounting fund amounts to € 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.
- € 3,964 thousand of non-current financial receivables from third parties, in line with the balance as at 31 December 2016 (€ 4,053 thousand);
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2016).

Other non-current assets, amounting to € 2,837 thousand as at 30 June 2017 (€ 2,323 thousand at 31 December 2016) mainly consist of security deposits related to long-term income-generating manufacturing contracts (€ 1,617 thousand) and long-term deferrals relating to some contracts (€ 922 thousand).

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

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 June 2017 and 31 December 2016:

	30 June 2017	of which from related parties	31 December 2016	of which from related parties
Work in progress on order	17,099		18,178	
Trade receivables, gross	413,989		428,037	
Allowance for doubtful accounts	(31,993)		(33,410)	
Trade receivables due from third parties	**399,095**	**0**	**412,805**	**0**
Trade receivables from Parent Companies	69	69	60	60
Trade receivables from Group Companies	31,181	31,181	36,261	36,261
Trade receivables from Affiliates and Joint Ventures	4,210	4,210	4,090	4,090
Trade receivables from the Manutencoop Group	**35,460**	**35,460**	**40,411**	**40,411**
Advances to suppliers	3,397	28	2,879	21
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**437,952**	**35,488**	**456,095**	**40,432**
Current tax assets within 12 months	11,557		13,629	
Other current assets due from third parties	9,473		6,987	
Due from social security institutions	2,131		2,700	
Due from employees	277		480	
Other current assets from third parties	**23,438**	**0**	**23,796**	**0**
Current assets from Manutencoop Società Cooperativa	5	5	7	7

	30 June 2017	of which from related parties	31 December 2016	of which from related parties
Current assets from associates	699	699	826	826
Other current assets from the Manutencoop Group	**704**	**704**	**833**	**833**
Accrued income	0		0	
Prepaid expenses	1,381		1,303	
Accrued income and prepaid expenses	**1,381**	**0**	**1,303**	**0**
OTHER CURRENT ASSETS	**25,523**	**704**	**25,932**	**833**

The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to € 437,952 thousand as at 30 June 2017, down by € 18,143 thousand compared to 31 December 2016 (€ 456,095 thousand). Other changes under examination mainly concerned trade receivables from third parties, amounting to € 399,095 thousand as at 30 June 2017 (31 December 2016: € 412,805 thousand).

In 2017, assignments of trade receivables without recourse claimed from the National Health System continued under the agreement entered into during 2016 by the Parent Company MFM S.p.A. and by Servizi Ospedalieri S.p.A. with Banca Farmafactoring S.p.A. for an annual transferable amount for receivables of the same type up to a maximum of € 100 million. The committed credit line is due 2019. During the first half-year, assignments were made in an overall nominal amount of € 26,345 thousand. Moreover, in June, the Parent Company MFM S.p.A. carried out an assignment of trade receivables without recourse claimed from subjects belonging to the Public Administration of € 1,731 thousand, with Banca Farmafactoring S.p.A. as a counterpart not related to the contract described above. In all assignments made, the assigned trade receivables were subject to derecognition pursuant to IAS 39 in consideration of the features of the transactions and involved total interest discount costs of € 465 thousand. As at 30 June 2017, the balance of receivables assigned without recourse but not yet collected by Banca Farmafactoring amounted to € 20,547 thousand (of which € 18,834 thousand relating to assignments of receivables from the National Health Service and € 1,731 thousand relating to assignments of receivables from the Public Administration).

Finally, trade receivables from the Group amounted to € 35,460 thousand (€ 40,411 thousand as at 31 December 2016), plus advances of € 28 thousand (€ 21 thousand as at 31 December 2016).

A specific allowance for doubtful accounts was recorded in connection with non-performing receivables, which are difficult to fully recover, amounting to € 31,993 thousand at 30 June 2017 (at 31 December 2016: € 33,410 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2016	Increases	Uses	Reversals	Other changes	30 June 2017
Allowance for doubtful accounts	**33,410**	942	(2,245)	(133)	19	**31,993**

Other current assets of € 25,523 thousand (€ 25,932 thousand as at 31 December 2016), included the receivables arising from the VAT settlements of Group companies (€ 10,178 thousand compared to € 12,197 thousand as at 31 December 2016). The value of the receivable for VAT claimed by the companies of the Group decreased during the half-year as a result of the settlement by the Tax Authorities of the VAT requested to be refunded and of the assignment of tax receivables for VAT without recourse of € 9,784 thousand, against interest discount costs of € 185 thousand.

Finally, the item also recognises € 2,174 thousand of credit balances of current accounts held at Unicredit, managed in its own 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

In the first 6 months of 2017, "Assets classified as held for sale" and related "Liabilities directly associated with assets classified as held for sale" pursuant to IFRS 5 were not recognised.

Moreover, no charges or income related to discontinued operations were recorded.

Profit (loss) from discontinued operations

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

	30 June 2017	30 June 2016
Capital gain from the sale of MIA S.p.A.	0	185
Earn-out on the transfer of the SMAIL business	0	1,200
PROFIT (LOSS) BEFORE TAXES FROM DISCONTINUED OPERATIONS	**0**	**1,385**
Income taxes on discontinued operations	0	(333)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**1,052**
Basic earnings per share from discontinued operations	0	0.0096
Diluted earnings per share from discontinued operations	0	0.0096

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

- An amount of € 970 thousand (€ 1,200 thousand, net of a tax effect of € 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;
- An amount of € 182 thousand (€ 185 thousand, net of a tax effect of € 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.

Net cash flows from/(used in) discontinued operations

	30 June 2017	30 June 2016
Deferred transfer price of MIA S.p.A. (2014)	0	3,948
Deferred transfer price of Energyproject S.r.l. (2013)	110	36
PROFIT (LOSS) BEFORE TAXES FROM DISCONTINUED OPERATIONS	**110**	**3,984**

During the first half of 2017, the partial collection totalling € 110 thousand of the residual receivable that MFM S.p.A. claimed from the purchaser of Energyproject S.r.l., sold in 2014, continued.
The cash flows reported at 30 June 2016 mainly related to the collection of an amount of € 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.

10. SHARE CAPITAL AND RESERVES

	30 June 2017	31 December 2016
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 June 2017 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 half-year:

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
1 January 2016	**145,018**	**18,383**	**3,079**	**0**	**(4,465)**	**26,334**	**188,349**
Allocation of prior year result					(396)		**(396)**
Economic effects on shareholders' equity			285		(370)	(11)	**(96)**
31 December 2016	**145,018**	**18,383**	**3,364**	**0**	**(5,233)**	**26,323**	**187,856**
Allocation of prior year result		1,321			(221)	(43,815)	**(42,715)**
Economic effects on shareholders' equity			(324)		331		**7**
30 June 2017	**145,018**	**19,704**	**3,040**	**0**	**(5,123)**	**17,492**	**145,148**

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 € 45,400 thousand as at 30 June 2017.
- The Parent Company's extraordinary reserve equal to € 28,973 thousand.

The Shareholders' Meeting of the Parent Company MFM S.p.A., meeting on 27 April 2017 for the approval of the 2016 Financial Statements, resolved to distribute to the shareholders a dividend of € 25,091 thousand, after fully covering losses from previous years amounting to € 44,257 thousand by using partially the Extraordinary Reserve. The dividend was paid on 25 May and on 26 May.

The table below shows changes in Retained earnings:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
1 January 2016	**3,809**	**33,689**	**37,498**
Allocation of prior year result	(44,256)	(760)	(45,016)
31 December 2016	**(40,447)**	**32,929**	**(7,518)**
Allocation of prior year result	44,256	7,017	51,273
30 June 2017	**3,809**	**39,946**	**43,755**

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 June 2017	31 December 2016
Equity attributable to non-controlling interests	**271**	**235**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	200	164
Other minor consortia	71	71

The equity and the result for the period attributable to minority interests relates to the minorities present in some subsidiaries.

Until 30 June 2017, MFM S.p.A. held a call option on the minority share of the share capital of the subsidiary Sicura S.p.A. (equal to 15%), linked to a put option in favour of the minority shareholders and recognised as a financial liability in the Consolidated Financial Statements that did not report any equity attributable to the minority shareholders. The Call option was exercised on 30 June 2017, by setting the transfer of shares held by the minorities on 10 August 2017.

11. NET FINANCIAL INDEBTEDNESS

Net financial indebtedness as of 30 June 2017 amounted to € 159,230 thousand, compared to € 180,942 thousand as of 31 December 2016. Below is the related breakdown by balance sheet lines:

	30 June 2017	31 December 2016	Change
Long term financial debt	308,601	305,482	3,119
Bank borrowings, including current portion of long-term debt, and other financial liabilities	33,494	52,839	(19,345)
FINANCIAL LIABILITIES	**342,095**	**358,321**	**(16,226)**
Derivatives	0	0	0
GROSS FINANCIAL INDEBTEDNESS	**342,095**	**358,321**	**(16,226)**
Cash and cash equivalents	(177,315)	(174,992)	(2,323)
Current financial assets	(5,550)	(2,387)	(3,163)
NET FINANCIAL INDEBTEDNESS	**159,230**	**180,942**	**(21,712)**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 June 2017 and 31 December 2016.

	30 June 2017	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	295,297		295,297	
C.C.F.S. loan	10,000		10,000	
Prepaid interest expenses	(34)	(34)		
Accrued interest expenses	10,645	10,645		
Long-term bank borrowings and current portion of long-term bank borrowings	**315,908**	**10,611**	**305,297**	**0**
Current bank overdraft, advance payments and hot money	939	939		
Obligations arising from finance lease	3,939	635	1,410	1,894
Loans from syndicated shareholders	363	363		
Other financial liabilities	75	75		
Obligations arising from assignments of receivables with recourse	2,645	2,645		
Obligations from assignments of receivables with recourse	12,080	12,080		
Debt for the acquisition of investments	5,664	5,664		
Capital contribution to be paid into investee companies	482	482		
TOTAL FINANCIAL LIABILITIES	**342,095**	**33,494**	**306,707**	**1,894**

	31 December 2016	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	294,648		294,648	
C.C.F.S. loan	10,000		10,000	
Prepaid interest expenses	(47)	(47)		
Accrued interest expenses	10,681	10,681		
Long-term bank borrowings and current portion of long-term bank borrowings	**315,282**	**10,634**	**304,648**	**0**
Current bank overdraft, advance payments and hot money	11,857	11,857		
Obligations arising from finance lease	914	495	419	
Loans from syndicated shareholders	357	357		
Other financial liabilities	7	7		
Obligations arising from assignments of receivables with recourse	2,744	2,744		
Obligations from assignments of receivables with recourse	20,805	20,805		
Debt for the acquisition of investments	226	226		
Options on subsidiaries' minority shareholdings	5,438	5,438		
Capital contribution to be paid in investee companies	692	277	415	
TOTAL FINANCIAL LIABILITIES	**358,321**	**52,839**	**305,482**	**0**

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, were issued for a nominal value of € 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 June 2017, the debt nominal value amounted to € 300 million, given the buy-back transactions carried out during 2014 and 2015, for nominal portions of € 45 million and € 80 million, respectively. The Notes in the portfolio were held on securities accounts until 30 June 2017. A portion of the notes (in a nominal amount of € 14 million) was pledged against the committed credit line of € 10 million, due 2018, obtained from CCFS. This credit line was cancelled on 6 July 2017 resulting in the repayment of the debt for principal and on 20 July 2017, the Parent Company requested the Trustee and the Paying Agent to formally delete all Notes previously held in the portfolio.
Finally, the period saw the recognition of financial charges of € 649 thousand, against the upfront fees paid upon issue and accounted for at amortised cost, in accordance with IAS 39.

To protect the investment of the Bondholders of the notes, the rules governing the bond issue provided 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 € 10,000 thousand, due August 2018. The loan had a fixed interest rate net of a spread with quarterly settlement and was backed by a pledge over the Notes for € 14 million. On 3 July 2017, the Parent Company ordered the full repayment of the credit line, which was followed by the cancellation of the pledge on the Notes.

Accrued interest expenses

At 30 June 2017, the Group recognised accrued expenses on interest payable of € 10,645 thousand, of which € 10,625 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 02 August 2017. The balance of the latter items includes an amount accrued on the total coupons accruing equal to € 15,052 thousand, net of accrued income of € 4,427 thousand relating to the Notes still held on securities accounts at 30 June 2017.

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.

On 3 March 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a financial lease agreement with Unicredit Leasing S.p.A. for the purchase of the factory of Lucca, already previously used through a lease contract with Manutencoop Immobiliare S.p.A. (company of the Manutencoop Società Cooperativa Group that owned it previously). The financed amount was equal to € 4,467 thousand. The finance lease had a duration of 12 years with an initial down payment of € 1,117 thousand and constant monthly instalments with option to repurchase upon expiry.

Loans from syndicated shareholders

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 € 363 thousand, remained substantially unchanged compared to 31 December 2016.

Obligations arising from assignments of receivables with recourse

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables claimed from the National Health Service signed with Banca Farmafactoring S.p.A. in 2016, with reference to which the Parent Company MFM carried out the receipt

service. The receipts (€ 2,645 thousand as at 30 June 2017) were transferred to the factor in the first days of the following month.

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 2017 assignments were made at a nominal value of receivables of € 17,121 thousand, while the amount of receivables assigned but not yet collected by the factor at 30 June 2017 amounted to € 12,080 thousand.

Options on subsidiaries' minority shareholdings

The € 5,438 thousand reported as the value of options on subsidiaries' minority shareholdings at 31 December 2016 was, 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.). The Investment Agreement signed with the minority shareholders envisaged in favour of MFM S.p.A. a Call option to be exercised no later than 30 June 2017. This option was exercised at the maturity date, fixing the financial outlay (equal to the value entered in the financial statements) and the time of effective acquisition of the shares in the following month of August 2017. Therefore, the liability was reclassified under the item "*Debt for the acquisition of investments*" waiting for the repayment.

Current financial assets

At 30 June 2017, Current financial assets amounted to € 5,550 thousand (€ 2,387 thousand as at 31 December 2016).This item is composed mainly of:

- 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 € 2,433 thousand.
- receivables for dividends from associates not yet collected at that date of € 1,293 thousand;
- the residual balance of € 950 thousand of the receivable for the earn-out paid on the sale of SMAIL S.p.A., unchanged compared to 31 December 2016;
- € 763 thousand of receivables from short-term loans and financial accounts held with non-consolidated companies belonging to the Group;

12. EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity (''T.F.R.'') occurred during the first six months of 2017 are shown below, compared with changes in the same period of the last year.

	For the 6 months ended	
	30 June 2017	30 June 2016
At 1 January	**17,043**	**18,424**
Service cost	308	227
Interest costs on benefit obligation	122	181
Benefits paid	(1,416)	(780)
Net actuarial (gains)/ losses recognised in the period	(353)	1,136
Other changes	1	(143)
AT 30 JUNE	**17,043**	**18,424**

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

	For the 6 months ended	
	30 June 2017	30 June 2016
Current service cost	308	227
Interest costs on benefit obligation	122	181
NET COST OF THE BENEFIT RECOGNIZED IN THE STATEMENT OF PROFIT OR LOSS	**430**	**408**
Net actuarial (gains)/ losses recognized in the period (on shareholders' equity)	(353)	1,136
TOTAL COST OF THE BENEFIT	**77**	**1,544**

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 6 months ended	
	30 June 2017	30 June 2016
Executives	57	57
Office workers	1,249	1,276
Manual workers	14,894	15,148
AVERAGE STAFF	**16,200**	**16,481**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 429 units at 30 June 2017 (30 June 2016: no. 480 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 June 2017:

	Risks on investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance Provision	Other provisions	Total
At 1 January 2017	**72**	**8,153**	**43,037**	**478**	**202**	**2,000**	**1,294**	**55,237**
Accruals	4	677	1,110	0	0	0	4	**1,795**
Uses (payments)		(434)	(1,287)	0	0	(1,309)	(36)	**(3,066)**
Reversals		(292)	(2,021)	0	0	0	(10)	**(2,323)**
Other movements		0	(14,732)	0	0	32	0	**(14,700)**
At 30 June 2017	**76**	**8,105**	**26,106**	**478**	**202**	**723**	**1,252**	**36,943**
At 30 June 2017:								
Current	*76*	*7,782*	*295*	*478*	*0*	*723*	*21*	***9,376***
Non current	*0*	*324*	*25,811*	*0*	*202*	*0*	*1,231*	***27,567***
At 31 December 2016:								
Current	*72*	*7,779*	*362*	*478*	*0*	*2,000*	*24*	***10,715***
Non current	*0*	*374*	*42,676*	*0*	*202*	*0*	*1,270*	***44,522***

Provision for risks on investments

The item, amounting to € 76 thousand at 30 June 2017, includes the provision for unrecoverable future losses of Group companies and relates 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 of the end of the period was equal to € 8,105 thousand, against accruals of € 677 thousand, in addition to uses, releases and other changes that entailed a decrease of € 726 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 June 2017 the provision, totalling €26,106 thousand, reported increases for accruals for € 1,110 thousand and decreases for uses, releases and other changes totalling € 18,041 thousand.

Accruals were mainly recognized to cover risks of Servizi Ospedalieri S.p.A. for € 89 thousand and of the Parent Company MFM S.p.A. for € 1,008 thousand. Utilization and reversal in the period (€ 3,309 thousand), refer to the use of provisions recorded in previous years due to the settlement of disputes with

suppliers and legal proceedings with other parties. In 2016, in particular, non-recurring accruals of € 2,323 thousand were recognised, related to future charges linked to disputes to which an associate with regard to which MFM S.p.A. has service contracts envisaging possible contractual liabilities profiles by the supplier was a party. This dispute was settled during the first half of 2017 with a substantial reduction in the fine initially imposed on the associate, resulting in a release of the provision for risks of € 1.881 thousand.

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 € 48,510 thousand against the Parent Company MFM S.p.A.. The Company rejected the arguments on which the charge was based and lodged an appeal against the Authority's order with the Lazio Regional Administrative Court (Tribunale Amministrativo Regionale, TAR). On 14 October 2016, the Lazio Regional Administrative Court upheld partially the appeal lodged by MFM S.p.A. and sent the official documents to the Competition Authority for recalculating the fine, recommending reducing both the tax base, limiting it to the tender amount, and the percentage to be applied to the above-mentioned amount, from 15% to 5%. MFM S.p.A. appealed against the judgement upon the merits before the Council of State that pronounced in any case its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. MFM S.p.A. lodged also an appeal against the judgement of the Council of State with the Court of Cassation on 21 May 2017. Finally, on 23 December 2016, the Competition Authority followed up the judgement of the Lazio Regional Administrative Court and adopted a new measure, recalculating the penalty in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well. At the end of the reporting period of the Financial Statements as at 31 December 2016, also in the light of the outcome of the appeals made by the parties and on which the competent courts of law had already passed final judgement, the Directors recalculated the risk of outlay related to the fine in a maximum amount of € 14.7 million. On the other hand, on 24 March 2017, the Lazio Regional Administrative Court decided against the application to stay the related payment filed by MFM S.p.A. and therefore, the entire amount of the fine was reclassified in the item "Other current liabilities" and expressed in the table of changes in provisions in "Other changes". Finally, the Competition Authority intervened with measure of 28 April 2017 with regard to the division into instalments of the payment requested by MFM S.p.A., by allowing the Company to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The first instalment was paid by the company on 3 May 2017 and this was regularly followed by the monthly instalments in May, June and July.

On 4 February 2016, as a result of the Competition Authority fine ruling described above, Consip S.p.A. initiated a procedure to terminate the Agreements entered into as part of the tender under examination, also informing the company that it would consider the possibility of excluding the company from future tenders for "work of the same type" also pursuant to article 38, paragraph 1, letter f) of Italian Legislative Decree 163/06. Moreover, on 23 November 2016, Consip S.p.A. communicated to MFM S.p.A. the final

termination of the agreements, expressly subject to the confiscation of the given final deposit (known as "performance bond") for the residual part against the partial release due for services duly carried out until the date of termination, also communicating the intention to report the facts to ANAC (Autorità Nazionale Anti Corruzione, National Anti-Corruption Authority) and to the Public Prosecutor's Office. Despite ANAC had issued an opinion to the contrary (considered unlawful and promptly contested by the Company) MFM S.p.A. considered that the termination of the agreement would not result in the automatic termination of the contracts existing with individual schools, but that the latter was merely their right, not activated to date by any of them in relation to this measure. On 24 April 2017, Italian Law Decree no. 50 was also published on the O.G.: Article 64 (services in school) of this law decree envisaged the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements were terminated. In the subsequent Decree Law no. 91 of 20 June 2017, converted with amendments to Law on 3 August 2017 and published in the O.G. on 12 August 2017, such services were further extended until 31 December 2017.
Finally, on 2 December 2016, Consip S.p.A. formally reported to the ANAC (Autorità Nazionale Anti Corruzione, National Anti-Corruption Authority), the facts challenged to MFM S.p.A., as announced in the termination letter of the Agreements together with the intention of reporting to the Public Prosecutor's Office. On 7 January 2017, the Company served to the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself.

Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). Following the judgement of the Regional Administrative Court of 14 October 2016, confirmed by the Council of State with judgement of 1 March 2017, which significantly reduced the fine previously imposed without however acknowledging the argument of the Company by which it had nothing to do with the alleged facts, the directors considered to adjust the provisions for future charges in the Financial Statements as at 31 December 2016, by taking also account of the risk of enforcement of the above-mentioned performance bond. Despite the significant arguments by which MFM S.p.A. may judicially oppose the enforcement of the guarantee in question, the estimated maximum liability of € 17.5 million and equal to the portion of the bond that would remain in the event of a partial release due for the services regularly carried out until termination, was set aside in the provision for disputes already as at 31 December 2016. The mentioned considerations were still valid for the preparation of the condensed Consolidated Half-Year Financial Statements.

With reference to the above facts, the directors also showed that: (i) the risk of exclusion from future Consip tenders for "work of the same type" due to the specific clause mentioned above, considered to be likely, should not result in significant consequences, considering that it should be limited to Consip tenders whose main subject matter is the cleaning of schools, today not present in the pipeline of the tenders

waiting to be awarded; (ii) the risk of exclusion from public tenders (including but not limited to the tenders held by Consip) on the initiative of the contracting entity or on appeal by a competitor appeared to be unlikely to date: even within a context significantly affected by new laws and guidelines that are more restrictive than the previous ones, the Company, also on the basis of the opinions provided by its lawyers, believed that the risk could mainly materialise in delays in awarding some tenders due to situations of further flaring-up of disputes related to their participation or awarding; (iii) the risk that the Company may be temporarily excluded from participating in all public tenders as a result of an ANAC measure was reasonably considered to be unlikely to date, in consideration of the defensive arguments discussed with the Company's legal representatives, which may be enforced both when taking part in the ANAC procedure and, where appropriate, in the event of any recourse to administrative justice. The ANAC will have to complete its inquiry within 180 days of its opening, which has not yet taken place.

However, on 16 June 2017, Consip officially informed MFM S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and cleaning with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). The Company authorised its lawyers to appeal against such decisions with the Lazio Regional Administrative Court, considering them legally groundless, and on 13 July 2017, the administrative court ordered the stay of the measure of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled for next 25 October 2017.

These decisions do not imply in any case any impediment for MFM S.p.A. to the participation and awarding of new call for tenders by Consip and, more in general, by the public administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, MFM S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations". These contracts have a term of 5 or 7 years, at the discretion of each administration, starting from the activation of each supply, with a total limit of MFM S.p.A. of € 209 million. Consip Sanità and Consip Caserme tenders as well as the Consip Mies 2 agreement had not generated consolidated revenues to date and were not included in the Group's backlog since they were not yet formally assigned.

On 23 March 2017, the Competition Authority notified MFM S.p.A. the start of an investigation procedure against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (former Cofely Italia S.p.A.), ManitalIdea S.p.A., MFM S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender").

To date, AGCM has started only investigations. The Company firmly rejected the assumption of an alleged collusive agreement with the other companies involved in the proceedings. The directors believed that there were absolutely no probability requirements, in addition to those that could be determined reliably, requested by international accounting standards for the allocation of a provision for risk.

Counting fully on the arguments discussed with its lawyers, considering also the solid financial balance of the Company and of the Group and the significant amount of contracts already acquired at the end of the reporting period of the condensed consolidated half-year Financial Statements, the Directors did not find significant uncertainties for the purposes of assessing the going concern basis.

Severance 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 2016, the Group had recognized provisions totalling €2,000 thousand (of which € 1,014 thousand in MFM S.p.A., € 460 thousand in Telepost S.p.A. and € 92 thousand in Servizi Ospedalieri S.p.A.). During the first half of 2017, there were uses of € 1,309 thousand (€ 1,227 thousand of which in MFM S.p.A.).

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

The table below sets forth the breakdown of the item as at 30 June 2017 and 31 December 2016:

	30 June 2017	of which to related parties	31 December 2016	of which to related parties
Trade payables	313,129		315,137	
Trade payables due to third parties	313,129	0	**315,137**	**0**
Trade payables to Manutencoop Cooperativa	6,373	6,373	4,770	4,770
Trade payables to Group companies within 12 months	16,461	16,461	14,648	14,648
Trade payables to Manutencoop Group	**22,834**	**22,834**	**19,418**	**19,418**
Advances from customers and payables for work to be performed	13,979		11,753	5
TRADE PAYABLES AND ADVANCES FROM CUSTOMERS	**349,942**	**22,834**	**346,308**	**19,423**
Fees due to directors and statutory auditors	454		396	
Tax payables	10,879		9,799	
Payables to social security institutions within 12 months	11,469		8,080	
Other payables to TJA (“*Associazione temporanea di imprese*”)	5,372		6,017	
Payables to employees within 12 months	56,378		46,661	
Other payables within 12 months	17,930		11,360	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**104,658**	**0**	**84,489**	**0**
Other current payables to Manutencoop Cooperativa	38	38	62	62
Other payables to Group companies	618	618	(17)	(17)

	30 June 2017	of which to related parties	31 December 2016	of which to related parties
Other current payables to Manutencoop Group	**656**	**656**	**45**	**45**
Accrued expenses	6		9	
Deferred income	1,228		1,366	
Accrued expenses and deferred income	**1,234**	**0**	**1,375**	**0**
OTHER CURRENT LIABILITIES	**106,548**	**656**	**85,909**	**45**

Trade payables do not accrue interest and are settled for, on average, 90/120 days from the invoice date. The other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued year-end and summer bonuses 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 June 2017 amounted to € 349,942 thousand against a balance at 31 December 2016 of € 346,308 thousand.

Other current operating payables showed a balance of € 106,548 thousand at 30 June 2017 (€ 85,909 at 31 December 2016) and are mainly made up of the following items:

- payables to employees of € 56,378 thousand (€ 46,661 thousand at 31 December 2016), including the current monthly salaries to be paid in the months after the closing of the period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year 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 € 11,469 thousand (€ 8,080 thousand at 31 December 2016);
- payables due to tax authorities for € 10,862 thousand, mainly related to the payment of the IRPEF (Personal Income) tax debt relating to employees (€ 9,799 thousand at 31 December 2016);
- collections on behalf of Temporary Associations of Companies (TJA) for € 5,372 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 6,017 thousand at 31 December 2016).

The item “Other payables within 12 months” included until 31 December 2016 the payable related to the so-called “oneri di sistema”. In fact, the Parent Company MFM S.p.A. was the owner of some important contracts related to energy services for which operating payables related to the so-called “Oneri di Sistema” were recorded for a total of € 6,152 thousand in previous financial years (as a result of regulatory provisions of Italian LD 91/2014 as converted with amendments by Italian Law 116/2014 and of the related enactment decree issued in 2015). On 23 February 2017, the Chamber of Deputies followed up the final approval, resulting in the conversion into Law, of Law Decree no. 244 of 30 December 2016 (known as "Milleproroghe”). The introduced amendments had a significant impact on the existing regulations

concerning "Oneri di Sistema" and, in particular, the provision according to which, except for RIUs, the general "oneri di sistema" were determined with reference to the consumption of electricity, was eliminated. According to the previous Bersani Decree (Italian Legislative Decree 79/99), these "oneri di sistema" are due depending on the energy drawn from the network and consequently those who do not draw energy from the network, because they produce it on their own, are exempted from paying these charges. Therefore, on the basis of the new regulations, the Parent Company MFM S.p.A. management believed that there was no need to record in 2017 additional "Oneri di Sistema", owing also to the elimination of the payment obligations for those related to the previous years for which no payment was made.

On the other hand, in the first half of 2017, the payable related to the Competition Authority fine of € 14,700 was recorded in the same item following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment made by MFM S.p.A. (for further details, refer to the previous note 13). Moreover, the Competition Authority intervened with measure of 28 April 2017 by allowing to pay the fine in 30 monthly instalments at the legal interest rate of currently 0.1%. Therefore, MFM S.p.A. reclassified the provision for disputes already allocated in previous financial years, of € 14,700 thousand, and paid no. 3 monthly instalments. The balance of the residual debt at 30 June 2017 was equal to € 13,232 thousand;

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&Sterilzsation SBU and for motor vehicles. Moreover, on 3 March 2017, the already mentioned real-estate leasing agreement was signed by the subsidiary Servizi Ospedalieri S.p.A. to acquire the factory of Lucca.

The table below details the amount of future rental fees deriving from financial leases and the current value of these fees:

	30 June 2017		31 December 2016	
	Fees	Current value of rental fees	Fees	Current value of rental fees
Within 1 year	762	635	523	495
From one year to five years	1,530	1,410	439	419
After 5 years	2,604	1,894	0	0

TOTAL LEASE FEES	**4,896**	**3,939**	**962**	**914**
Financial charges	(958)		(48)	
CURRENT VALUE OF LEASE FEES	**3,939**	**3,939**	**914**	**914**

As at 30 June 2017, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 11,092 thousand (€ 4,834 thousand compared to 31 December 2016), of which € 4,480 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 4,834 thousand as at 31 December 2016);
- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 247,704 thousand (€ 240,461 thousand as at 31 December 2016), of which € 10,971 thousand issued in the interest of associates (€ 19,779 thousand as at 31 December 2016);
- other guarantees issued by third parties in favour of associates, joint ventures and other shareholdings amounting to € 4,466 thousand (€ 4,466 thousand as at 31 December 2016).
- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 4,797 thousand (31 December 2016: € 4,657 thousand);

The guarantees in favour of Factoring Agencies, issued to ensure the correct fulfilment of factoring contracts, were cancelled during the second quarter of 2017 (they amounted to € 2,104 thousand as at 31 December 2016).

Guarantees given within the bond issue

The Parent Company MFM S.p.A. and the subsidiaries Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. issued, in favour of the 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 June 2017, the receivables assigned as security amounted to € 74,406 thousand (€ 68,285 thousand at 31 December 2016);
- 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 June 2017 was equal to € 5,689 thousand (€ 13,627 thousand at 31 December 2016);
- 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 € 48,411 thousand and € 16,907 thousand at 30 June 2017.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the

assets covered by the guarantee are fully available to the Group. At 30 June 2017, no events of default had occurred.

Contingent liabilities

As at the date of approval of the Consolidated Half-Year Financial Report at 30 June 2017, contingent liabilities had arisen for the MFM Group which had not been recognised in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely.

Compensation for damages for the fire that occurred in the former Olivetti area at Scarmagno (TO)

MFM S.p.A. is liable for the offences of actionable fire and breach of safety regulations following the fire that occurred in the former Olivetti area in Scarmagno (Turin) on 19 March 2013 During the first half-year of 2017, hearings continued to be held at the Court of Ivrea until the judgement in first instance of 24 February 2017, which acquitted the accused on the grounds that they had not committed the offence. However, the Public Prosecutor and one of the Prelios SGR plaintiffs appealed against this judgement in July 2017.

In relation to this fire, the insurance companies paid the injured parties damages for more than € 38 million, for which they subsequently formalised recourse actions against natural persons concerned and employers, including MFM S.p.A. The overall claim for damages was equal to about € 50 million, including claims for damages submitted by the owners of the properties concerned and the above-mentioned insurance company’s recourse actions. On the other hand, on 24 February 2017, a summons was served by AIG Europe Limited (one of the insurance companies party to the action) to MFM S.p.A. and the subjects involved in order to obtain, by way of subrogation, what was already paid to Telesystem Electronics S.r.l (owner of goods stored at the factory of Scarmagno) for a value of € 187 thousand. As part of the above judgement, Generali Assicurazioni appeared before the court as well with notice of voluntary joinder by making a similar claim for more than € 24 million.

After careful assessment of the available evidence and also following the acquittal in first instance, the Directors considered the risk as possible but unlikely.

Enquiry of the Public-prosecutor's office of Naples relating to the tender for the awarding of the cleaning services at A.O.R.N. Santobono Pausilipon

On 3 April 2017, the Public-prosecutor's office of Naples served a search order against some executives of the Company, carried out at its premises. These executives are under investigation as part of the enquiry started by the Public-prosecutor's office of Naples relating to the tender for the awarding of the cleaning services at A.O.R.N. Santobono Pausilipon of Naples. The offences notified to the executives also include the crime of corruption pursuant to Article 319 and 319-bis of the Italian Penal Code, potentially relevant under Italian Legislative Decree 231 of 2001.

The Preliminary Investigation Magistrate of Naples had initially established a precautionary measure (forced residence pursuant to Article 283 of the Italian code of criminal procedure) against the only investigated executive of the Company who, at the time of the alleged facts, was a function manager of the Company but, on the conclusion of the interrogation of investigation, ordered the revocation of the precautionary measure. Finally, on 27 April 2017, the summons for the hearing was formally notified to MFM S.p.A. for discussing the request for applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Italian Legislative Decree 231/2001, however, the Preliminary Investigation Magistrate of the Court of Naples rejected this request for disqualification measure. Finally, one of the suspects and the Company were formally notified of the closing of the investigation.

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 Board of Directors 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 assignments of trade receivables without and with recourse with the aim of funding working capital.
- 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 June 2017 and 31 December 2016.

		Hierarchy Levels				Hierarchy Levels		
	30 June 2017	Level 1	Level 2	Level 3	31 December 2016	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	**101**	101			**101**	101		
- of which securities	**101**	101			**101**	101		
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	101	101			101	101		

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value as at 30 June 2017 and 31 December 2016. During the period in question, there were no transfers from one fair value measurement level to another.

There were no changes in the destination 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, net of cash and cash equivalents.

	30 June 2017	31 December 2016
Employee termination indemnity	15,705	17,043
Interest-bearing financial loans	338,717	305,489
Trade payables and advances from customers	349,942	346,308
Other current liabilities	106,548	85,909
Other current financial liabilities	3,378	52,832
Cash and cash equivalents	(177,315)	(174,992)
Other current financial assets	(5,550)	(2,387)
Net financial indebtedness	**631,425**	**630,202**
Equity attributable to the Group	313,753	323,137
Undistributed net result	(15,700)	(33,649)
Total capital	**298,053**	**289,488**
EQUITY AND NET DEBT	**929,478**	**919,690**
Indebtedness ratio	67.9%	68.5%

A decrease was recorded in the debt ratio compared to 31 December 2016, which was due to a modest increase of € 1.2 million in net debt against a slight capital decrease following the distribution of the dividend to the shareholders of the Parent Company, occurred in the second quarter of 2017.

17. OPERATING SEGMENTS

The services provided by the MFM Group can be divided into two 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, fire prevention and safety systems), including therein:

- design and implementation of redevelopment and adjustment work in 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 includes both the design and implementation and maintenance of properties' green areas, and services for the area.

Through a series of acquisitions, the Group also expanded its range of services, providing certain specialist facility management services alongside its ''traditional'' Facility Management services, such as:

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

The establishment of e-Digital Services S.r.l. at the end of 2015 and of Yougenio S.r.l. during 2016 led to embarking on a path to growth in "business to business" (B2B) and "business to consumer" (B2C) service markets. In particular, the B2B business sector is based on the use of developed and consolidated skills in application, management and sourcing. On the other hand, the aim of the B2C business is to enter the Consumer market of home and personal services, also leveraging the creation of a digital platform easily accessible by a wide range of potential customers.

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 mattresses (linen rental and industrial laundering), (ii) sterilization of linen and (iii) sterilization of surgical equipment.

Laundering&Sterilization services provided by the Group include also 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.

The following table shows the economic results by segment for the periods ended 30 June 2017 and 30 June 2016:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Segment Revenues	390,606	66,078	(1,339)	455,346
Segment costs	(359,837)	(56,895)	1,339	(415,393)
Operating income (loss) by segment	**30,769**	**9,183**	**0**	**39,953**
Share of net profit of associates	1,122	35		1,156
Net financial charges				(14,161)
Profit before taxes				**26,949**
Income taxes				(11,212)
NET **RESULT** FOR THE PERIOD ENDED 30 JUNE 2017				15,736

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Revenues by segment	405,086	67,906	(1,445)	471,547
Segment costs	(379,305)	(59,386)	1,445	(437,246)
Operating income (loss) by segment	**25,781**	**8,520**	**0**	**34,301**
Share of net profit of associates	1,583	18		1,601
Net financial charges				(14,096)
Profit (loss) before taxes				**21,806**
Income taxes				(9,907)
Profit (loss) from discontinued operations	1.052			1.052
NET RESULT FOR THE PERIOD ENDED 30 JUNE 2016				**12.951**

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 June 2017 and 31 December 2016.

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	**451,236**	**114,579**	**(2,526)**	**563,290**
Goodwill	358,693	11,763		370,456
Investments	28,102	5,950		34,052
Other assets not allocated and related taxes				218,275
SEGMENT ASSETS AT 30 JUNE 2017	**838,031**	**132,293**	**(2,526)**	**1,186,073**
Liabilities allocated to the segment	**459,551**	**52,112**	**(2,526)**	**509,137**
Other liabilities not allocated and related taxes				362,912
SEGMENT LAIBILITIES AT 30 JUNE 2017	**459,551**	**52,112**	**(2,526)**	**872,049**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	**465,278**	**116,058**	**(2,703)**	**578,633**
Goodwill	358,693	11,763		370,456
Investments	28,406	5,978		34,384
Other assets not allocated and related taxes				215,942
SEGMENT ASSETS AT 31 DECEMBER 2016	**852,377**	**133,799**	**(2,703)**	**876,043**
Liabilities allocated to the segment	**454,924**	**52,274**	**(2,703)**	**504,495**
Other liabilities not allocated and related taxes				371,548
SEGMENT LAIBILITIES AT 31 DECEMBER 2016	**454,924**	**52,274**	**(2,703)**	**876,043**

18. RELATED PARTY 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 2018, envisages an annual consideration of € 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 lease is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,325 thousand, to be paid in monthly instalments.
- 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 € 370 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. Annual rent is € 320 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 prescriptive contract that does not provide rights to third parties, MFM S.p.A. 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 resolving said contracts.
- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the MFM Group, to prepare 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 Consolidated Half-Year Financial Report.

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

Zola Predosa, 29 August 2017

The Chairman of the Board of Directors

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
Alessandria Project Value S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
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. 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
Manutencoop Transport S.a.S.	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

Name	REGISTERED OFFICE	City	% Held	Type
Yougenio S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary

JOINT VENTURES CONSOLIDATED UNDER THE EQUITY METHOD

Name	REGISTERED OFFICE	City	% Held	Type
AMG S.r.l.	SS Laghi di Avigliana 48/a	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
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri 93	Rome	50%	Joint Venture

COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

Name	REGISTERED OFFICE	City	% Held	Type
Alisei S.r.l. in liquidazione	Via Cesari 68/1	Modena	100%	In liquidation
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidazione	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	Padua	60%	Associate
Consorzio Sermagest Soc.Cons. a r.l. in liquidazione	Via Filippo Corridoni 23	Rome	60%	In liquidation
Fr.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 liquidazione	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 liquidazione	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 liquidazione	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

Name	REGISTERED OFFICE	City	% Held	Type
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
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 liquidazione	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Serena S.r.l. in liquidazione	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	Castellina - Soragna (PR)	25%	Associate
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 assets 31 Dec 16	Changes of the period					Net assets 30 Jun 17	Book Value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Alisei S.r.l. in liquidazione	100%	(72)				(4)		(76)		(76)
A.M.G. S.r.l.	50%	2,339		(62)	58			2,335	2,335	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidazione	27.58%	6						6	6	
Bologna Global Strade Soc. Cons. a. r.l.	51%	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%	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%	1						1	1	
Consorzio Sermagest in liquidazione	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%	228			(82)			146	146	
Fr.lli Bernard s.r.l.	20%	1,305			40			1,345	1,345	
GICO Systems S.r.l.	20%	150		(12)	(3)			135	135	
Global Provincia di Rimini Soc.Cons. a	42.40%	4						4	4	

	%	Net assets 31 Dec 16	Changes of the period					Net assets 30 Jun 17	Book Value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
r.l.										
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
Gymnasium soc. Cons. A r.l. in liquidazione	68%	7						7	7	
GRID Modena S.r.l.	23%	24			(11)			13	13	
IPP S.r.l.	25%	389			50			439	439	
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	
Newco DUC Bologna S.p.A.	24.90%	425			55		254	734	734	
Palazzo della Fonte S.c.p.a.	33.30%	8,000						8,000	8,000	
Progetto ISOM S.p.A.	36.98%	1,385			609		(160)	1,835	1,835	
ROMA Multiservizi S.p.A.	45.47%	8,063		(1,291)	195		20	6,986	6,986	
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%	2,005		(207)	109		(439)	1,469	1,469	
Se.Ste.Ro S.r.l.	25%	123			(17)			106	106	
Serena S.r.l.	50%	9						9	9	
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 liquidazione	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidazione	89.99%	45						45	45	
Synchron Nuovo San Gerardo S.p.A.	35.82%	4,731			167			4,898	4,898	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	

	%	Net assets 31 Dec 16	Changes of the period					Net assets 30 Jun 17	Book Value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**30,462**	**0**	**(1,572)**	**1,156**	**(4)**	**(325)**	**29,718**	**29,793**	**(76)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANY

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Manutencoop Società Cooperativa	30/06/2016	75	15,896		498	31/12/2016	60	2,659	4,770	1,771
	30/06/2017	69	15,216			30/06/2017	69	2,148	6,373	8,390

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Alisei S.r.l. in liquidazione	30/06/2016					31/12/2016	3			1
	30/06/2017					30/06/2017	3			1
AMG S.r.l.	30/06/2016		120	1		31/12/2016	1		117	
	30/06/2017		133			30/06/2017			92	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30/06/2016					31/12/2016			50	
	30/06/2017					30/06/2017			50	
Bologna Multiservizi Soc.Cons. a r.l.	30/06/2016		20			31/12/2016	276		1,491	
	30/06/2017	37				30/06/2017	330		1,491	
Bologna Più Soc.Cons.a r.l. in liquidazione	30/06/2016					31/12/2016	(2)	3	3	
	30/06/2017					30/06/2017		3	3	2
Bologna Global Strade Soc. Cons. a r.l.	30/06/2016	848	1,180			31/12/2016	572	336	1,395	
	30/06/2017	869	1,990			30/06/2017	826	336	1,476	
Cardarelli Soc. Cons. a r.l.	30/06/2016		866			31/12/2016			793	
	30/06/2017		374			30/06/2017			491	
Centro Europa Ricerche S.r.l.	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
Como Energia Soc.Cons.a r.l.	30/06/2016		614			31/12/2016			1,461	
	30/06/2017		560			30/06/2017			1,199	
Consorzio Imolese	30/06/2016					31/12/2016		36	12	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Pulizie soc.Cons. in liquidazione	30/06/2017					30/06/2017		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
Consorzio Sermagest Soc.Cons.a r.l in liquidazione	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
CO.& MA. Soc. Cons. a r.l.	30/06/2016	180	500			31/12/2016		20	1,007	
	30/06/2017	180	695			30/06/2017	120	20	1,173	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30/06/2016	3,360	1,472			31/12/2016	3,403		437	
	30/06/2017	3,385	1,508			30/06/2017	3,379		969	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	30/06/2016	165	6			31/12/2016	496	1,175	(20)	256
	30/06/2017	26				30/06/2017	528	1,204	(54)	256
Fr.lli Bernard s.r.l.	30/06/2016	3				31/12/2016	70	50		
	30/06/2017	6	34			30/06/2017	63	50	27	
Gico Systems S.r.l.	30/06/2016	7	286			31/12/2016	49		380	
	30/06/2017	4	278			30/06/2017	9		431	
Global Provincia di RN Soc.Cons.a r.l. in liquidazione	30/06/2016					31/12/2016		70	13	
	30/06/2017					30/06/2017		70	13	
Global Riviera Soc.Cons.a r.l.	30/06/2016		6			31/12/2016	55		(53)	
	30/06/2017		5			30/06/2017	55		(48)	
Global Vicenza Soc.Cons. a r.l.	30/06/2016	99	863			31/12/2016	144	748	594	
	30/06/2017		4			30/06/2017		601	463	
Grid Modena S.r.l.	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
Gymnasium Soc. cons. a r.l in liquidazione	30/06/2016					31/12/2016	1	8	33	5
	30/06/2017					30/06/2017	1	8	33	5
IPP S.r.l.	30/06/2016	221	97			31/12/2016	177	60	96	
	30/06/2017	133	19			30/06/2017	161	59		
Legnago 2001 Soc. Cons. r.l.	30/06/2016		2			31/12/2016	158		41	
	30/06/2017		2			30/06/2017	158		43	
Livia Soc. cons. a r.l.	30/06/2016					31/12/2016			8	
	30/06/2017					30/06/2017			8	
Logistica Ospedaliera Soc. Cons. a r.l.	30/06/2016		270			31/12/2016			24	
	30/06/2017					30/06/2017			15	
Malaspina Energy Soc. Cons. a r.l.	30/06/2016			2		31/12/2016				
	30/06/2017					30/06/2017				
Newco DUC Bologna S.p.A.	30/06/2016		4			31/12/2016			33	
	30/06/2017		4			30/06/2017			29	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Palazzo della Fonte S.c.p.a.	30/06/2016	2,074				31/12/2016	804			
	30/06/2017	1,834				30/06/2017	971			
Progetto ISOM S.p.A.	30/06/2016	121	37	60		31/12/2016	17,325	1,922	203	
	30/06/2017	144	27	60		30/06/2017	12,432	1,982	584	
Progetto Nuovo Sant'Anna S.r.l.	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
Roma Multiservizi S.p.A.	30/06/2016	766	872			31/12/2016	2,416		980	
	30/06/2017	3,024	580			30/06/2017	4,050	1,291	1,560	632
San Martino 2000 Soc.Cons. r.l.	30/06/2016	815	1,699			31/12/2016	573		423	
	30/06/2017	816	1,688			30/06/2017	429		568	
Savia Soc. Cons. a r.l.	30/06/2016		1			31/12/2016			314	
	30/06/2017		16			30/06/2017		7	36	
Serena S.r.l. - in liquidation	30/06/2016					31/12/2016		3		
	30/06/2017					30/06/2017		3		
Servizi l'Aquila Soc.Cons. a r.l. in liquidazione	30/06/2016		0			31/12/2016				
	30/06/2017					30/06/2017				
Servizi Napoli 5 Soc.Cons. a r.l.	30/06/2016	387	645			31/12/2016	1,944		1,311	
	30/06/2017	669	641			30/06/2017	2,619		1,952	
Se.Sa.Mo. S.p.A.	30/06/2016	2,599		14		31/12/2016	1,486	618	6	
	30/06/2017	2,614		13		30/06/2017	2,005	607	7	
SESATRE S.cons. a r.l.	30/06/2016	9	2,198	5		31/12/2016	4	524	1,687	
	30/06/2017	6	2,211	2		30/06/2017	25	516	1,793	
Se.Ste.Ro S.r.l.	30/06/2016					31/12/2016	46		815	
	30/06/2017					30/06/2017	46		815	
S.I.MA.GEST2 Soc. Cons. r.l. in liquidazione	30/06/2016					31/12/2016		75	13	2
	30/06/2017					30/06/2017		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidazione	30/06/2016					31/12/2016			3	
	30/06/2017					30/06/2017			3	
Società Consortile Adanti Manutencoop in liquidazione	30/06/2016					31/12/2016	37		63	
	30/06/2017					30/06/2017			53	
Steril Piemonte Soc. cons. a.r.l	30/06/2016		362	1		31/12/2016	7	576	267	
	30/06/2017		341			30/06/2017	7	325	273	
Synchron Nuovo San Gerardo S.p.A.	30/06/2016	2,533	36	86		31/12/2016	10,173	2,333	658	
	30/06/2017	2,845	173	92		30/06/2017	7,061	2,425	766	
Tower Soc.Cons. a r.l. in liquidation	30/06/2016					31/12/2016	33	17	(11)	
	30/06/2017					30/06/2017	33	29		

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidazione	30/06/2016					31/12/2016	1			
	30/06/2017					30/06/2017	1			
Manutencoop Immobiliare S.p.A.	30/06/2016	5	1,228			31/12/2016	6		(47)	
	30/06/2017	5	534			30/06/2017	6	93	66	
Nugareto Società Agricola Vinicola S.r.l.	30/06/2016	7				31/12/2016	16		42	
	30/06/2017	9	11			30/06/2017	11		20	
Segesta servizi per l'Ambiente S.r.l.	30/06/2016	8				31/12/2016	17			
	30/06/2017	7				30/06/2017	6			

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	30/06/2016	34				31/12/2016	23		1	
	30/06/2017	33				30/06/2017	18			
Consorzio Karabak 2 Società Cooperativa	30/06/2016	1				31/12/2016			1	
	30/06/2017	2				30/06/2017	1			
Consorzio Karabak 4 Società Cooperativa	30/06/2016					31/12/2016			1	
	30/06/2017					30/06/2017			1	
Consorzio Karabak 5 Società Cooperativa	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
Consorzio Karabak 6 Società Cooperativa	30/06/2016					31/12/2016				
	30/06/2017					30/06/2017				
Sacoa S.r.l.	30/06/2016	60				31/12/2016	58		8	
	30/06/2017	32	10			30/06/2017	65		35	

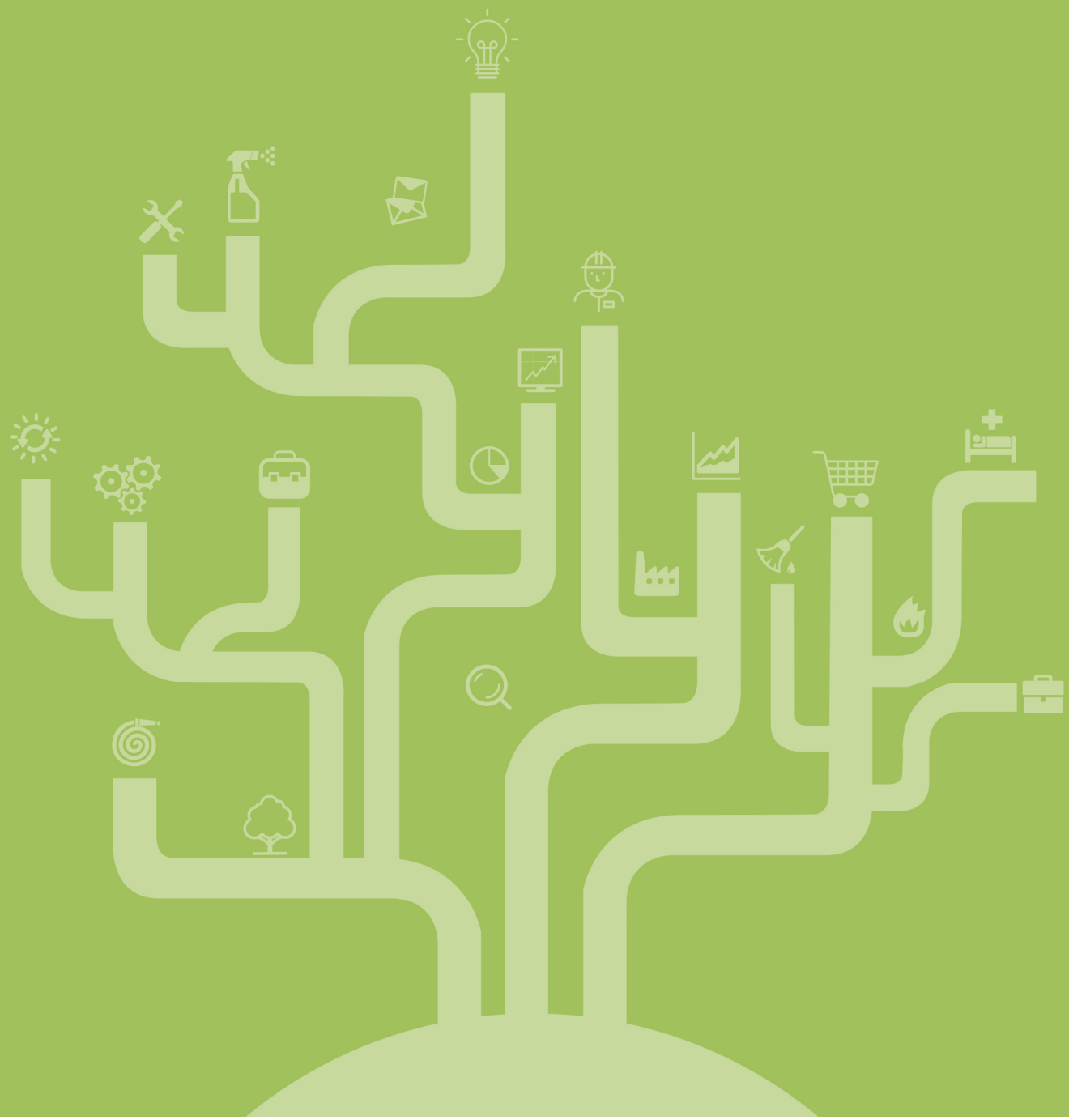
		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	30/06/2016	14,377	29,280	169	498	31/12/2016	40,432	11,233	19,423	2,035
	30/06/2017	16,749	27,054	167		30/06/2017	35,488	11,888	22,834	9,288

ANNEX IV

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

	For the 6 months ended 30 June			
		2017		2016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		174,992		114,391
CASH FLOW FROM CURRENT OPERATIONS:		41,729		37,860
Profit before taxes for the period	26,948		21,806	
Profit (loss) from discontinued operations	0		1,052	
Capital gains from sale of discontinued operations	0		(1,409)	
Amortisation, depreciation, write-downs and (write-backs) of assets	14,602		16,199	
Accrual (reversal) of provisions for risks and charges	(528)		882	
Employee termination indemnity provision	430		408	
Share of net profit of associates, net of dividends collected	416		(1,601)	
Financial charges (income) for the period	14,320		14,334	
Net interests received (paid) in the period	(13,592)		(13,316)	
Income taxes paid in the period	(139)		9,714	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*728*		*(738)*	
Cash flow from the assignment of tax receivables without recourse under tax consolidation, included in changes in other operating assets	*0*		*(9,471)*	
USES OF PROVISIONS FOR RISKS AND CHARGES AND PAYMENTS OF THE EMPLOYEE TERMINATION INDEMNITY:		(4,482)		(6,101)
Payments of employee termination indemnity	(1,416)		(921)	
Utilization of provisions for risks and charges	(3,066)		(5,180)	
CHANGE IN ADJUSTED NWOC:		12,942		(22,395)
Decrease (increase) in inventories	(362)		173	
Decrease (increase) in trade receivables	17,334		26,711	
Increase (decrease) in trade payables	3,634		(32,323)	
Adjustments:				
Change in the amount of trade receivables assigned without recourse to Factoring agencies and not yet collected by the latter	*(7,664)*		*(16,956)*	
INDUSTRIAL AND FINANCIAL CAPEX:		(16,604)		(3,734)
(Purchase of intangible assets, net of sales)	(3,947)		(2,497)	
(Purchase of property, plant and equipment)	(12,666)		(6,423)	

	For the 6 months ended 30 June			
		2017		2016
Proceeds from sale of property, plant and equipment	274		616	
(Acquisition of investments)	(408)		(227)	
Decrease (increase) of financial assets	(1,222)		(841)	
Discontinuing acrivities	110		3,984	
Reclassifications:				
Change in current financial assets, to be included in Net Financial Liabilities	*1,254*		*2,400*	
Outstanding debt for acquisition of equity investments and business combinations	*0*		*(747)*	
CHANGE IN ADJUSTED NET FINANCIAL LIABILITIES:		**(11,725)**		**27,561**
Change in finance lease debt	3,025		619	
Net opening (repayment) of short-term bank credit lines	(11,857)		(8,283)	
Other net changes in borrowings	(10,031)		19,184	
Adjustments:				
Change in the amount of trade receivables assigned without recourse to Factoring agencies and not yet collected by the latter	*7,664*		*16,956*	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*728*		*738*	
Change in current financial assets, to be included in the Net Financial Liabilities	*(1,254)*		*(2,400)*	
Outstanding debt for acquisition of equity investments and business combinations	*0*		*747*	
OTHER CHANGES:		**(19,537)**		**19,622**
Decrease (increase) in other current assets	(406)		(3,714)	
Increase (decrease) in other current liabilities	5,960		13,894	
Dividends paid	(25,091)		(25)	
Changes in the consolidation area	0		(4)	
Reclassifications:				
Cash flow from the assignment of tax receivables without recourse under tax consolidation, included in changes in other operating assets	*0*		*9,741*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**177,315**		**167,204**



Manutencoop Facility Management S.p.A.
With registered office in Zola Predosa (BO)
Via U. Poli no. 4

Tax code – VAT - Register of Companies of Bologna
No. 02402671206
Share capital € 109,149,600.00 fully paid-up

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