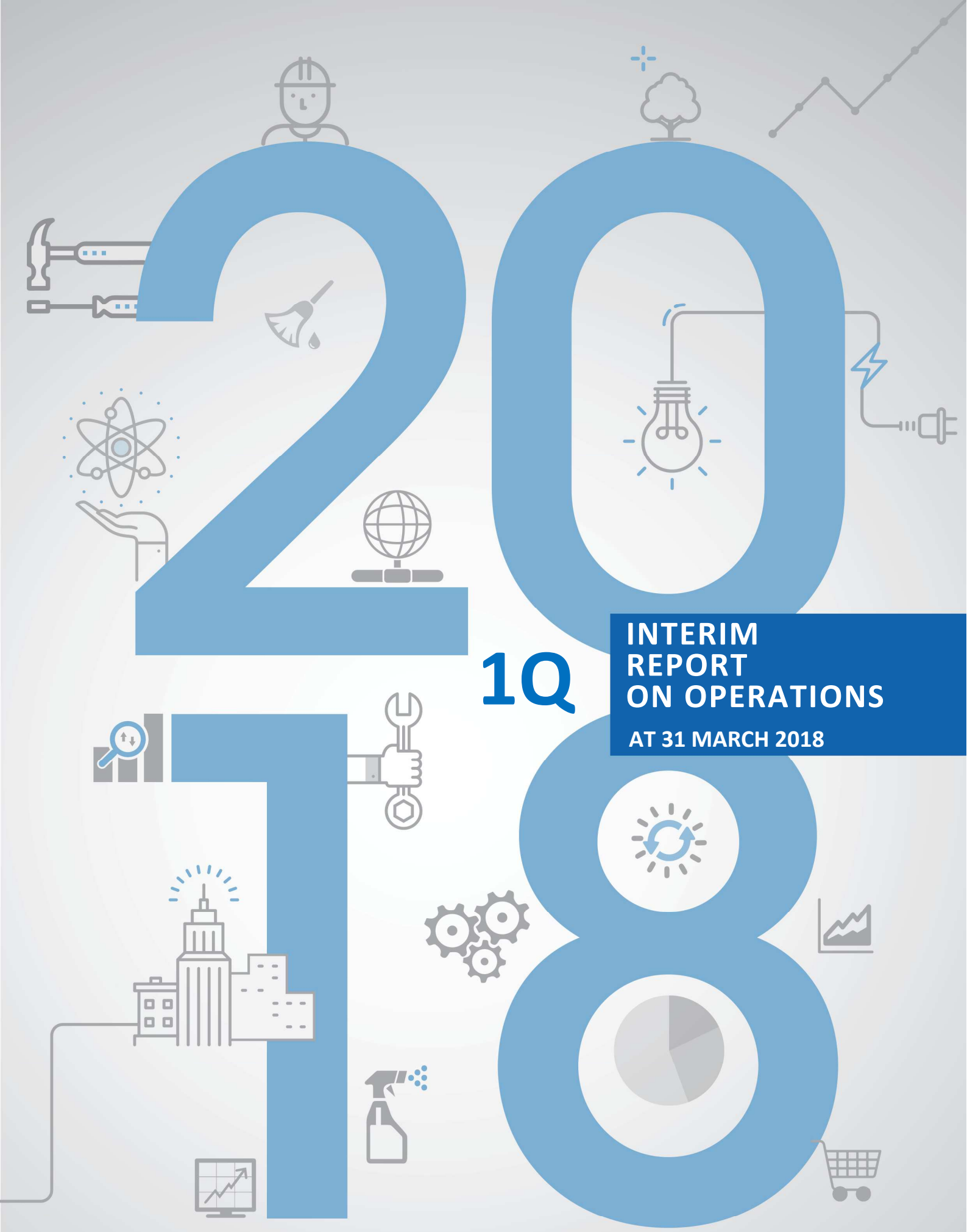
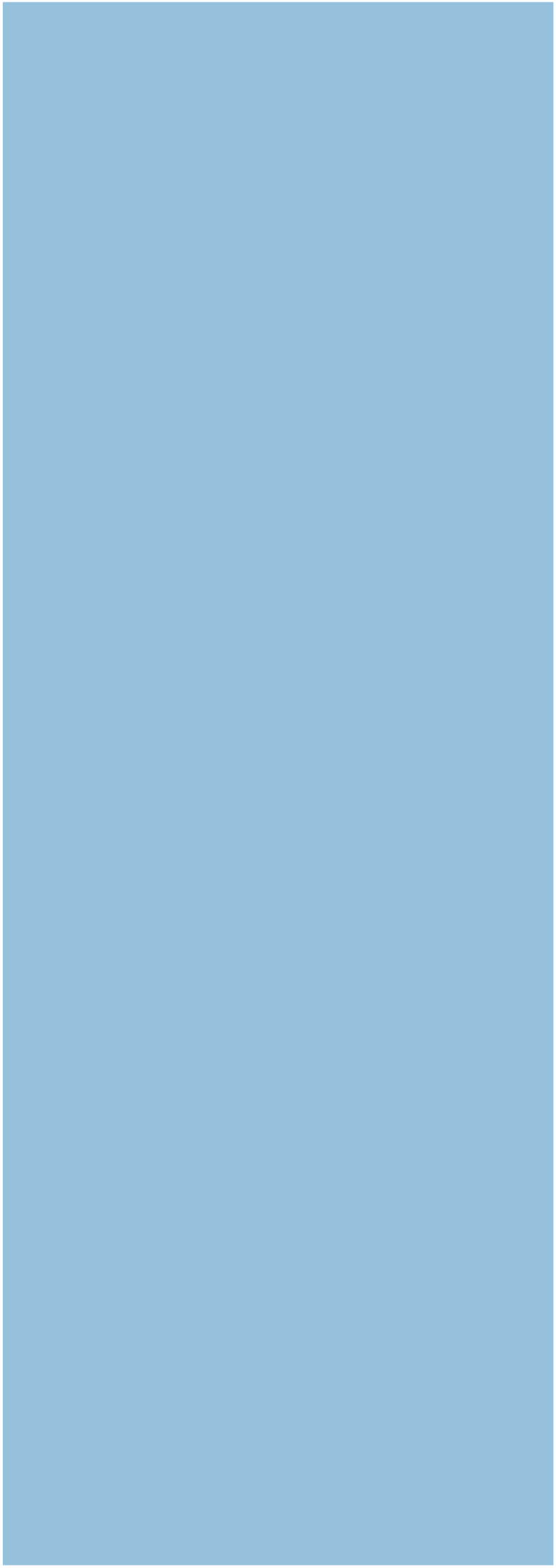


1Q 2018

INTERIM REPORT ON OPERATIONS

AT 31 MARCH 2018

MANUTENCOOP



GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 13 October 2017

CHAIRMAN
AND CEO
Giuliano Di Bernardo

MEMBERS OF THE BOARD OF DIRECTORS
Aldo Chiarini (ceased to hold office on 23 February 2018)
Laura Duò (appointed on 23 February 2018)
Rossella Fornasari
Paolo Leonardelli
Giuseppe Pinna
Gabriele Stanzani
Matteo Tamburini

GENERAL MANAGER
Andrea Gozzi

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 13 October 2017

CHAIRMAN

Germano Camellini

STANDING AUDITORS
Marco Benni
Monica Mastropaolo

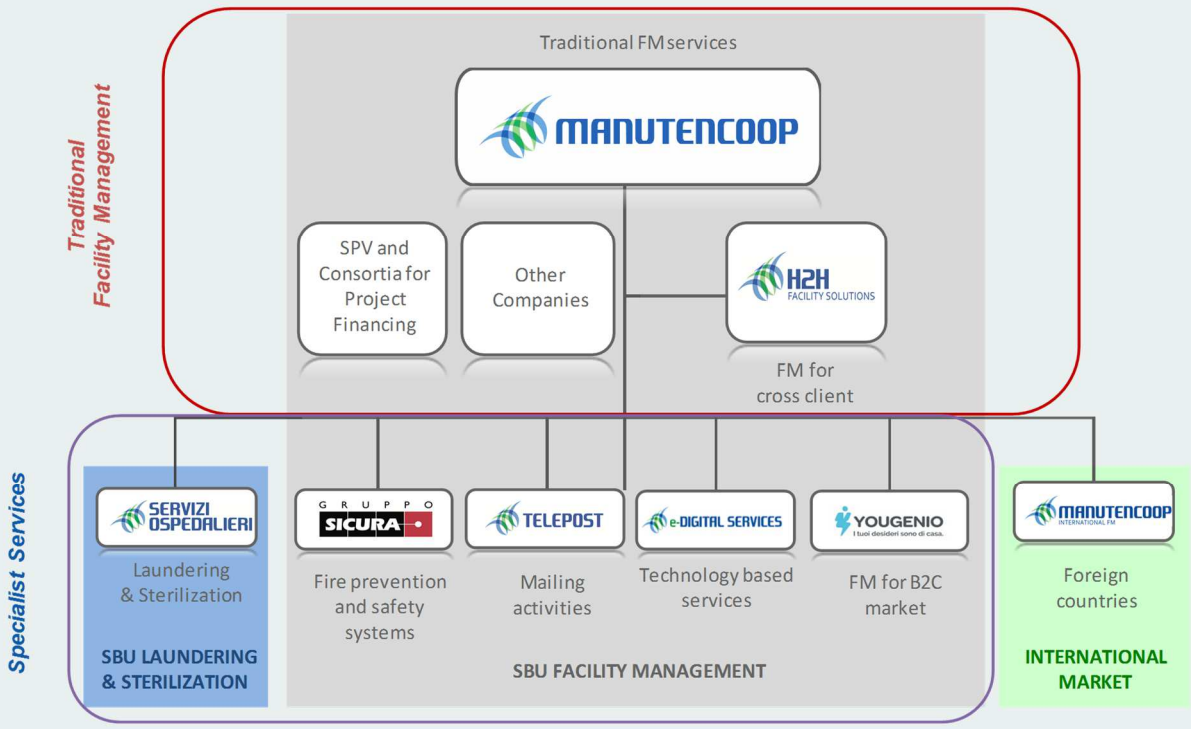
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 31 March 2018 the Group controlled by Manutencoop Facility Management S.p.A. ("MFM Group" and "MFM S.p.A." respectively) was composed 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.

At present the MFM Group is structured into a single operating holding company which combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify: (i) operations, also through a series of acquisitions, with some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services): these services involve fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services, (ii) markets, through the sub-holding Manutencoop International FM S.r.l., which was established to start the commercial development in international markets at the end of 2015.

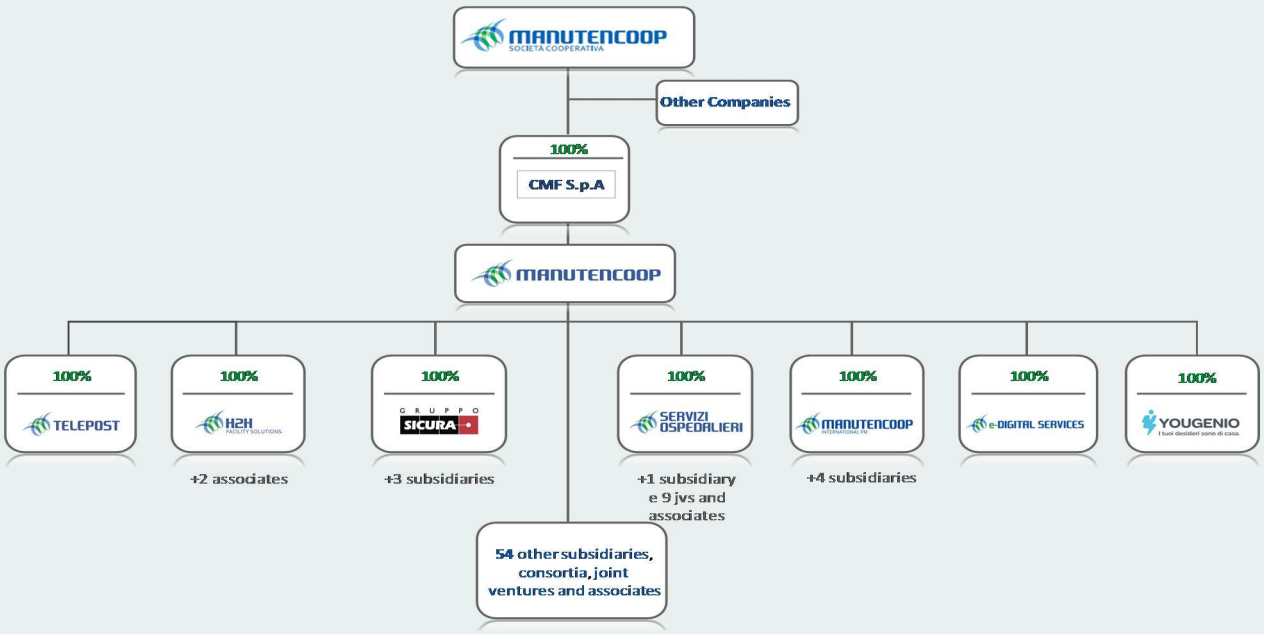
During 2016 diversification was further boosted by establishing Yougenio S.r.l., an innovative start-up active in the provision of services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market.

Shareholding structure

Ordinary shares issued by Manutencoop Facility Management S.p.A. and fully paid up at 31 March 2018 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.

On 26 May 2017, Manutencoop Società Cooperativa set up as sole shareholder a vehicle called CMF S.p.A. for the launch of a bond issue (Senior Secured Notes) with the purpose of repurchasing the Notes already issued by MFM S.p.A. during 2013 and repaying the other financial payables of the entire Group controlled by Manutencoop Cooperativa. Moreover, the company restructuring operation provided Manutencoop Società Cooperativa with the financial resources required to allow the exit of the Investors holding non-controlling interests in MFM S.p.A. and to pay the Vendor Note issued by it as part of the already mentioned Investment Agreement of 2016. In fact, on 13 October, CMF S.p.A. completed the purchase of the shares of the Investors, representing 33.2% of the share capital of MFM S.p.A., in accordance with the Call Option transferred to it by Manutencoop Società Cooperativa and recognised by the Shareholders' Agreement signed in July 2016. On the same date, there was also the transfer and sale of the additional shares of MFM S.p.A. owned by Manutencoop Società Cooperativa to CMF S.p.A., which thus became its sole shareholder.

The structure of the new Group controlled by Manutencoop Società Cooperativa, at the date of approval of the Interim Report on Operations, was the following:

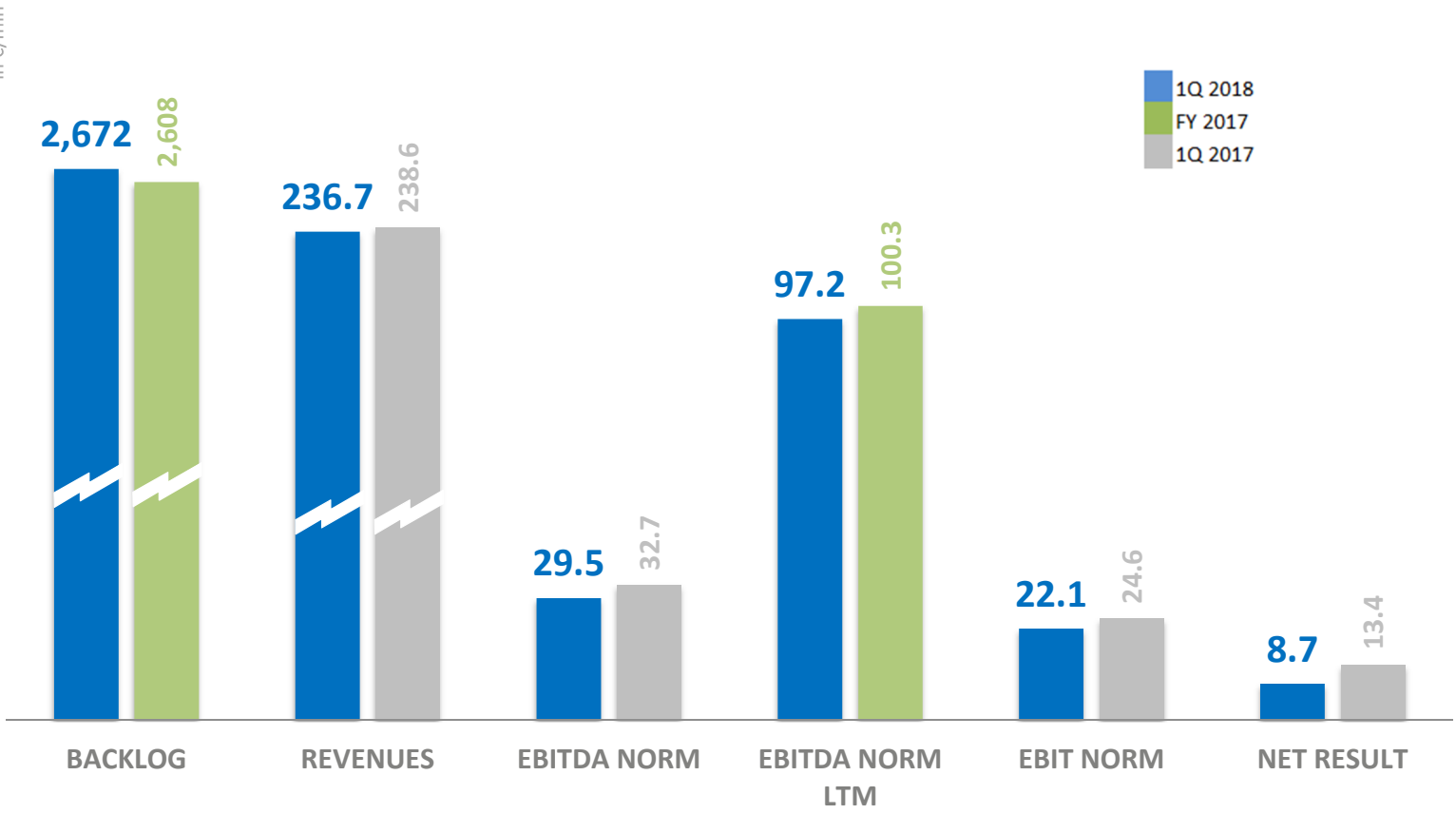


NON-GAAP FINANCIAL MEASURES

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 not yet accrued and connected with the residual term of the orders, which are held by the Group in the backlog.
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 Operating Working Capital (NWOC) is composed of "trade receivables and advance to supplier" and "inventories", net of "trade payables and advance to customers".
DPO	DPO (Days payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the amounts already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reference period.
DSO	DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reference period.
EBIT	EBIT represents the Profit (Loss) before taxes gross of: i) Financial charges; ii) Financial income; iii) Dividend and income (loss) from sale of investments; iv) Share of net profit of associates; v) Profit (loss) on exchange rate. The Statement of Profit or Loss shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating

	Definition
	performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions in the period".
Normalized EBIT or EBITDA	Normalized EBITDA and EBIT represent Adjusted measures that also exclude the contribution to the consolidated profit/loss 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 Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Long-term bank debts; iii)) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations.
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 Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
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 receivables and other 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.



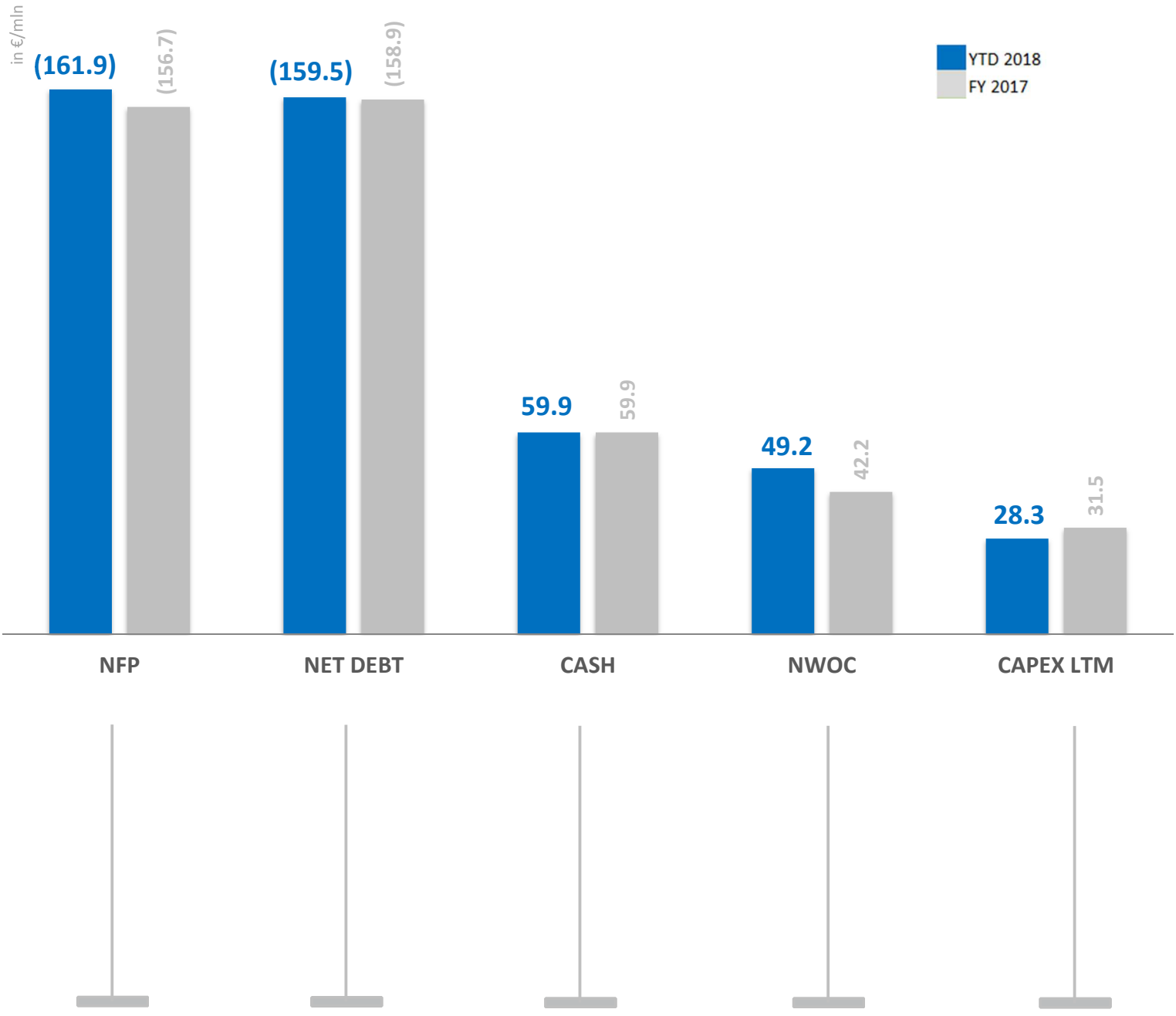
REVENUES
-0.8 %
vs 31/03/2017

BACKLOG/ REVENUES LTM
2,9x

EBITDA NORM/ REVENUES
12.5%
vs 13,7% at 31/03/2017

EBITDA NORM LTM/ REVENUES LTM
10.6%
vs 10,9% at 31/12/2017

EBIT NORM / REVENUES
9.4%
vs 10,3% at 31/03/2017



NET DEBT / EBITDA NORM LTM
1.7x
vs 1.6x
31/12/2017

NET CASH
27.2
vs 23,9
31/12/2017

NWOC / REVENUES LTM
5.4%
vs 4,6%
31/12/2017

NWOC ADJ / REVENUES LTM
8.9%
vs 6,7%
31/12/2017

SIGNIFICANT EVENTS OF THE FIRST QUARTER OF 2018

During the quarter ended 31 March 2018 management activities continued as part of the SBUs in which the Group operates. With regard to Facility Management the quarter showed substantial lack of changes of revenues compared to the first quarter of 2017.

The fact that revenues remained substantially unchanged during the quarter is a positive factor, also in the light of the signature of almost total supply orders ("SOs") during the quarter, in relation to the ordinary lot 12 of the Consip MIES2 Agreement (signed on 20 September 2017), for a backlog of about € 117 million, which impacted on revenues of € 0.5 million for the quarter.

Within the same SBU, work also continued, during the quarter, on the development of the Group's Start-ups, Manutencoop International and Yougenio, which showed positive signs of recovery, although their operating results remained negative in this phase due to fixed costs and required investments.

In February, in fact, Manutencoop International acquired the majority interest in the Turkish company EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. (established in 2014 in joint-venture with a local partner and previously jointly-controlled by Servizi Ospedalieri S.p.A.), which is active in the sector of *linen rental and industrial laundering and surgical instrument sterilisation* in the Turkish healthcare market.

In March Manutencoop Transports S.a.s. (a French indirect subsidiary of Manutencoop International) was awarded the European tender launched by SNCF (Societè National des Chemins de fer Francais), relating to the provision of soft facility management services on the lines in the Montrouge district, for about € 14 million in 4 years (the customer may extend this term to 5 years).

As regards Yougenio, new orders recorded a gradual increase in line with the scheduled growth plan, despite the absolute values of revenues (equal to about € 0.5 million in the quarter) are still not significant compared to the overall volumes recorded by the Group.

With regard to the *Laundering &Sterilisation* SBU, the quarter was characterised by some major renewals in *linen rental and industrial laundering* started between the third and fourth quarter of 2017, which gave rise to lower profit margins compared to the first quarter of the previous year, due to the reduction in prices applied in bidding, with effects which also impacted on the revenues for the revenues recorded for the quarter (showing a decrease of € 1.8 million compared to first quarter of 2017).

Approval of the plan for the merger of CMF S.p.A. by incorporation into MFM S.p.A.

On 4 April 2018 the Board of Directors of Parent Company MFM S.p.A. and the Sole Director of CMF S.p.A. approved the plan for the merger of the Parent company CMF S.p.A. by incorporation into its subsidiary. The Merger was approved by their respective Shareholders' Meetings on 12 April and filed with the Register of Companies on 13 April.

The Merger will be completed pursuant to Article 2501-*bis* of the Italian Civil Code, since CMF S.p.A. has raised a debt to acquire the total control over MFM S.p.A. and the equity of MFM S.p.A., being acquired, constitutes a general guarantee and the source of repayment of this debt. The statutory, accounting and tax effects are expected to run from 1 July 2018.

Acquisition and disposal of shareholdings

On 15 January 2018 the subsidiary Manutencoop International FM S.r.l. transferred a 30% quota of the capital of Manutencoop France S.a.r.l. at a price of € 30 thousand to TMS Servizi Integrati S.r.l.. Following this transfer, the Group's percentage of ownership of Manutencoop France S.a.r.l. amounted to 70%.

On 28 February 2018 the subsidiary Manutencoop International FM S.r.l. acquired a stake of 1% of the share capital of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S., based in Ankara (Turkey) at a price equal to € 2 million. Following the acquisition, pursuant to IFRS10 the Group acquired control over the Turkish company, whose share capital was already held by Servizi Ospedalieri S.p.A. at a percentage of 50%. Therefore the Group's percentage of ownership of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. amounted to 51%.

1. SUMMARY OF RESULTS OF THE FIRST QUARTER OF 2018

	For the quarter ended 31 **March**		
	2018	**2017**	**%**
Revenues	236,683	238,599	-0.8%
Adjusted EBITDA (*)	27,779	30,928	-8.6%
Adjusted EBITDA % of Revenues	11.7%	13.0%	
Normalized EBITDA (*)	29,543	32,676	-7.7%
Normalized EBITDA % of Revenues	*12.5%*	*13.7%*	
Adjusted EBIT (*)	20,198	22,803	-1.6%
Adjusted EBIT % of Revenues	*8.5%*	*9.6%*	
Consolidated Net Profit (Loss)	8,749	13,370	

In the first quarter of 2018 the Group recorded ***Revenues*** of € 236.7 million, against € 238.6 million, showing substantially unchanged volumes that recorded a stable trend in the last quarters. However, the change in consolidated Revenues is distributed differently in the various target markets when compared to the figure of the previous year: + € 3.2 million for the Public sector against - € 3.1 million for Private Customers and - € 2.0 million in the Healthcare market.
The turnover of *Facility Management* showed a substantial lack of changes, coming to € 205.9 million for the quarter ended 31 March 2018 against € 206.1 million in the same period of 2017. This SBU saw both a positive change in Revenues in the Public sector and a negative delta recorded in the Private sector.

The turnover of the *Laundering & Sterilisation* SBU showed a decrease of € 1.8 million (from € 33.2 million for the quarter ended 31 March 2017 to € 31.4 million for the quarter ended 31 March 2018), against the renewal of orders for a considerable portion of the sales portfolio, as from the second half of 2017, for lower fees on average.

On 31 March 2018, the **Backlog** came to € 2,672 million, showing an increase compared to the value reported at the end of the previous quarter (€ 2,608 million at 31 December 2017). The LTM Backlog/Revenues ratio also showed a recovery, amounting to 2.9x at 31 March 2018 (2.8x at 31 December 2017).
The increase in the backlog during the first quarter of 2018 (i.e. the quarter of the year during which there is its normal consumption) was mainly attributable to the signature of almost total supply orders during the quarter, in relation to one of the 2 lots awarded to MFM S.p.A. under the "MIES 2" agreements, which were signed with Consip S.p.A. on 20 September 2017, concerning the awarding of an Integrated Multi-Service Technology with energy supply for buildings used by Public Health Administrations. The substantial contribution to Consolidated Revenues is expected from the second quarter of 2018.

(*) Adjusted and Normalized economic figures are described in the following paragraph "Non-recurring events and transactions".

Adjusted EBITDA of the first quarter of 2018 came to € 27.8 million, showing a decline of € 3.1 million compared to the same quarter of previous year (€ 30.9 million), attributable to the Facility Management SBU for € 1.9 million and to the Laundering &Sterilization SBU for € 1.2 million, against an operating loss recorded by the start-ups Yougenio S.r.l. and Manutencoop International S.r.l. in line with previous year. This entailed a drop in average profit margins (**Adjusted EBITDA/Revenues**), which came to 11.7% for the quarter ended 31 March 2018 against 13.0% for the same period of last year. As regards the Facility Management SBU, it should be noted that, during the first quarter of 2017, Adjusted EBITDA benefitted from proceeds of € 0.9 million from the sale of Energy Efficiency Certificates, which will have a deferred positive impact during the subsequent quarters, although they are also scheduled for the 2018 financial year. Net of this time effect, EBITDA of both the SBUs was affected by the turnover in the portfolio characterised by pressure on prices and profit margins, which the Group is facing by taking efficiency improvement actions on both production and overhead costs, the effects of which will be felt from the second half of the year.

Adjusted EBIT of the quarter ended 31 March 2018 amounted to € 20.2 million (8.5% of related Revenues), against € 22.8 million for the same period of the previous year (9.6% of related Revenues). The trend was affected, in absolute terms, by the trend already shown for Adjusted EBITDA (- € 3.1 million), plus higher *amortization and depreciation* for € 0.2 million, lower write-downs of receivables (net of releases) for € 0.7 million and lower accruals to provisions for future risks and charges for € 0.1 million.

Finally, the **Consolidated net result** for the quarter posted a positive value of € 8.7 million against € 13.4 million at 31 March 2017, as a result of lower consolidated EBIT (- € 7.6 million, against a contingent asset of € 6.2 million for *Oneri di Sistema* charges during the first quarter of 2017), against lower income from equity investments accounted for at equity (- € 0.4 million), lower net financial expenses (- € 2.1 million) and lower taxes (- € 1.2 million).

	31 March 2018	31 December 2017	Change
Net Operating Working Capital (NWOC)	49,238	42,200	7,038
Net Financial Position (NFP)	(161,920)	(156,706)	(5,214)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 31 March 2018 recorded a normal increase of € 7.0 million compared to the figure reported at the end of the previous year, with higher trade receivables for € 9.1 million and higher trade payables for € 2.1 million, against a Net Financial Position (**NFP**) that reported a negative change equal to € 5.2 million. At 31 March 2018 DSO was 175 days, against 164 days at 31 December 2017 and 177 days at 31 March 2017. DPO, on the other hand, was 248 days (246 at 31 December 2017 and 227 days at 31 March 2017). The

trend in amounts collected from customers and payments to suppliers thus showed an overall absorption of cash flows during the quarter, while pointing out that the normal slowdown in the collection of amounts from customers was not accompanied by any extension of payment terms.

The Net Financial Position (**NFP**) showed an increase of € 5.2 million during the quarter. The flows generated by by operating activities in the quarter (€ 22.1 million) were in fact offset by a negative cash flow relating to changes in NWOC (€ 7.0 million), the use of financial resources relating to net industrial investments (€ 6.4 million) and financial investments (€ 2.3 million), as well as by payments related to the uses of provisions for future risks and charges and Employee termination benefits of the quarter (€ 3.2 million). Furthermore, there was a negative financial flow of € 8.3 million for changes recorded in other operating assets and liabilities during the quarter, and specifically against the trend in net VAT credit balances of the Group companies (+ € 5.0 million), which may not be converted into cash through requests for repayment or assignments without recourse until the preparation of tax returns relating to the previous year in April, as prescribed by law.

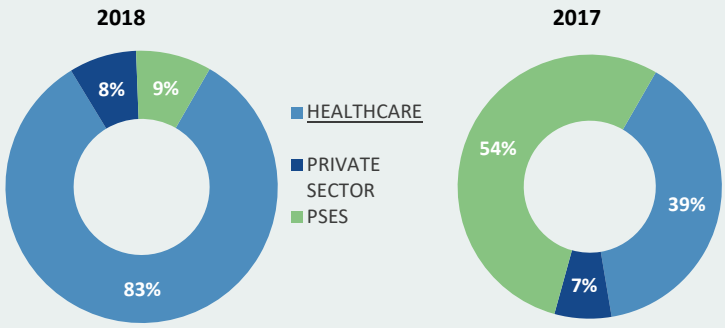
2. BUSINESS DEVELOPMENT

In the first three months of 2018 the Group brought orders for an overall multi-year amount of € 240.7 million, of which € 49.1 million relating to extensions and renewals of contracts already included in its sales portfolio.
As in the past, these data regard only long-term contracts obtained in the context of services for "traditional" facility management", for linen rental and for laundry services as well as for the sterilization of surgical instruments, as well as of "B2B" technology services of e-Digital Services S.r.l.. On the contrary, the figure does not include the commercial portfolio of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year. However, these companies have a not particularly significant impact on consolidated production volumes (less than 4% in the first quarter of 2018).

New contracts in the Healthcare sector still affected the total in a significant manner (an overall 84%, equal to € 200.9 million), against orders gained for € 23 million in the Public sector and € 17.2 million in the sector of Private Customers.

Specifically, on 20 September 2017 MFM S.p.A. signed with Consip S.p.A. the agreements for the two batches of the "MIES 2" tender relating to the award of an Integrated Technology Multi-Service with energy supply for buildings used by Public Health Administrations. The two batches concerning the regions of Calabria and Sicily (Ordinary batch 12) and the regions of Veneto, Friuli Venezia Giulia, Trentino Alto Adige, to which the Lombardy's provinces of Bergamo, Brescia, Lecco, Como and Sondrio are added (Accessory batch 14). The Agreements had a term of two years whereas each implementation contract that may be signed by Public Authorities in such a time span may have a term of 5/7 years, at the discretion of the Authorities, starting from the activation of each supply, with a total limit of MFM S.p.A. that, for the period indicated, can be extended up to approximately € 250 million. The signature of supply orders relating to ordinary lot 12 entailed new portfolio acquisitions of about € 117 million (included in the overall values of new orders described above) during the first quarter.

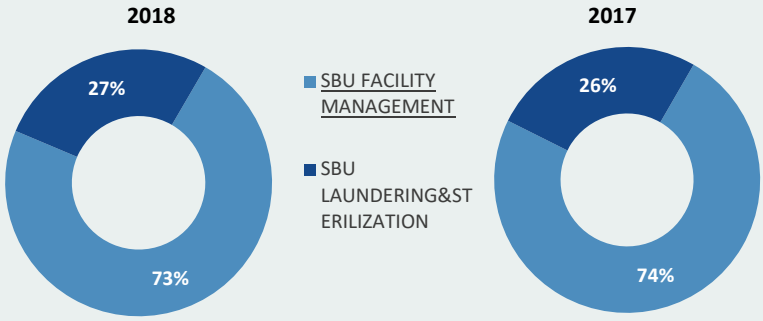
CONTRACTS ACQUIRED BY MARKET AT 31 MARCH



Furthermore, in the first 3 months of 2018 the Group was awarded a major 5-year contract, through Servizi Ospedalieri S.p.A., for linen rental and industrial laundering services, in the Healthcare sector, to be delivered to the healthcare units that are members of Umbria Salute S.c.a.rl. in the Umbria region.
In the same market MFM S.p.A. also renewed contracts for hygiene services to be delivered to the San Giovanni Addolorata Hospital in Rome and to Asur Marche no. 10 in Camerino (Province of Macerata).
Furthermore, there were positive developments in the international public market, where the Group was awarded 3-year contracts for cleaning services on behalf of SNCF (the leading national operator for the management of railway transport services) in Montrouge (Paris) for expected total revenues of about € 14 million in 4 years, with the possibility of extending the term by an additional year and the services being expected to start during the first half of 2018.
Finally, the new contracts for the year in the Private sector amounted to € 17 million (7% of total). Among the most significant acquisitions were the renewals of some contracts for cleaning and maintenance services at facilities in the insurance and banking sector of the Unipol Group.

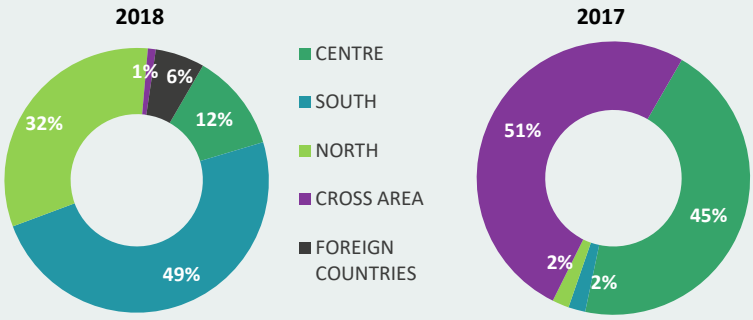
Regarding the orders gained in the period in terms of Strategic Business Unit ("SBU"), Facility Management obtained contracts of € 175 million and Laundering & Sterilisation of € 66 million. Acquisitions in the Public and Private sector were part of the Facility Management SBU.

CONTRACTS ACQUIRED BY SBU AT 31 MARCH



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

CONTRACTS ACQUIRED BY GEOGRAPHICAL AREA AT 31 MARCH



After the end of the quarter, work continued on the arrangements for the Consip MIES2 agreement until the completion of ordinary lot 12. Furthermore, services started at each entity with an impact on sales as from the second quarter of the current financial year.

3. GROUP'S PERFORMANCE OF OPERATIONS AND CONSOLIDATED FINANCIAL POSITION FOR THE THREE MONTHS ENDED 31 MARCH 2018

3.1 Consolidated performance of operations in the first three months of 2018

Below are reported the main income figures relating to the quarter ended 31 March 2018 compared to the figures in the same period of 2017:

(in thousands of Euro)	For the 3 months ended 31 March		Change	%
	2018	2017		
Total revenues	236,683	238,599	(1,916)	-0.8%
Total costs of production	(209,370)	(203,160)	(6,210)	+3.1%
EBITDA	**27,313**	**35,439**	**(8,126)**	**-22.9%**
EBITDA %	**11.5%**	**14.9%**		
Amortization, depreciation, write-downs and write-backs of assets	(7,094)	(7,572)	478	-6.3%
Accrual and reversal of provisions for risks and charges	(487)	(553)	66	-11.9%
Operating Income (EBIT)	**19,732**	**27,314**	**(7,582)**	**-27.8%**
EBIT %	**8.3%**	**11.4%**		
Share of net profit of equity-accounted companies	843	1,227	(384)	-31.3%
Net financial charges	(4,982)	(7,125)	2.143	-30.1%
Profit before taxes (EBT)	**15,593**	**21,416**	**(5,823)**	**-27.2%**
EBT %	**6.6%**	**9.0%**		
Income taxes	(6,844)	(8,046)	1,202	-14.9%
Profit from continuing operations	**8,749**	**13,370**	**(4,621)**	**-34.6%**
Profit (loss) from discontinued operations	**0**	**0**		
CONSOLIDATED NET PROFIT (LOSS)	**8,749**	**13,370**		
CONSOLIDATED NET PROFIT (LOSS) %	**3.7%**	**5.6%**		
Minority interests	(66)	(22)		
NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**8,683**	**13,348**		
NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**3.7%**	**5.6%**		

NON-RECURRING EVENTS AND TRANSACTIONS

During first 3 months of 2018 the Group recognized, in the Statement of profit or loss for the period, some "non-recurring" financial items which impacted on the normal dynamics of the consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring or those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, results of operations and cash flows of Group companies.

The following non-recurring elements are recorded in the Consolidated Statement of Profit/Loss for the period:

(in thousands of Euro)	For the 3 months ended 31 March	
	2018	2017
Legal advice on pending administrative disputes	64	84
Structural reorganisation consulting fees	372	1,557
Rebranding Plan	30	
"*Oneri di sistema*" charges relating to previous years		(6,152)
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA AND EBIT	**466**	**(4,511)**

During the quarter the Group sustained initial costs relating to a major project for the renewal of its brand and of its visual identity, which will be significantly developed in the subsequent quarters and which will lead, among other things, to changing the company name of Parent Company Manutencoop Facility Management S.p.A. after the effective date of the merger with CMF S.p.A., for which a resolution has already been passed.

Furthermore, during 2017, following the issue of some regulatory provisions laid down in the "*Milleproroghe* Decree", it was decided not to recognise "*Oneri di Sistema*" costs on some major energy service contracts of Parent Company MFM S.p.A., while acknowledging that obligation payments had ceased to exist for those relating to previous years.

Consolidated Adjusted EBITDA and Adjusted EBIT are thus represented as follows:

(in thousands of Euro)	For the 3 months ended 31 March	
	2018	2017
EBITDA	**27,313**	**35,439**
Non-recurring charges (income) impacting on EBITDA	466	(4,511)
ADJUSTED EBITDA	**27,779**	**30,928**
ADJUSTED EBITDA % ON REVENUES	**11.7%**	**13.0%**
EBIT	**19,732**	**27,314**
Non-recurring charges (income) impacting on EBITDA and on EBIT	466	(4,511)
ADJUSTED EBIT	**20,198**	**22,803**
ADJUSTED EBIT % ON REVENUES	**8.5%**	**9.6%**

As early as from 2016, the Group also undertook to diversify its target markets by establishing the sub-holding Manutencoop International FM S.r.l. (as a vehicle dedicated to business development on international markets) and Yougenio S.r.l. (subsidiary active in the B2C market through an e-commerce

platform). These new initiatives are in the start-up phase and contribute negatively to the consolidated results of the period.
Therefore, consolidated Normalized EBITDA and EBIT - which exclude this negative contribution - are shown below:

(in thousands of Euro)	For the 3 months ended 31 March	
	2018	2017
ADJUSTED EBITDA	**27,779**	**30,928**
EBITDA related to start-up activities	1,764	1,748
NORMALIZED EBITDA	**29,543**	**32,676**
NORMALIZED EBITDA % ON REVENUES	**12.5%**	**13.7%**
ADJUSTED EBIT	**20,198**	**22,803**
Adjusted EBIT related to start-up activities	1,894	1,786
NORMALIZED EBIT	**22,092**	**24,588**
NORMALIZED EBIT % ON REVENUES	**9.3%**	**10.3%**

REVENUES

During the first 3 months of 2018 the Group recorded Revenues of € 236.7 million against € 238.6 million for the first quarter of 2017 (- € 1.9 million, equal to -0.8%). As early as during the second half of the previous year the downward trend in turnover, which had marked the recent financial years, appeared to have come to an end; in the first quarter of 2018 it was actually confirmed that the volumes were stable, thus showing a positive sign in line with expectations in near future.

The breakdown of the consolidated Revenues in the first three months of 2018 is provided below, compared to the value posted in the same period of the previous year, broken down by Market.

REVENUES BY MARKET

(in thousands of Euro)	For the 3 months ended 31 March			
	2018	% of total Revenues	2017	% of total Revenues
PSEs	69,433	29.3%	66,234	27.8%
Healthcare	114,452	48.4%	116,492	48.8%
Private sector	52,798	22.3%	55,873	23.4%
CONSOLIDATED REVENUES	**236,683**		**238,599**	

In contrast to the value posted in last quarters, the breakdown of turnover by market showed for the first three months of 2018 a decline in revenues from Healthcare customers (which include public or private healthcare establishments) for € 2.0 million (almost entirely relating to the *Laundering & Sterilization* SBU), despite a substantially unchanged relative weight on the total (equal to 48.4% of Consolidated revenues for the first quarter of 2018, against 48.4% for the same period in the previous year). On the other hand, the negative contribution of linen rental and industrial laundering and sterilisation services relating to the Laundering & Sterilisation SBU (- € 1.8 million) fully weighs on the turnover of the Healthcare sector: therefore, a stable trend was recorded for the Facility Management SBU which, despite the completion of some major contracts (including those relating to the Ancona Hospital and the ASL Roma 2 Local Health Unit), which entailed higher volumes on other contracts in their start-up phase during 2017 (such as, for example, those involving the Frosinone ASL Local Health Unit and the Palermo ASP Provincial Health Unit).

During the quarter signs of recovery also came from revenues from PSEs (+ € 3.2 million compared to the first quarter of 2017). Furthermore, there was an increase in the market's relative weight on total Consolidated Revenues (29.3% at 31 March 2018 against 27.8% at 31 March 2017). In fact, in the first months of 2017, some important job orders were started (among which shall be noted the provision of services to the Municipalities of Casalecchio di Reno and Alessandria), which favourably contributed to the gradual replacement of those ended during the year.

Finally, Revenues in the Private sector recorded a decrease compared to the first quarter of 2017, both in absolute terms (- € 3.1 million) and in percentage terms (from 23.4% of Revenues in the first quarter of 2017 to 22.3% in the first quarter of 2018). The trend, which was already seen in previous years, was related, in general, to business development that is showing its effects rather slowly in consideration of renewals of expiring contracts that often take place based on reduced discounts or perimeters. In the second quarter of 2017, in particular, certain major contracts in the portfolio were renewed against lower fees and operations (including, for example, those with the Telecom Italia Group and the Unipol Group).

Analysis of revenues by Segment

A comparison of Group Revenues by business segment is provided below.
The business segments were identified on the basis of IFRS 8 and correspond to the following business areas: "*Facility Management*" and "*Laundering & Sterilization*".

REVENUES BY SEGMENT

(thousands of Euro)	For the 3 months ended 31 March			
	2018	% of total Revenues	2017	% of total Revenues

(thousands of Euro)	For the 3 months ended 31 March			
	2018	% of total Revenues	2017	% of total Revenues
Facility Management	205,948	87.0%	206,074	86.4%
Laundering & Sterilization	31,379	13.3%	33,175	13.9%
Intra-group elimination	(643)	-0.3%	(651)	-0.3%
CONSOLIDATED REVENUES	**236,683**		**238,599**	

The breakdown of turnover by operating segments confirms that the relative weight in the sectors remained substantially unchanged, equal to 87.0% for Facility Management during first three months of 2018 (86.4% for the same period in the previous year) and to 13.3% for Laundering & Sterilization (13.9% for the same period in the previous year).

The quarter saw a clear stability in Revenues from the Facility Management SBU compared to the first quarter of the previous year: sales in the sector amounted to € 205.9 million against € 206.1 million in the same quarter of 2017. This SBU fully included both the positive change in Revenues from Public Authorities and the negative delta shown in the Private sector. During the quarter the positive contribution given by the new MIES 2 agreements as not significant (about € 0.5 million) and will show its financial effects during the subsequent quarters of the year.

At the consolidated level, the Laundering & Sterilisation sector showed the most evident negative contribution (- € 1.8 million, -5.4%), recording Revenues of € 31.4 million in the first three months of 2018, compared to € 33.2 million in the first three months ended 31 March 2017. The sector was involved in a review of the portfolio that was not particularly favourable in terms of prices and saw the completion of some contracts at major hospitals.

EBITDA

On 31 March 2018 the Group's EBITDA came to € 27.3 million, against € 35.4 million for the three months ended 31 March 2017. However, EBITDA expensed non-recurring costs of € 0.4 million in the first three months of 2018 against non-recurring positive items of € 4.5 million during the same period of the previous year (mainly against the "*Oneri di sistema*" contingent asset of € 6.2 million). Therefore, Adjusted EBITDA that excluded these non-recurring elements amounted to € 27.8 million at 31 March 2018 (11.7% of Consolidated revenues), against Adjusted EBITDA of € 30.9 million at 31 March 2017 (13.0% of Consolidated revenues).

It should also be emphasised that the Group continued to sustain start-up costs related to the new initiatives (B2C and international development) against reduced initial business volumes. In the first

quarter of 2018 the effect of these initiatives was reflected in lower EBITDA for € 1.8 million (€ 1.7 million in 2017).

Below is provided a comparison of EBITDA by segment for the period ended 31 March 2018 and the period ended 31 March 2017:

EBITDA BY SEGMENT

(in thousands of Euro)	For the 3 months ended 31 March			
	2018	% of segment Revenues	2017	% of segment Revenues
Facility Management	19,574	9.5%	26,496	12.9%
Laundering & Sterilization	7,739	24.7%	8,943	27.0%
CONSOLIDATED EBITDA	**27,313**	**11.5%**	**35,439**	**14.9%**

The *Facility Management* sector showed a reduction of € 6.9 million in EBITDA, from € 26.5 million for the first quarter of 2017 to € 19.6 million during the first quarter of 2018. However, in order to understand this performance, it is necessary to deduct the abovementioned non-recurring items from sector EBITDA, which affected, either positively or negatively, the results recorded during the two comparative quarters (a net profit of € 4.5 million at 31 March 2017, including the contingent asset relating to "*Oneri di Sistema*" charges, against charges of € 0.5 million at 31 March 2018). Net of these elements, the negative change amounted to € 1.9 million, with % profit margins on the sector's Revenues decreasing from 8.9% in 2017 to 8.2% in 2018. The reduction was attributable to two different effects: on the one hand, during the quarter ended 31 March 2017, EBITDA in the sector benefitted from € 0.9 million relating to the sale of Energy Efficiency Certificates, which will be deferred in 2018 compared to the previous year; on the other hand, the review of the portfolio continued to be affected by pressure on prices and profit margins, which the Group is facing by taking systematic efficiency improvement actions on both variable and fixed costs that will be implemented in full during the subsequent quarters.

EBITDA in the Laundering & Sterilisation sector came to € 3.2 million in the three months ended 31 March 2018, down by € 1.2 million compared to € 4.4 million during the same period in 2017. Profit margins on relevant Revenues by segment was 24.7% compared to 27.0% at 31 March 2017. The decrease in EBITDA by segment was due to the reduction recorded in volumes described above, as well as to a concentration of renewals of linen rental and industrial laundering contracts, which were awarded once again at lower prices as from the second half of 2017, anticipating the effects of the efficiency improvement actions that the production units take in order to contrast the fall in profit margins.

Costs of production

Costs of production, which amounted to € 209.4 million at 31 March 2018, showed an increase of € 6.2 million in absolute terms compared to € 203.2 million at 31 March 2017 (-3.1%). However, this change was mainly due to the recognition of the abovementioned contingent asset on *Oneri di Sistema* charges (€ 6.2 million, stated in "Other operating costs") in 2017.

(in thousands of Euro)	For the 3 months ended 31 March			
	2018	% of total	2017	% of total
Costs of raw materials and consumables	40,524	19.4%	38,004	18.2%
Costs for services and use of third-party assets	72,369	34.6%	75,169	35.9%
Personnel costs	95,340	45.5%	95,255	45.5%
Other operating costs	1,137	0.5%	949	0.4%
Lower costs for internal work capitalised	0	ND	(65)	0.0%
COSTS OF PRODUCTION	**209,370**		**209,312**	
Oneri di Sistema charges	0		(6,152)	
TOTAL COSTS OF PRODUCTION	**209,370**		**203,160**	

Costs of raw materials and consumables during the first three months of 2018 amounted to € 40.5 million, showing an increase of € 2.5 million compared to the value posted in the same period of 2017, which led to an increase in the impact on total Costs of Production (19.4% at 31 March 2018 compared to 18.2% at 31 March 2017, net of the effect of *oneri di sistema* charges on the total). The increase is equally distributed among consumption of fuel (+ € 1.3 million) and materials (+ € 1.2 million), mainly as a result of a different mix of services rendered compared to last year and, consequently, of the use of various production factors to a different extent.

Costs for services and use of third-party assets showed a decrease during the period ended 31 March 2018 compared to the period ended 31 March 2017, with a reduction of € 2.8 million in absolute terms (-3.7%) and a significantly lower impact on total Costs of Production (34.6% against 35.9). The trend was primarily related to the mix of services in progress, as well as to the consequent make or buy choices: an overall reduction of € 2.5 million was in fact recorded in the items relating to third-party and professional services, in addition to costs from consortia, which are typically linked to the acquisition of external production factors.

Personnel costs remained unchanged both in absolute terms (€ 95.3 million at 31 March 2018 and 31 March 2017) and as an impact on total Costs of Production (45.5% in both quarters). However, it should be

noted that the first quarter of 2017 saw the recognition of non-recurring personnel costs in an overall amount of € 1.3 million.
The average number of employees in service during the first three months of 2018 was equal to 16,398 units while it was 16,197 during the same of period in the previous year (of which 15,110 versus 14,884 manual workers).
As it 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* at 31 March 2018 amounted to € 1.1 million, while it was positive at 31 March 2017 and equal to € 5.2 million. In fact, until 31 December 2016 the Parent Company MFM S.p.A. had recognized operating liabilities of € 6.2 million, concerning some energy service contracts and relating to "*Oneri di Sistema*" charges. These were envisaged in Decree Law 91/2014, as converted with amendments by Italian Law 116/2014 and by the related enactment decree issued in 2015. On 23 February 2017, the Chamber of Deputies finally approved the "*Milleproroghe* Decree", whose amendments impacted on the existing regulations concerning "*Oneri di Sistema*" charges; in particular, the regulation was repealed, according to which, except for RIUs, general "*Oneri di Sistema*" charges were determined, starting from 2014, with reference to the consumption of electricity, 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 there was no need to recognise additional "*Oneri di Sistema*" charges in 2017, while implementing the elimination of the payment obligations for those related to the previous years and recognising the contingent asset of € 6.2 million for the overall payable that had been recorded at the end of the previous year.
Net of this accounting item recognised in 2017, *Other operating costs* showed an increase of € 0.2 million, whose amount was not significant, mainly attributable to contract penalties.

Operating Income (EBIT)

In the first three months of 2018 consolidated Operating Income (**EBIT**) stood at € 19.7 million (8.3% of Revenues) against € 27.3 million (11.4% of Revenues) for the same period in 2017. EBIT for 2018 and 2017 financial years recorded the non-recurring items described above for EBITDA, while **Adjusted EBIT** came to € 20.2 million (€ 22.8 million at 31 March 2017), with related profit margins (Adjusted EBIT/Revenues), equal to 8.5% and 9.6%, respectively, during the comparative periods.
EBIT was affected by the above-mentioned consolidated performance in terms of Adjusted EBITDA (- € 3.1 million), from which *amortization and depreciation* of € 6.9 million (€ 6.7 million at 31 March 2017), *accruals to provisions for risks and charges (net of reversals)* of € 0.5 million (€ 0.6 million at 31 March 2017), as well as *write-downs of receivables and reversals* of € 0.2 million (against € 0.9 million at 31 March 2017) must also be deducted.

Below is a comparison of Operating Income (EBIT) by segment in the period ended 31 March 2018 with the values relating to the same period in the previous year:

EBIT BY SEGMENT

(in thousands of Euro)	For the 3 months ended 31 March			
	2018	% of segment Revenues	2017	% of segment Revenues
Facility Management	16,509	8.0%	22,895	11.1%
Laundering & Sterilization	3,224	10.3%	4,419	13.3%
CONSOLIDATED EBIT	**19,732**	**8.3%**	**27,314**	**11.4%**

The EBIT in the *Facility Management* segment came to € 16.5 million (8.0% of related segment Revenues) at 31March 2018, against EBIT by segment of € 22.9 million (11.1% of related segment Revenues) at 31 March 2017 and therefore with a net negative change equal to € 6.4 million compared to the same period in the previous year. However, the adjusted values showed a more limited decline in profitability, with segment Adjusted EBIT that decreased from € 18.4 million at 31 March 2017 (net of positive non-recurring items equal to € 4.5 million) to € 17.0 million at 31 March 2018 (net of non-recurring costs of € 0.5 million, equal to 8.2% and 8.9% of related segment Revenues, respectively.
The segment recorded higher amortisation and depreciation for € 0.2 million (specifically due to investments in hardware and software infrastructure) and lower write-downs of trade receivables for € 0.5 million at 31 March 2018. Furthermore lower net accruals to provisions for future risks and charges were recognized for € 0.2 million.

To the EBITDA performance in the *Laundering & Sterilization* segment for the first three months of 2018 (- € 1.2 million compared to the same period in the previous year) must be added, at segment EBIT level, amortisation and depreciation of € 4.3 million (€ 4.2 million in the same period of the previous year and mainly relating to the linen rental and industrial laundering segment, and in particular to linen), write-downs of receivables for € 0.1 million (€ 0.3 million at 31 March 2017) and net accruals to provisions for risks and charges for € 0.2 million (which had been not reported at 31 March 2017), in connection with risk situations of an absolutely insignificant amount in both comparative periods. Profit margins by segment came to 10.3% of related Revenues (13.3% at 31 March 2018).

Profit before taxes

To the consolidated EBIT must be added net proceeds recorded by companies valued at equity, equal to € 0.8 million (€ 1.2 million at 31 March 2017), which reflected, among other things, the Group's share of the result for the period of associate Roma Multiservizi S.p.A., equal to € 0.4 million (unchanged compared to

the first quarter of 2017). Furthermore, there was the recognition of net financial charges of € 5.0 million (€ 7.1 million at 31 March 2017), thus obtaining a Profit before taxes equal to € 15.6 million at 31 March 2018 (€ 21.4 million at 31 March 2017).

Below is provided the breakdown by nature of net financial charges for the first three months of 2018 and for the same period of the previous year:

(in thousands of Euro)	For the 3 months ended 31 March	
	2018	2017
Dividends, income (charges) from sale of equity investments	225	0
Financial income	830	219
Financial charges	(5,975)	(7,344)
Profit / (loss) on exchange rate	(62)	0
NET FINANCIAL CHARGES	**(4,982)**	**(7,125)**

During the first three months of 2018 dividends were collected from non-consolidated companies for € 0.2 million.

Financial income showed an increase of € 0.6 million compared to the same period of the previous year, mainly due to higher default interest income (+ € 0.7 million, of which € 0.6 million relating to the Facility Management SBU) which arose at the time of the settlement of previous debt positions.

In the period the impact of *financial charges* on the consolidated results of operations was equal to € 6.0 million compared to € 7.3 million for the same period of 2017.

With respect to the two comparative periods, the financial debt structure reported significant changes, arising from the abovementioned Refinancing transaction that the Manutencoop Group carried out during the last quarter of 2017 and which led the Parent Company MFM S.p.A. to make an early redemption of the Senior Secured Notes bond issue for a residual nominal amount equal to € 300 million), which had been launched in 2013, initially due 2020 and with a six-monthly coupon (at an annual interest rate of 8.5%), and to obtain an intercompany loan (Proceeds Loan) in a nominal amount of € 190.3 million from its direct controlling company CMF S.p.A.; in 2017 the latter launched a new Senior Secured Notes bond in a nominal amount of € 360 million, below par (at 98%), due 2022 and with a six-monthly coupon (at an annual interest rate of 9%).

During the first quarter of 2017 the cancelled Notes had accrued financial costs on coupons for € 6.4 million, while the financial charges accrued on the Proceeds Loan came to € 4.0 million during the first quarter of 2018. After having obtained the abovementioned Proceeds Loan, the Parent Company also sustained additional costs for the issue charged back by CMF S.p.A. in proportion to the proceeds reserved for it (equal to 52.86% of total issue). These additional costs were accounted for according to the amortised cost method, which gave rise to amortisation costs of € 0.4 million during the first quarter of

2018, against € 0.3 million for the amortised cost relating to the Senior Secured Notes outstanding during the first quarter of the previous year.
At the same time as the bond issue, CMF S.p.A. also entered, as the Parent Company, into a Super Senior Revolving loan agreement (known as "RCF") for € 50 million, to which MFM S.p.A. is a party as Borrower. CMF S.p.A. has charged all financing costs (equal to € 1.0 million) back to the Parent Company MFM S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). The cost relating to this line of credit amounted to € 0.2 million for the first quarter of 2018.

Finally, interest discount costs were recognised for € 0.6 million during 2017 in relation to the assignment of receivables without recourse carried out with Banca Farmafactoring (€ 0.2 million at 31 March 2018).

Consolidated net result

From the Profit before taxes for the period (€ 15.6 million) must be deducted taxes of € 6.8 million, thus obtaining a Net Result of € 8.7 million (€ 13.4 million at 31 March 2017).
The table below reports a breakdown of the consolidated tax rate:

(in thousands of Euro)	For the quarter ended 31 March	
	2018	2017
Profit before taxes	**15,593**	**21,416**
Current and deferred IRES tax	(4,866)	(6,330)
Current and deferred IRAP tax	(1,978)	(1,715)
CONSOLIDATED NET PROFIT	**8,749**	**13,370**
GLOBAL TAX RATE	**43.9%**	**37.6%**

Compared to the first three months of the previous year the Profit before taxes showed a decrease of € 5.8 million (€ 15.6 million at 31 March 2018 against € 21.4 million at 31 March 2017) against a decrease of € 1.2 million in the overall tax burden. The overall tax rate amounted to 43.9% for the three months ended 31 March 2018 against 37.6% for the same period of the previous year, due to the substantial lack of changes in some tax components (especially IRAP tax), the impact of which increased despite a reduction in the Profit before taxes.

3.2 Analysis of the Statement of financial position as at 31 March 2018

(in thousands of Euro)	31 March 2018	31 December 2017	Change
USES			

(in thousands of Euro)	31 March 2018	31 December 2017	Change
Trade receivables and advances to suppliers	438,218	429,165	9,053
Inventories	6,154	6,057	97
Trade payables and advances from customers	(395,134)	(393,022)	(2,112)
Net commercial working capital	**49,238**	**42,200**	**7,038**
Other elements of working capital	(57,991)	(60,865)	2,874
Net working capital	**(8,753)**	**(18,665)**	**9,912**
Property, plant and equipment	73,663	71,343	2,320
Goodwill and other Intangible assets	396,478	395,532	946
Investments accounted for under the equity method	27,729	27,294	435
Other elements of non-current assets	35,437	35,507	(70)
Fixed Assets	**533,307**	**529,676**	**3,631**
Non-current liabilities	(54,858)	(55,523)	665
NET INVESTED CAPITAL	**469,696**	**455,488**	**14,208**
SOURCES			
Equity attributable to non-controlling interests	752	381	371
Equity attributable to equity holders of the parent	307,024	298,401	8,623
Shareholders' equity	**307,776**	**298,782**	**8,994**
Net financial indebtedness	161,920	156,706	5,214
FINANCING SOURCES	**469,696**	**455,488**	**14,208**

Net working capital

At 31 March 2018 Consolidated Net Working Capital (**NWC**) posted a negative value of € 8.8 million, showing an increase of € 9.9 million compared to 31 December 2017 (when it posted a negative value of € 18.7 million).

At 31 March 2018 the 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 € 49.2 million against € 42.2 million at 31 December 2017. Considering the balance of receivables assigned without recourse by the Group and not yet collected by the factoring agencies (equal to € 32.7 million at 31 March 2018 and € 19.3 million at 31 December2017) the **Adjusted NWOC** stood at € 81.9 million and € 61.6 million, respectively.

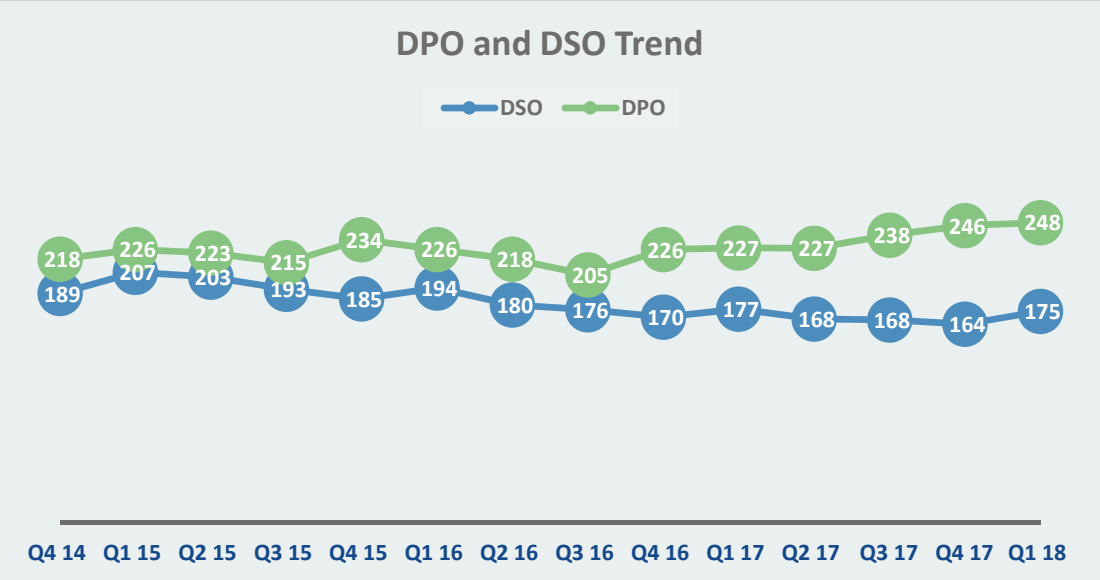
First of all, the change in the latter indicator (- € 20.4 million) was due to a change in the balance of trade receivables (+ € 22.4 million considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) against an increase in the stock of trade payables, which came to € 395.1 million at 31 March 2018 (+ € 2.1 million compared to the balance at 31 December 2017 equal to € 393.0 million).

At 31 March 2018 average DSO was 175 days against 164 days at 31 December 2017 and 177 days at 31 March 2017.

Furthermore at 31 March 2018 DPO was 248 days against 246 days at 31 December 2017 and 227 days at 31 March 2017.

Within the overall management of cash flows, the trend in receipts traditionally reports a normal slowdown during the first half of the year (+11 days in the first quarter of 2018; +7 days in the first quarter of 2017; +9 days in the first quarter of 2016), while it improves in the subsequent quarters. On the other hand, the schedule of payments to suppliers in financial terms maintained DPO substantially in line with the values posted at 31 December 2017, without reflecting the slowdown recorded in receipts on the payments.

Finally, worthy of mention is the improvement, even if slight, in (-2 days) in DSO at 31 March 2018 compared to 31 March 2017.



The balance of the other elements in working capital at 31 March 2018 was a net liability of € 58.0 million, down by € 2.9 million compared to a net liability of € 60.9 million at 31 December 2017:

(in thousands of Euro)	31 March 2018	31 December 2017	Change
Current tax receivables	4,007	8,745	(4,738)
Other current assets	41,278	30,842	10,436
Provisions for risks and charges, current	(5,574)	(6,711)	1,137
Current tax payables	(2,651)	(326)	(2,325)
Other current liabilities	(95,051)	(93,415)	(1,636)
OTHER ELEMENTS IN WORKING CAPITAL	**(57,991)**	**(60,865)**	**2,874**

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

- the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the tax authorities, which accounted for a decrease in net liabilities of € 1.3 million;
- an increase in the net credit balance for VAT of the Group companies, equal to € 5.0 million. These credit balances are systematically generated following the introduction of new regulations governing "Split payment" and "Reverse charge" as early as in 2015;
- the reduction in the item "Other current operating liabilities" of the payable related to the fine imposed by the Competition Authority during 2016, owing to the enforceability of the measure issued by the Authority 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 at 31 March 2018 was equal to € 8.8 million (€ 10.3 million at 31 December 2017);
- the decrease of € 1.1 million in the short-term portion of provisions for future risks and charges.

Finally, net current tax receivables were recognised for € 1.4 million at 31 March 2018, against a net receivable of € 8.4 million at 31 December 2017, mainly following the recognition of € 6.8 million of taxes for the period.

Other long-term liabilities

"Other long-term liabilities" include liabilities relating to:

- TFR (employee benefits), equal to € 15.1 million and € 15.5 million at 31 March 2018 and 31 December 2017, respectively;
- The long-term portion of Provisions for risks and charges (€ 26.6 million at 31 March 2018 against € 27.6 million at 31 December 2017);
- deferred tax liabilities of € 12.3 million (unchanged compared to 31 December 2017).

Consolidated net financial indebtedness

Details of net financial indebtedness at 31 March 2018, are shown below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, compared to the figures at 31 December 2017.

(in thousands of Euro)	31 March 2018	31 December 2017	Change
A. Cash	38	38	0
B. c/a, bank deposits and consortia, non-proprietary accounts	59,855	59,832	23
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)	**59,893**	**59,870**	**23**
E. Current financial assets	**2,857**	**1,870**	**987**
F. Current bank overdraft	9,672	6,000	3,672
G. Current portion of non-current debt	5,213	1,425	3,788

(in thousands of Euro)	31 March 2018	31 December 2017	Change
H. Other current financial liabilities	28,481	35,740	(7,259)
I. Current financial indebtedness (F)+(G)+(H)	**43,365**	**43,165**	**201**
J. Current net financial indebtedness (I) - (D) - (E)	**(19,385)**	**(18,575)**	**(808)**
K. Long-term bank debts and Senior Secured Notes	10,000	5,000	5,000
L. Other non-current financial liabilities	171,305	170,281	1,024
M. Derivatives			
N. Non-current financial indebtedness (K) + (L) + (M)	**181,305**	**175,281**	**6,024**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**161,920**	**156,706**	**5,214**

The first three months of 2018 saw a negative change in Consolidated net financial debt, which increased from € 156.7 million at 31 December 2017 to € 161.9 million at 31 March 2019.

On the other hand, the Parent Company MFM S.p.A. and Servizi Ospedalieri S.p.A. signed, on 23 February 2016, a 3-year maturity factoring agreement with Banca Farmafactoring S.p.A., concerning the assignment without recourse of receivables from entities in the National Health System, in an annual amount of up to € 100 million. During 2018 assignments of receivables without recourse were made in an amount of € 35.3 million. Furthermore, the Parent Company MFM S.p.A. made assignments without recourse of trade receivables claimed from Public Authorities in an overall amount of € 2,473 thousand, the counterparty being Banca Farmafactoring S.p.A., but not linked to the contract described above. The consolidated net adjusted financial debt for the amount of receivables assigned without recourse to factoring companies, which had not been collected at the reporting date (totalling € 32.7 million at 31 March 2018 against € 19.3 million at 31 December 2017) amounted to € 194.6 million (€ 176.0 at 31 December 2017).

At 31 March 2018 the balance of Cash and cash equivalents, net of short-term credit lines (Net Cash) amounted to € 27.2 million (€ 23.9 million at 31 December 2017):

(in thousands of Euro)	31 March 2018	31 December 2017
Cash and cash equivalents	59,893	59,870
Current bank overdraft, advance payments and hot money	(9,672)	(6,000)
Obligations arising from assignments of trade receivables with recourse	(23,025)	(29,999)
NET CASH	**27,196**	**23,871**

Below is a breakdown of the net financial exposure by bank credit lines and financial leases (Net Debt) compared to 31 December 2017:

(in thousands of Euro)	31 March 2018	31 December 2017
Proceeds Loan da CMF S.p.A. (nominal value)	175,990	175,990
Long-term bank debt	10,000	5,000
Financial lease obligations	3,520	3,622
Current bank overdraft, advance payments and hot money	9,672	6,000
Obligations from assignments of receivables with recourse	23,025	29,999
GROSS DEBT	**222,207**	**220,610**
Current financial assets	(2,587)	(1,870)
Cash and cash equivalents	(59,893)	(59,870)
NET DEBT	**159,457**	**158,870**

The "Net Debt" remained substantially unchanged compared to the value posted at 31 December 2017 (€ 159.5 million against € 158.9 million), due to the combination of several effects of opposite sign relating to the various lines of credit against cash amounts that remained unchanged (€ 59.9 million at 31 March 2018 and 31 December 2017). On 31 March 2018 there was, in fact, the drawdown of the second tranche (for € 5 million, with a term of 66 months, six-monthly instalments and a pre-amortisation period of 12 months) of the committed line of credit with CCFS, totalling € 10 million, against a lower use (- € 3.3 million) of short-term credit lines for Current bank overdrafts, advance payments and hot money and Assignments of trade receivables with recourse.

The change in Cash and cash equivalents is analysed in the table below: the cash flows for the first three months of 2018, are compared with the figures for the same period of the previous year. Annex IV attached to the Interim Report on Operations contains a reconciliation between the items in this table and those in the statutory Statement of Cash Flows presented in the condensed Explanatory notes pursuant to IAS 7.

	2018	2017
At 1 January	**59,870**	**174,992**
Cash flow from current operations	22,048	28,446
Uses of provisions for risks and charges and for employee termination indemnity	(3,199)	(1,591)
Change in NWOC	(7,008)	(11,450)
Industrial capex, net of disposals	(6,439)	(9,914)
Financial capex, net of disposals	(2,336)	11
Change in net financial liabilities	5,237	2,925
Other changes	(8,279)	(7,188)
AT 31 MARCH	**59,893**	**176,231**

The overall cash flows mainly reflect:

- a positive cash flow from current operations for € 22.0 million (€ 28.4 million at 31 March 2017);
- outflows from the use of provisions for future risks and charges and for employee termination indemnity for € 3.2 million (€ 1.6 million at 31 March 2018);
- a cash flow of € 7.0 million (€ 11.5 million at 31 March 2017) used for changes in NWOC resulting from a negative flow correlated to a change in trade receivables for € 8.7 million (€ 13.4 million for the first quarter of 2017) against a flow generated from the increase in the balance of trade payables for € 1.6 million (€ 2.2 million for the first quarter of 2017);
- a cash flow of € 6.7 million used in investing activities (€ 10.0 million at 31 March 2017, including the acquisition of the plant located in Lucca on the part of Servizi Ospedalieri S.p.A. for € 4.5 million), net of disposals for € 0.3 million (€ 0.1 million at 31 March 2017), also against net financial investments for € 2.3 million (flows not recorded at 31 March 2017), mainly linked to the acquisition of the majority interest in the Turkish company EOS against a price of € 2 million, paid on the closing date;
- an increase in net financial liabilities for € 5.2 million, mainly linked to the abovementioned increase in the balance used for the committed credit line held with CCFS (€ 10 million at 31 March 2018, against € 5 million at 31 December 2017). Furthermore, other changes were recorded in the liability relating to factoring with recourse (- € 7.0 million), as was a higher use of short-term credit lines for hot money and advances on invoices (+ € 3.7 million), against an increase in the balance of other financial liabilities (+ € 4.2 million), arising from the change in the amount of interest accrued on the Proceeds Loan of CMF (+ € 4.0 million). During the first quarter of 2017 an increase was also recorded in net financial liabilities for € 2.9 million, mainly due to a change in the balance of coupons of interest accrued on the Senior Secured Notes (- € 6.4 million compared to 31 December 2016) due to their maturity, as well as to an increase in the financial liability relating to assignments of receivables with recourse for the quarter (+ € 1.1 million) and in financial lease payables (+ € 3.2 million against the abovementioned acquisition of the plant located in Lucca on the part of Servizi Ospedalieri S.p.A.), in addition to an increase in the balance of short-term credit lines used for hot money and advances on invoices (+ € 4.1 million);
- other decreases occurred in the period (€ 8.3 million) which included, among others, the flows used by the changes in other operating assets and liabilities (- € 8.6 million), mainly due to the net effect of: (i) the decrease in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (- € 1.3 million); (ii) the trend in net credit balances for VAT of the Group companies (+ € 5.0 million); (iv) the decrease in the item “Other operating current liabilities” of the payable related to the fine imposed by the Competition Authority during 2016, given the enforceability of the measure issued by the Authority for which the right to pay in 30 monthly instalments was granted (- € 1.5 million, as a result of the payment of 3 monthly instalments). Other changes in 2017 absorbed total financial flows of € 7.2 million due to the net effect of an increase in the net consolidated VAT credit balance (+ € 6.1 million compared to 31 December 2016), an increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Office for

withholding taxes (+ € 4.3 million). On the contrary, the same item showed a decrease of € 6.2 million relating to the "*Oneri di Sistema*" charges, following the already mentioned regulatory changes that cancelled MFM S.p.A.'s payment obligations to pay the charges in relation to previous years.

Industrial and financial capex

In the first three months of 2018 the Group made net capital expenditures which totalled € 6.8 million, to which must be added disinvestments of € 0.3 million (€ 0.1 million at 31 March 2017):

(in thousands of Euro)	For the 3 months ended 31 March	
	2018	2017
Acquisitions of fixed assets under financial lease	0	4,484
Purchases of properties	12	0
Purchases of plant and equipment	5,838	4,462
Other capital expenditures in intangible assets	910	1,077
INDUSTRIAL CAPEX	**6,760**	**10,023**

Purchases of plant and equipment include the purchases of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, in which frequent periodic replacements are necessary (€ 5.6 million at 31 March 2018, against € 3.4 million at 31 March 2017). Investments in intangible assets amounted to € 0.9 million in the period (€ 1.1 million at 31 March 2017) and mainly related to ICT investments. Of these, an amount of € 0.2 million relates to investments in the technology platform of subsidiary start-up Yougenio S.r.l. (€ 0.3 million at 31 March 2017).

Furthermore, in 2017 the subsidiary Servizi Ospedalieri S.p.A. had signed a 12-year financial lease agreement with Unicredit Leasing S.p.A. for the purchase of a 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 € 4.5 million.

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

(in thousands of Euro)	For the 3 months ended 31 March	
	2018	2017
Facility Management	1,017	1,607
Laundering & Sterilization	5,743	8,416
INDUSTRIAL CAPEX	**6,760**	**10,023**

At 31 March 2018 the cash flow for financial investments was negative for € 2.3 million, mainly related to the net cash flow used in the business combination involving the Turkish company EOS on 28 February

2018, with a net effect of € 1.7 million on cash and cash equivalents, against the acquisition by MINT S.r.l. of a stake of 1% of the company's capital. The company was already invested in by Servizi Ospedalieri S.p.A. with a 50% stake of the capital; therefore, subsequently, the Group proceeded with the consolidation of the newly-acquired company's balance sheet values on a line-by-line basis. For further details, reference should be made to note no.3.

Furthermore, capital payments of € 0.5 million were made in investee companies not included in the consolidation area during the first quarter.

Finally, the cash flow for financial investments in the first quarter of 2017 was positive, but recorded an amount that was not significant in relation to the changes that occurred in shareholder loans granted to project companies during the quarter.

Change in Net financial liabilities

The table below shows the changes that were recorded in the period in the items making up consolidated financial liabilities:

(in thousands of Euro)	**31 December 2017**	**Business combinations**	New loans	Refunds and payments	Other changes	**31 March 2018**
Bank loans	5,000		5,000			10,000
Current bank overdraft, advance payments and hot money	6,000		9,672	(6,000)		9,672
Accrued and deferred expenses on loans	(794)				(39)	(833)
BANK DEBTS	**10,206**	**0**	**14,672**	**(6,000)**	**(39)**	**18,839**
Finance lease obligations	3,622	52		(154)		3,520
Obligations from assignments with recourse	29,999		10,904	(17,877)		23,025
Proceeds Loan from CMF S.p.A.	168,562				4.325	172,888
Due to factoring agencies for assignments without recourse	4,902		5,231	(4,902)		5,231
Other financial liabilities	1,156		453		(441)	1,168
FINANCIAL LIABILITIES	**218,446**	**52**	**31,260**	**(28,933)**	**3,846**	**224,670**
Current financial assets	(1,870)				(987)	(2,857)
NET FINANCIAL LIABILITIES	**216,576**	**52**	**31,260**	**(28,933)**	**2,859**	**221,813**

Following the abovementioned refinancing process carried out during the last quarter of 2017, the Senior Secured Notes which the Parent Company MFM S.p.A. issued during 2013, were redeemed in advance. The Parent Company completed this redemption through the use of a portion of its Cash and cash equivalents and simultaneously obtained an intercompany loan (Proceeds Loan) from its direct controlling company CMF S.p.A., which launched a new Senior Secured Notes bond issue in 2017, in a nominal amount of €360 million, below par (at 98%), due 2022 and a six-monthly coupon of 9.0%. This loan has a nominal principal value equal to € 176.0 million at 31 December 2017 and 31 March 2018. In consideration of this Proceeds Loan, the Parent Company has also sustained additional costs for the issue in an initial total amount of €

9.1 million, charged back by CMF S.p.A. in proportion to the resources reserved for it (equal to 52.86% of total issue). These additional costs have been also accounted for according to the amortised cost method and reported a balance equal to € 7.8 million at 31 March 2018 (€ 8.1 million at 31 December 2017). The abovementioned accounting method amortisation costs of € 0.4 million during the first quarter of 2018. The Proceeds Loan also bears interest at 9.0%, with payments to be made on 15 June and 15 December of each year, and entailed the recognition of accrued expenses of € 4.7 million at 31 March 2018 (€ 0.7 million at 31 December 2017).
At the same time as the bond issue, CMF S.p.A. also entered, as the Parent Company, into a Super Senior Revolving loan agreement for € 50 million, to which MFM S.p.A. is a party as Borrower. CMF S.p.A. has charged all financing costs (equal to € 1.0 million) back to the Parent Company MFM S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). This amortisation had an impact of € 0.1 million on the 2018 financial year; the remaining costs gave rise to a prepaid expense of € 0.9 million on the reporting date of the Consolidated Financial Statements.

On 14 November 2017 MFM S.p.A. signed a committed credit facility agreement with C.C.F.S. for a total amount of € 10 million. The loan includes a first tranche amounting to € 5 million, which was disbursed at the same time as the execution and with bullet maturity in April 2023. The second 66-month tranche, for an additional amount of € 5 million, was disbursed on 13 February 2018 and provides for the repayment in six-monthly instalments, with a pre-amortisation period of 12 months.

At the end of the quarter short-term uncommitted credit lines had been used for hot money and advances on invoices (aimed at meeting peaks in temporary cash requirements linked to the natural performance of operations) for € 9.8 million against a balance of € 6.0 million at 31 December 2017. 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. In 2018 assignments were made in an overall nominal amount of € 10.9 million while the balance was equal to € 23.0 million at 31 March 2018 (€ 30.0 million at 31 December 2017).
During the period, MFM S.p.A. and Servizi Ospedalieri S.p.A. made assignments of trade receivables without recourse of € 35.3 million with Banca Farmafactoring S.p.A., while the amount of receivables assigned but not yet collected by the factor at 31 December 2017 amounted to € 32.7 million Furthermore, the Group collected amounts of € 5.2 million at 31 March 2018 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” at 31 March 2018 the estimated liability in view of the put option held by the non-controlling shareholder of Manutencoop France S.a.r.l. on the 30% of the shares held by it, on the basis of the investment agreement signed during 2017 against the transfer

of this minority interest on the part of MINT S.r.l.. At 31 March the options on the subsidiaries' minority interests were recognised for an amount of € 453 thousand and related to the estimated liability of the Put option held by the non-controlling quotaholders of Manutencoop France S.a.r.l. (whose 30% quota was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017). This option may be exercised between 30 June 2021 and 30 June 2023.

Finally, the balance of short-term financial assets was € 1.0 million higher, mainly as a result of the change in the balance of pledged current bank accounts dedicated to the management of the collection service within the scope of the above-mentioned agreement for the assignment of trade receivables without recourse signed with Banca Farmafactoring (+ € 1.1 million) against the collection of receivables relating to minority interests in companies involved in assignment agreements signed during previous years (€ 0.1 million).

4. UPDATES ON LEGAL PROCEEDINGS

During the quarter the disputes continued pending, which have been described in Explanatory notes no. 13 and no. 15, to which reference should be made for more information. The most significant updates reported at the date of approval of the Interim Report on Operations are described below.

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

During 2018 the administrative proceedings continued in relation to the fine levied by the Competition Authority ("AGCM") on 20 January 2016, due to the 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.
On 23 December 2016, following a number of rulings handed down by the administrative court and by the Council of State, the Authority (AGCM) adopted a new order, recalculating the fine at € 14,700 thousand. This order was also challenged before the Lazio Regional Administrative Court and the Company is waiting for the hearing to be set. 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 make the payment. Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the request for payment by instalments submitted by the Company, allowing the latter to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The Company is paying the monthly instalments on a regular basis.

On the other hand, on 24 April 2017 Decree Law 50 was published on the Official Gazette: 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 "*for the acquisition of cleaning and other auxiliary services, as well as of interventions in order to keep school buildings and Public Administration training establishments clean and in working order*" have been terminated. In the subsequent Decree Law 91 of 20 June 2017, converted with amendments by Law of 3 August 2017, published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law 205 of 27 December 2017 ("2018 Budget Law") provided for these agreements to continue until 30 June 2019, in order to allow the regular performance of educational activities for the 2018-2019 school year.

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"). However, on 13 July 2017 and 14 September 2017, respectively, the Lazio Regional Administrative Court ordered the suspension of the measures of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled for 21 February 2018. In this venue, the Company's appeal was rejected and on 10 March 2018 an appeal was served, which was filed with the Council of State, with the simultaneous request for an interim measure from a single-member court and the stay of execution of the challenged measure.
Furthermore, on 30 March 2018 Consip informed MFM S.p.A. that it had submitted a request to the competent insurance company to enforce the Company's warranty provided in relation to the Consip Caserme tender. However, the insurance company did not grant the request following the Council of State's decision handed down on 5 April 2018. As a result, both the execution of the Lazio Regional Administrative Court's decision on the exclusion of Consip Caserme and Consip Sanità tenders and the related effects (also in relation to the enforcement of sureties) have been suspended and the hearing on the merits of the Company's appeal has been scheduled for 28 June 2018. To date these agreements have not yet generated Revenues for the Group and are not included in the backlog at 31 March 2018.

In relation to the abovementioned exclusions ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to initiate two proceedings concerning their entry in the electronic criminal records of ANAC, as "Useful information". These proceedings were also suspended by ANAC until the outcome on the merits mentioned above. ANAC also initiated proceedings for the application of disqualification measures, which were also suspended. The aforesaid decisions do not imply in any case any impediment for MFM S.p.A. to the participation and awarding of new calls for tenders launched by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remains absolutely valid.

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. (formerly 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, the Competition Authority has started only investigations and has allowed the Company to access the records of the proceedings, as well as held the hearing to hear the Company on 24 April 2018. The Company firmly rejects the assumption of an alleged collusive agreement with the other companies involved in the proceedings.

By an order of 22 November 2017 the Competition Authority also extended, both objectively and subjectively, the proceedings that had already been started; to date these proceedings also concern the SIE3 and MIES2 tenders and involve the industrial holding companies which control the entities initially involved (even if they have not been extended to the parent company Manutencoop Società Cooperativa).

Finally, by an order of 18 April 2018, it further subjectively extended the proceedings and postponed the time limit for the conclusion to 31 December 2018.

For more detailed information on pending administrative proceedings and further assessments made by the Directors when closing the Consolidated Financial Statements at 31 March 2018, reference should be made to the explanatory notes (note no. 13).

5. SUBSEQUENT EVENTS

"Rebranding" Plan

On 8 May 2018 the Board of Directors of the Parent Company MFM S.p.A. approved the plan to change its name to Rekeep S.p.A. and the change of related logo. Therefore, the Company embarked on the path to adopt the new name and the new logo, which will be concluded with the presentation to the Shareholders' Meeting, which is scheduled for June 2018 and which will be called to approve an amendment to article 1 of the Articles of Association relating to the company name. The new name will be effective from the date on which the Shareholders' Meeting resolution is filed with the Bologna Register of Companies.

The new name is the fruit of a broader-based project which aims at strengthening the Company's identity and is the crowning element in its new corporate structure, in which Manutencoop Società Cooperativa has been the sole shareholder since last October.

The new brand identity project also finds its place in an overall change in the internal organisation system in addition to the Group's process of growth and development globally, which has already been started for some years and which begins to show its first results.

6. BUSINESS OUTLOOK

The first quarter of 2018 confirmed that the trend of reduction in revenues, which had characterised the last financial years, might have come to an end, in particular in relation to the Facility Management SBU.
During 2018 further signs of recovery in volumes are expected in this SBU, which would be supported by the impact through P&L expected from revenues arising from the signature of supply orders relating to the Consip MIES2 agreement, the arrangements for which characterised the quarter and will continue during next months.
Profit margins should remain unchanged during the next months of 2018, mainly supported by variable cost efficiency improvement and fixed cost optimisation actions, some of which were already taken during the first quarter, thus continuing a plan that was successfully started as early as in the last financial years in order to contrast price pressures which has been characterising the portfolio review for some time.

During the first months of 2018, the process was also started for the reverse merger by incorporation of CMF S.p.A. (the vehicle that launched the new Senior Secured Notes bond issue) into MFM S.p.A., with statutory, accounting and tax effects running from 1 July 2018. The planned merger complies with some provisions laid down in the Indenture that was signed with the subscribers at the time of the bond issue and allows, among others, the placement of the medium/long-term debt raised by CMF S.p.A. for the acquisition of MFM S.p.A. at the same level of the operating company generating cash flows expected to serve the redemption, optimizing the consolidated financial structure.
The Group's key aim in financial terms is to resume, as soon as possible, the path to deleverage that characterised the most recent financial years.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 March2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	67,876	65,564
Property, plant and equipment under lease	4	5,787	5,779
Goodwill	5 - 6	372,392	370,363
Other intangible assets	5	24,086	25,169
Investments accounted for under the equity method	7	27,729	27,294
Other investments	8	5,262	4,757
Non-current financial assets	8	10,597	11,369
Other non-current assets	8	2,865	2,998
Deferred tax assets		16,713	16,383
TOTAL NON-CURRENT ASSETS		**533,776**	**529,676**
CURRENT ASSETS			
Inventories		6,154	6,057
Trade receivables and advances to suppliers	9	438,218	429,165
Current tax receivables		4,007	8,745
Other current assets	9	41,278	30,842
Current financial assets	11	2,857	1,870
Cash and cash equivalents	11	59,893	59,870
TOTAL CURRENT ASSETS		**552,407**	**536,549**
Assets held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1.085,714**	**1.066,225**

(in thousands of Euro)	NOTES	31 March 2018	31 December 2017
SHAREHOLDERS'EQUITY			
Share capital		109,150	109,150
Reserves		144,867	144,854
Retained earnings (losses)		44,324	43,755
Profit/(loss) attributable to equity holders of the Parent		8,683	642
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**307,024**	**298,401**
Capital and reserves attributable to non-controlling interests		686	308
Profit/(loss) for the period attributable to non-controlling interests		66	73
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**752**	**381**
TOTAL SHAREHOLDERS' EQUITY	**10**	**307,776**	**298,782**
NON-CURRENT LIABILITIES			
Employee termination indemnity	**12**	15,118	15,519
Provisions for risks and charges, non-current	**13**	26,618	27,624
Long-term financial debt	**11**	181,305	175,281
Deferred tax liabilities		12,350	12,294
Other non-current liabilities		772	86
TOTAL NON-CURRENT LIABILITIES		**236,163**	**230,804**
CURRENT LIABILITIES			
Provisions for risks and charges, current	**13**	5,574	6,711
Trade payables and advances from customers	**14**	395,134	393,022
Current tax payables		2,651	326
Other current liabilities	**14**	95,051	93,415
Bank borrowings, including current portion of long-term debt, and other financial liabilities	**11**	43,365	43,165
TOTAL CURRENT LIABILITIES		**541,775**	**536,639**
Liabilities directly associated with non-current assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,085,714**	**1,066,225**

CONSOLIDATED STATEMENT OF PROFIT (LOSS) FOR THE PERIOD

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2018	31 December 2017
REVENUE			
Revenue from sales and services		236,538	238,356
Other revenue		145	243
TOTAL REVENUE		**236,683**	**238,599**
OPERATING COSTS			
Costs of raw materials and consumables		(40,524)	(38,004)
Costs for services and use of third-party assets		(72,369)	(75,169)
Personnel costs		(95,340)	(95,255)
Other operating costs		(1,137)	5,203
Lower costs for internal work capitalised		0	65
Amortization, depreciation, write-downs and write-backs of assets	4-5	(7,094)	(7,572)
Accrual (reversal) to provisions for risks and charges	13	(487)	(553)
TOTAL OPERATING COSTS		**(216,951)**	**(211,285)**
OPERATING INCOME		**19,732**	**27,314**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	7	843	1,227
Dividend and net income/(loss) from sale of investments		225	0
Financial income		830	219
Financial expenses		(5,975)	(7,344)
Gains / (losses) on exchange rate		(62)	0
PROFIT/(LOSS) BEFORE TAXES		**15,593**	**21,416**
Current, prepaid and deferred taxes		(6,844)	(8,046)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**8,749**	**13,370**
Profit (loss) from discontinued operations		0	0
NET PROFIT (LOSS) FOR THE PERIOD		**8,749**	**13,370**
Profit (loss) for the period attributable to non-controlling interests		(66)	(22)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**8,683**	**13,348**

	For the three months ended	
	31 March 2018	31 December 2017
Basic earnings per share	0.080	0.122
Diluted earnings per share	0.080	0.122
Basic earnings per share from continuing operations	0.080	0.122
Diluted earnings per share from continuing operations	0.080	0.122

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2018	31 March 2017
PROFIT (LOSS) FOR THE PERIOD		**8,749**	**13,370**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the period:		3	
Share of other comprehensive income of equity-accounted entities, which will be subsequently reclassified under profit/loss for the period	7	(63)	(614)
Other comprehensive income for the period, which will be subsequently reclassified under profit/(loss) for the period		**(60)**	**(614)**
TOTAL PROFIT/(LOSS) IN THE STATEMENT OF COMPREHENSIVE INCOME, NET OF TAXES		**(60)**	**(614)**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAXES		**8,689**	**12,756**
Equity holders of the Parent		8,623	12,734
Non-controlling interests		66	22

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2018	31 March 2017
Net profit (loss) from continuing operations		**8,749**	**13,370**
Income taxes for the period		6,844	8,046
Profit before taxes for the period		**15,593**	**21,416**
Amortization, depreciation, write-downs and (write-backs) of assets		7,094	7,572
Accrual (reversal) of provisions		487	553
Employee termination indemnity provision and other post-employment benefits		233	195
Use of the employee termination indemnity provision and other post-employment benefits		(635)	(780)
Decrease for use of provisions for risks and charges		(2,565)	(811)
Loss (income) from equity investments, net of dividends collected		(843)	(1,227)
Financial charges (income) for the period		5,207	7,125
Operating cash flows before changes in Working Capital		**24,571**	**34,043**
Decrease (increase) in inventories		84	(197)
Decrease (increase) in trade receivables		(8,689)	(13,429)
Decrease (increase) in other current assets		(9,881)	(3,774)
Change in trade payables		1,597	2,176
Change in other current liabilities		1,330	(3,415)
Change in Working Capital		**(15,559)**	**(18,639)**
Net interest received (paid) in the period		(550)	(13,131)
Income tax paid in the period		(55)	(62)
Net cash flow from operating activities		**8,407**	**2,211**
(Purchase of intangible assets, net)	5	(910)	(1,077)
(Purchase of property, plant and equipment)	4	(5,850)	(8,946)
Proceeds from sales of property, plant and equipment	4	321	108
(Purchase of equity investments, net)		(506)	0
(Decrease) increase of financial assets		27	(69)
Business combinations	3	(1,718)	0
Discontinued operations		0	100
Net cash flow used in investing activities		**(8,636)**	**(9,883)**
Change in finance lease debt	11	(154)	3,202
(Repayment) of non-current borrowings	11	5,000	0
Proceeds from/(repayment of) short term bank debt	11	3,672	4,131
Other changes in financial debt	11	(8,266)	1,577
Net cash flow from / (used in) financing activities		**252**	**8,911**
Changes in cash and cash equivalents		**23**	**1,239**
Cash and cash equivalents at the beginning of the period		59,870	174,992
Changes in cash and cash equivalents		23	1,239
Cash and cash equivalents at the end of the period		**59,893**	**176,231**

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2018	31 March 2017
Details of cash and cash equivalents:			
Cash and bank current accounts		59,893	176,231
TOTAL CASH AND CASH EQUIVALENTS		**59,893**	**176,231**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the three months ended	
	31 March 2018	31 March 2017
Interest paid	(1,378)	(13,354)
Interest received	828	223
Dividends received	239	0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserves	Retained earnings (losses)	Net profit (loss) for the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total Shareholders' equity
1 January 2018	**109,150**	**144,854**	**43,755**	**642**	**298,401**	**381**	**298,782**
Allocation of previous year result		73	569	(642)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries						305	**305**
Total comprehensive income (loss) for the period		(60)		8,683	**8,623**	66	**8,689**
31 March 2018	**109,150**	**144,867**	**44,323**	**8,683**	**307,024**	**752**	**307,776**

	Share capital	Reserves	Retained earnings (losses)	Net profit (loss) for the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total Shareholders' equity
1° January 2017	**109,150**	**188,349**	**(7,518)**	**33,649**	**323,138**	**235**	**323,373**
Allocation of previous year result		221	33,428	(33,649)	**0**		**0**
Total comprehensive income (loss) for the period		(614)		13,348	**12,734**	22	**12,756**
31 March 2017	**109,150**	**187,463**	**25,910**	**13,348**	**335,871**	**257**	**336,128**

CONDENSED EXPLANATORY NOTE

1. GENERAL INFORMATION

The Interim Report on Operations of the Manutencoop Facility Management Group ("the MFM Group" or "the Group") for the three months ended 31 March 2018 is made up of the Interim Report on Operations and of the interim condensed Consolidated Financial Statement at 31 March 2018, prepared in accordance with IAS 34 – Interim Financial Reporting. The publication of the MFM Group's Interim Report on Operations for the three months ended 31 March 2018 was authorised by a resolution passed by the Board of Directors on 15 May 2018.

On 31 March 2018 the Group was directly controlled by the sole shareholder CMF S.p.A., the share capital of which is wholly held by Manutencoop Società Cooperativa.
On 25 May 2017 CMF S.p.A. was established for the launch of a bond issue (Senior Secured Notes) with the purpose of repurchasing the Notes already issued by subsidiary Manutencoop Facility Management S.p.A. (hereinafter "MFM S.p.A.") during 2013 and repaying the other financial payables of the entire Group controlled by Manutencoop Società Cooperativa. The transaction, which was accompanied by a corporate reorganisation of the Group, provided Manutencoop Società Cooperativa with the financial resources required to allow the exit of the Investors holding non-controlling interests in MFM S.p.A. in consideration of the Investment Agreements that had been signed in previous years, through the acquisition by CMF S.p.A. of the total shares of MFM S.p.A..

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The interim condensed Consolidated Financial Statements at 31 March 2018 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss for the period, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related condensed Explanatory Notes.

The balance sheet values recognised in the Statements and Explanatory Notes are compared to those relating to 31 December 2017, while the income statement values, included in the Statement of other comprehensive income and those reported in the Statement of Cash Flows, are compared to those relating to the first three months of 2017. The interim condensed Consolidated Financial Statements at 31 March 2018 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The Consolidated Statement of profit or loss for the period is classified by nature, while the Consolidated 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 interim condensed Consolidated Financial Statements at 31 March 2018 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 interim condensed Consolidated Financial Statements at 31 March 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed Consolidated Financial Statements do not include all information required for complete annual accounts prepared according to IAS 1: therefore, they must be read together with the Consolidated Financial Statements at 31 December 2017.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the interim condensed Consolidated Financial Statements at 31 March 2018 are consistent with those used to prepare the consolidated Financial Statements at 31 December 2017, 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 2018, in addition to the amendments to the existing standards.
In particular, the following accounting standards have come into force:

- *IFRS15 – Revenues from contracts with customers* (applicable from the financial years that will end after 1 January 2018). The new standard replaces the previous IAS11 – Construction contracts, IAS18 – Revenue, IFRIC13 – Customer Loyalty Programme, IFRIC15 – Agreements for the construction of real estate, IFRIC18 – Transfers of Assets from Customers, SIC31 – Barter Transactions Involving Advertising Services. This standard provides a model for the recognition and measurement of all revenues from non-financial assets, including the disposals of property, plant and equipment or intangible assets. The general principle is that the entity must recognise revenue in the amount corresponding to the consideration to which it expects to be entitled for transferring goods or providing a service to a customer. Guidelines are laid down for identifying the contract, the performance obligations and the transaction price. If there are multiple services, suggestions are also given regarding the allocation of their prices. Finally, the criteria for accounting for the revenue when the performance obligation has been satisfied are explained and suggestions are made for accounting for the incremental costs of obtaining the contract if these costs are directly attributable to its performance. Finally, the standard provides guidance on its application to specific issues such as licences, guarantees, right of withdrawal, agency relationships, termination of contracts. The standard

is applicable according to a full retrospective approach or a modified retrospective approach. Furthermore, in April 2016 the IASB issued some amendments to IFRS15, containing some clarifications on its application, which also became applicable from 1 January 2018. The qualitative analysis, which had been started as early as from previous years, to assess the potential impact of the application of the new standard IFRS 15 on the consolidated financial statements was conducted by applying the simplified retrospective approach. No significant impact on the Group's financial position, results of operations and cash flows arose from a preliminary evaluation.

- *IFRS9 – Financial Instruments* (applicable from the financial years that will end after 1 January 2018). The aim of the new standard is to make it simpler for the user of the financial statements to understand the amounts, timing and uncertainty of cash flows by replacing the different types of financial instruments referred to in IAS 39. In fact all financial assets are initially accounted for at fair value, adjusted by transaction costs if they are not accounted for at fair value through profit or loss (FVTPL). Nevertheless, trade receivables that do not have a significant financial component are initially measured at their transaction price, as defined by the new IFRS 15 – Revenues from Contracts with Customers. Debt instruments are measured on the basis of the contract cash flows and the business model on the basis of which they are held. Instruments only involving cash flows for the payment of interest and principal are accounted for according to the amortised cost method, while those also involving the exchange of financial assets are measured at fair value in the OCIs and subsequently reclassified in profit or loss (FVOCI). Finally, there is an express option for accounting at fair value (FVO). Similarly, all equity instruments are initially measured at FVTPL but the entity has an irrevocable option to account for it at FVTOCI. Any additional classifications and the measurement rules laid down under IAS39 have been reported under the new IFRS9. As regards impairment, the IAS39 model based on the losses incurred has been replaced by the ECL (Expected Credit Loss) model. Finally, some changes are made in Hedge Accounting, with the possibility of conducting a prospective effectiveness and quality test, measuring risk factors independently if they can be identified. No potential significant impact on the Group's financial position, results of operations and cash flows arose from the qualitative evaluation.
- *IFRIC 22 – Foreign Currency Transactions and Advance Consideration* (applicable from the financial years that will end after 1 January 2018). The interpretation clarifies the type of exchange rate to be used in transactions that include the receipt or payment of advance consideration in a foreign currency. No significant impact is expected from the application of the interpretation on the Consolidated Financial Statements.

Furthermore, the effects of the following standards are being assessed, for which the Group has not opted for early adoption:

- *IFRS16 – Leases* (applicable from the financial years that will end after 1 January 2019). The scope of application of the new standard includes all lease agreements, subject to some exceptions. A lease is an agreement that grants the right to use an asset ("the underlying asset") for a certain period of time

against the payment of a consideration. The method to account for all leases is based on the model provided for in IAS 17, while excluding any lease that involves goods of little value (e.g.: computers) and short-term contracts (e.g.: with a term of less than 12 months). Therefore, a liability must be recognised as at the date on which the lease is stated in the accounts, for the rentals to be paid and the asset in relation to which the entity has a right to use, accounting for financial charges and the asset's amortisation/depreciation separately. The liability may be recalculated (for example, due to amendments to contract terms and conditions or due to a change in indexes to which the payment of rentals for use is linked) and this change must be accounted for on the underlying asset. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the current IAS17. The standard must be applied on a modified retrospective basis, while early adoption is permitted at the same time as IFRS15. The Group has started an analysis of the potential impact that the application of the new standard may have on the financial position, results of operations and cash flows and on the disclosure provided in the Financial Statements.

- *IFRIC 23 – Uncertainty over Income Tax treatments* (applicable from the financial years that will end after 1 January 2019). The interpretation clarifies the accounting for uncertainties in income taxes in the application of recognition and measurement requirements in IAS 12 – "Income taxes". The interpretation specifically concerns: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The interpretation does not add new disclosure requirements: however, it deals with the requirements laid down in IAS 1 relating to disclosures on judgments, information on the assumptions made and other estimates and information on contingent tax items under IAS 12 "Income taxes". An entity may elect to apply the interpretation either (i) retrospectively using IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*", if that is possible; or (2) retrospectively, with the cumulative effect of initially applying the Interpretation recognised at the date of initial application as an adjustment to equity and without any restatement of comparative information. The date of initial application is the beginning of the annual reporting period in which an entity applies this interpretation for the first time. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.
- *IFRS17 – Insurance Contracts* (applicable from the financial years that will end after 1 January 2021). The standard replaces the previously applicable IFRS 4 and requires all insurance contracts to be accounted for in a consistent manner, as well as insurance obligations to be accounted for by using current values instead of historical costs. The new standard requires the current estimates of future cash flows and the recognition of the profit in the period in which services are provided under the contract. IFRS 17 also requires the entities to disclose the results from insurance services (including the presentation of insurance revenue) separately from revenue or costs in the insurance sector, as well as to make an accounting policy choice on the recognition of all financial income and costs from

insurance services through profit or loss or to state some of these income or costs in other comprehensive income. The standard will be applicable for financial years commencing on 1 January 2021, with early adoption permitted. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

- *Amendments to IFRS9 - Prepayment Features with Negative Compensation* (applicable from the financial years that will end after 1 January 2019). It enables the entities to measure certain particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through "other comprehensive income", if a specific condition is satisfied, instead of measuring them at fair value through profit or loss. The Group is assessing the impact from the adoption of these amendments on the Consolidated Financial Statements.
- *Amendments to IAS28 - Long-term interests in associates and joint ventures* (applicable from the financial years that will end after 1 January 2019). It clarifies how entities must use IFRS 9 to recognise long-term interests in associates or joint ventures, for which the equity method is not applied. The Group is assessing the impact from the adoption of these amendments on the Consolidated Financial Statements.

Finally, in February 2018 the IASB issued the "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" document, which specifies how the entities must determine pension expenses when changes to a certain pension plan occur. IAS 19 "Employee Benefits" specifies how an entity accounts for a defined-benefit plan. When a plan amendment, adjustment, curtailment or settlement occurs, IAS 19 requires entities to remeasure the net defined-benefit asset or liability. The amendments require entities to use the updated assumptions based on such remeasurement to determine current service cost and net interest for the remainder of the period after a plan amendment. The amendments will be applicable after 1 January 2019. The Group is assessing the impact from the adoption of these amendments on the Consolidated Financial Statements.

Improvements to IFRS

The Annual improvement to international standards is the instrument by which the IASB introduces amendments or improvements to the standards that are already being applied, thus promoting the ongoing review of the accounting policies of the IAS adopters.

The series of improvements, which was issued in December 2016, concerned the elimination of the short-term exemptions required for the First Time Adoption under IFRS1, the classification and measurement of investments at fair value through profit or loss according to IAS 28 – Investments in Associates and Joint Ventures, as well as clarifications on the scope of disclosures required by IFRS12 – Disclosures of Interests in Other Entities. The amendments will be obligatory applicable as from the financial years that will end after 1 January 2017 and 1 January 2018.

In December 2017, the IASB also issued the "Annual Improvements to IFRS 2015-2017 Cycle", which make amendments to IFRS in response to issues mainly raised about: (I) IFRS 3 – "Business Combinations", clarifying that when an entity obtains control of a business that is a joint operation, it must remeasure previously held interests in that business; (II) IFRS 11 – "Joint Arrangements", clarifying that when an entity obtains control of a business that is a joint operation, it does not remeasure previously held interests min that business; (III) IAS 12 – "Income Taxes", clarifying that the impact relating to income taxes arising from dividends (i.e. distribution of profits) should be recognised through profit or loss, regardless of how the tax arises; (IV) and IAS 23 – "Borrowing Costs", clarifying that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. The amendments will be applicable from 1 January 2019.
No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

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 acquiree and of 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 interim condensed Consolidated 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 31 March 2018 the carrying amount of the goodwill was equal to € 372,392 thousand (€ 370,363 thousand at 31 December 2017). See note 5 for more details.

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

The Group holds majority interests in subsidiaries in relation to which the minority shareholders hold Put options, which can be exercised in the future at prices determined on the basis of certain parameters that require estimates from management for the purposes of reliable valuation.

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 tax and IRAP tax, 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 statement items

Management also needed to use estimates in determining:

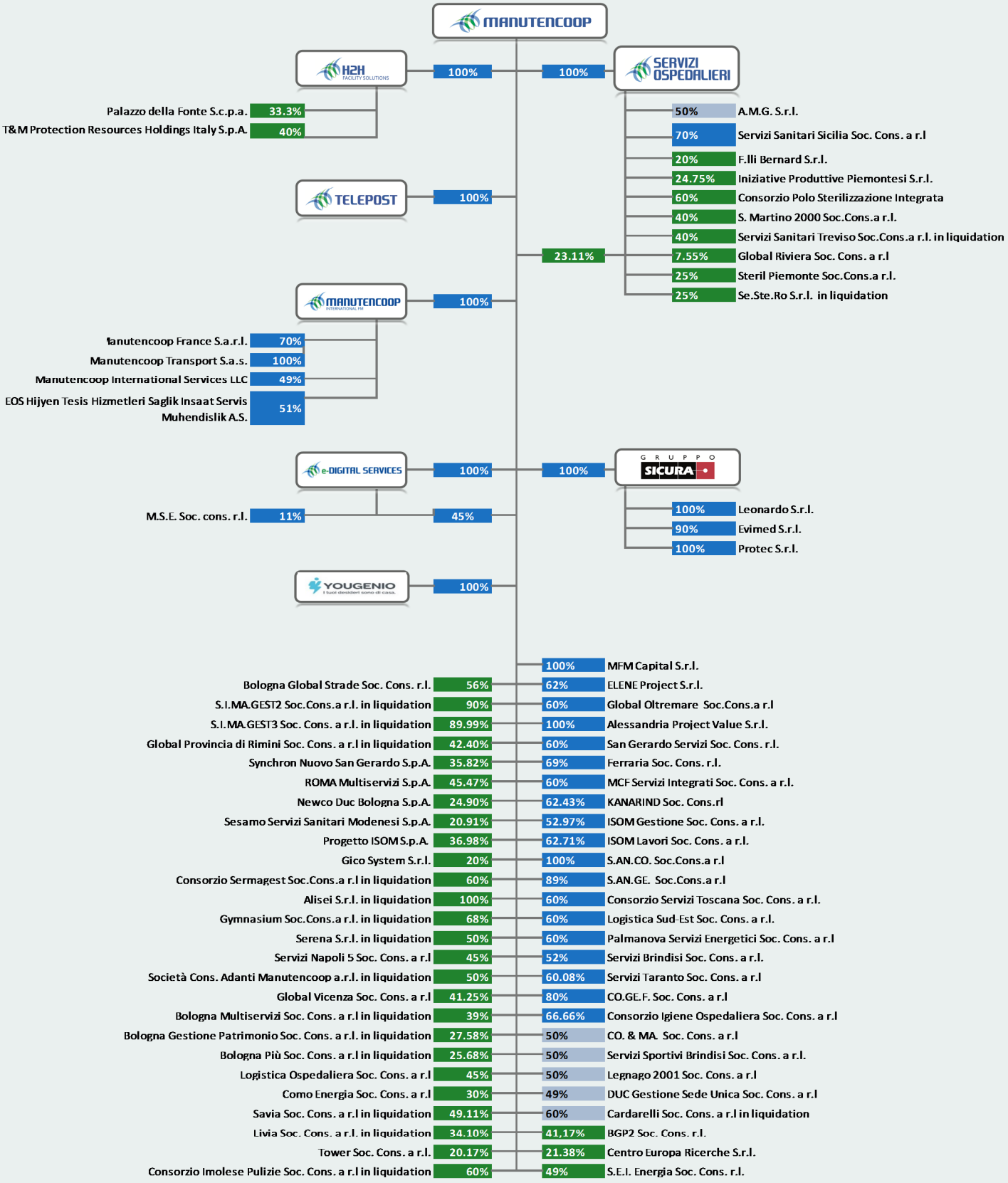
- accruals to bad debt provision and provisions for risks and charges;
- main assumptions applied to the actuarial valuation of the TFR (employee termination indemnity), such as the future turnover rate and discount financial rates;
- inventories of contract work in progress, particularly in relation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

Consolidation principles

The interim condensed Consolidated Financial Statements include the financial statements of Manutencoop Facility Management S.p.A. (the “Parent Company”, “MFM S.p.A.” or merely “MFM”) and of its subsidiaries, prepared as at 31 March 2018. 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 or losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full. Subsidiaries are consolidated on a line-by-line basis 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

joint 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 acquiree 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 for the period and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

The consolidation area as at 31 March 2018 is shown below.


MANUTENCOOP
H2H FACILITY SOLUTIONS
100%
100%
SERVIZI OSPEDALIERI
Palazzo della Fonte S.c.p.a. 33.3%
T&M Protection Resources Holdings Italy S.p.A. 40%
50% A.M.G. S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l
20% F.lli Bernard S.r.l.
24.75% Iniziative Produttive Piemontesi S.r.l.
60% Consorzio Polo Sterilizzazione Integrata
40% S. Martino 2000 Soc.Cons.a r.l.
40% Servizi Sanitari Treviso Soc.Cons.a r.l. in liquidation
23.11%
7.55% Global Riviera Soc. Cons. a r.l
25% Steril Piemonte Soc.Cons.a r.l.
25% Se.Ste.Ro S.r.l. in liquidation
TELEPOST
100%
MANUTENCOOP INTERNATIONAL FM
100%
Manutencoop France S.a.r.l. 70%
Manutencoop Transport S.a.s. 100%
Manutencoop International Services LLC 49%
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. 51%
e-DIGITAL SERVICES
100%
100%
GRUPPO SICURA
M.S.E. Soc. cons. r.l. 11%
45%
100% Leonardo S.r.l.
90% Evimed S.r.l.
100% Protec S.r.l.
YOUGENIO
100%
100% MFM Capital S.r.l.
Bologna Global Strade Soc. Cons. r.l. 56%
62% ELENE Project S.r.l.
S.I.MA.GEST2 Soc.Cons.a r.l. in liquidation 90%
60% Global Oltremare Soc.Cons.a r.l
S.I.MA.GEST3 Soc. Cons. a r.l. in liquidation 89.99%
100% Alessandria Project Value S.r.l.
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42.40%
60% San Gerardo Servizi Soc. Cons. r.l.
Synchron Nuovo San Gerardo S.p.A. 35.82%
69% Ferraria Soc. Cons. r.l.
ROMA Multiservizi S.p.A. 45.47%
60% MCF Servizi Integrati Soc. Cons. a r.l.
Newco Duc Bologna S.p.A. 24.90%
62.43% KANARIND Soc. Cons.rl
Sesamo Servizi Sanitari Modenesi S.p.A. 20.91%
52.97% ISOM Gestione Soc. Cons. a r.l.
Progetto ISOM S.p.A. 36.98%
62.71% ISOM Lavori Soc. Cons. a r.l.
Gico System S.r.l. 20%
100% S.AN.CO. Soc.Cons.a r.l
Consorzio Sermagest Soc.Cons.a r.l in liquidation 60%
89% S.AN.GE. Soc.Cons.a r.l
Alisei S.r.l. in liquidation 100%
60% Consorzio Servizi Toscana Soc. Cons. a r.l.
Gymnasium Soc.Cons.a r.l. in liquidation 68%
60% Logistica Sud-Est Soc. Cons. a r.l.
Serena S.r.l. in liquidation 50%
60% Palmanova Servizi Energetici Soc. Cons. a r.l
Servizi Napoli 5 Soc. Cons. a r.l 45%
52% Servizi Brindisi Soc. Cons. a r.l.
Società Cons. Adanti Manutencoop a.r.l. in liquidation 50%
60.08% Servizi Taranto Soc. Cons. a r.l
Global Vicenza Soc. Cons. a r.l 41.25%
80% CO.GE.F. Soc. Cons. a r.l
Bologna Multiservizi Soc. Cons. a r.l in liquidation 39%
66.66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27.58%
50% CO. & MA. Soc. Cons. a r.l
Bologna Più Soc. Cons. a r.l in liquidation 25.68%
50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Logistica Ospedaliera Soc. Cons. a r.l 45%
50% Legnago 2001 Soc. Cons. a r.l
Como Energia Soc. Cons. a r.l 30%
49% DUC Gestione Sede Unica Soc. Cons. a r.l
Savia Soc. Cons. a r.l in liquidation 49.11%
60% Cardarelli Soc. Cons. a r.l in liquidation
Livia Soc. Cons. a r.l. in liquidation 34.10%
41,17% BGP2 Soc. Cons. r.l.
Tower Soc. Cons. a r.l. 20.17%
21.38% Centro Europa Ricerche S.r.l.
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation 60%
49% S.E.I. Energia Soc. Cons. r.l.
Legend:
Subsidiaries consolidated on a line-by-line basis
Joint Ventures consolidated by equity method
Associates and other companies consolidated by equity method

During the first three months of 2018 note the following events:

- On 15 January 2018 the disposal to third parties of a percentage of 30% of share capital of Manutencoop France S.a.r.l, following which the Group's percentage of ownership of the company amounted to 70%;
- The acquisition by Manutencoop International FM S.r.l. of a stake of 1% of the share capital of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. ("EOS"), based in Ankara (Turkey). Following this acquisition the Group acquired control over the Turkish company (whose share capital was already held by Servizi Ospedalieri S.p.A. at a percentage of 50%), with the entity being consolidated on a line-by-line basis.

3. BUSINESS COMBINATIONS

On 28 February 2018 Manutencoop International FM S.r.l., the Group's sub-holding company active in the development of international markets, acquired a stake of 1%, from the Turkish shareholder Ozcan Ertunc, in the share capital of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS"), based in Ankara (Turkey). EOS operates in the sector of linen rental and industrial laundering services and sterilisation of linen and surgical instruments in support of healthcare activities in Turkey and can count on a valuable order backlog, including the Okmeydanı Training and Research Hospital in Istanbul, the Ataturk Training and Research Hospital in Ankara and the Integrated Health Care Campuses in Mersin and Isparta, public-private partnerships which belong to the investment programme for modernising the Turkish healthcare sector by building new hospitals.

Subsidiary Servizi Ospedalieri S.p.A. previously held a 50% stake of EOS, which was established as a joint venture with the local partner during 2012 and was included in the Consolidated Financial Statements of MFM S.p.A. according to the equity method.
Again on 28 February 2018 this stake was transferred to associate Manutencoop International S.r.l. and, pursuant to IFRS10, EOS' balance sheet values were consolidated on a line-by-line basis following the acquisition of control over the same.

Accounting effects of the acquisition

Following the acquisition of the stake of 1%, the MFM Group controls EOS. The acquisition constitutes a business combination: therefore, the Group accounted for it according to IFRS 3. The price for the acquisition of the stake amounted to € 2,000 thousand and was paid to the counterparties in full as at the closing date of the transaction.
The value of the newly-acquired company's assets and liabilities as at the acquisition date, the difference between purchase value and carrying amount relating to the transaction and net liquidity used in the acquisition are reported in the statement below:

	Recognised value	Book value
Assets		
Non-current assets		
Property, plant and equipment	1,615	1,615
Leased property, plant and equipment	76	76
Non-current financial receivables and other securities	273	273
Total non-current assets	**1,964**	**1,964**
Current assets		
Inventories	181	181
Trade receivables and advances to suppliers	632	632
Other current receivables	423	423
Cash and cash equivalents	282	282
Total current assets	**1,518**	**1,518**
Total assets	**3,482**	**3,482**
Liabilities		
Non-current liabilities		
Equity attributable to minority shareholders	305	305
Non-current loans	838	838
Other non-current liabilities	682	682
Total non-current liabilities	**1,825**	**1,825**
Current liabilities		
Short-term loans	2	2
Trade payables and advances from customers	1,025	1,025
Other current payables	313	313
Total current liabilities	**1,340**	**1,340**
Total liabilities	**3,165**	**3,165**
Fair value of net assets	**317**	**317**
Fair value of 50% quota already held by the Group	346	
Goodwill arising from the business combination	**2,029**	
Price paid to the transferor	2,000	
Total business combination cost	**2,000**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the newly-acquired company	282	
Payments to the transferor	(2,000)	
Net liquidity used in the acquisition	**(1,718)**	

The fair value of assets and liabilities acquired through the business combination is set at € 317 thousand and the net liquidity used in the business combination amounted to € 1,718 thousand.

EOS did not contribute to the Group's revenues and net result during the first quarter of 2018.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and held under financial leases) for the period ended 31 March 2018.

	Property	Plant and equipment	Property under lease	Plant and equipment under lease	Total
At 1 January 2018, net of accumulated depreciation and impairment	**13,429**	**52,135**	**4,407**	**1,371**	**71,342**
Additions for business combinations	0	1,615	0	76	**1,691**
Additions from acquisitions	12	5,838	0	0	**5,850**
Disposals	(249)	(72)	0	0	**(321)**
Depreciation for the year	(87)	(4,744)	(24)	(43)	**(4,898)**
Others	0	0	0)	0	**0**
At 31 March 2018	**13,105**	**54,772**	**4,383**	**1,403**	**73,663**
At 1 January 2018					
Historical cost	16,005	354,888	4,699	4,943	**380,605**
Accumulated depreciation and impairment losses	(2,647)	(302,753)	(292)	(3,572)	**(309,263)**
NET BOOK VALUE	**13,429**	**52,135**	**4,407**	**1,371**	**71,342**
At 31 March 2018					
Historical cost	15,838	362,269	4,699	5,018	**387,824**
Accumulated depreciation and impairment losses	(2,734)	(307,497)	(316)	(3,615)	**(314,161)**
NET BOOK VALUE	**13,105**	**54,772**	**4,383**	**1,403**	**73,663**

The additions from acquisitions recognised for the first three months of the year refer to the linen in the Laundering & Sterilization segment for € 5,572 thousand and to the purchases of other machinery and specific equipment for € 276 thousand. Furthermore, during the period additions for business combinations related to the acquisition of the majority interest in the Turkish company EOS, for which reference should be made to note no. 3 relating to business combinations.
Furthermore, on 26 March 2018 the property located in the municipal district of Jesolo was disposed of by subsidiary Sicura S.p.A. for a total amount of € 248 thousand.

5. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 31 March2018.

	Other intangible assets	Goodwill	Total
At 1 January 2018, net of accumulated amortization and impairment	**25,169**	**370,363**	**395,532**
Additions for business combinations	0	2,029	**2,029**
Additions from acquisitions	910	0	**910**
Amortization	(1,993)	0	**(1,993)**
Others	0	0)	**0**
At 31 March 2018	**24,086**	**372,392**	**396,478**
At 1 January 2018			
Cost	109,436	372,756	**482,192**
Accumulated amortization and impairment losses	(84,267)	(2,393)	**(86,660)**
NET BOOK VALUE	**25,169**	**370,363**	**395,532**
At 31 March 2018			
Cost	110,346	374,785	**485,131**
Accumulated amortization and impairment losses	(82,260)	(2,393)	**(88,653)**
NET BOOK VALUE	**24,086**	**372,392**	**396,478**

Goodwill is tested annually for impairment; see note 6 for details. Additions for business combinations for the period related to the acquisition of the majority interest of the Turkish company EOS, for which reference is made to note no. 3.

Other intangible assets, amounting to € 24,086 thousand at 31 March 2018, 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 for the period (€ 910 thousand) were mainly attributable to the Parent Company Manutencoop Facility Management S.p.A. (€ 674 thousand) and specifically to the investments relating the implementation and upgrading of the Treasury project.

6. IMPAIRMENT TEST OF GOODWILL

The Group's Management believe that the SBU structure described in the company reports (regardless of legal entities) 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 supplier of specialist services
- Telepost S.p.A., a specialist company for internal mailing services
- e-Digital Services S.r.l., which is active in the sector of high technology services to businesses
- Yougenio S.r.l., which is active in the facility management for the B2C market
- Manutencoop International F.M. S.r.l. and its foreign subsidiaries, dedicated to commercial development in international markets
- 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 sector In Italy.

The table below sets forth the carrying amounts of the goodwill recognized in the interim condensed Consolidated Financial Statements at 31 March 2018, broken down into the different CGUs.

	31 March 2018	31 December 2017
Goodwill allocated to Facility Management CGU	360,630	358,600
Goodwill allocated to Laundering & Sterilization CGU	11,763	11,763
CONSOLIDATED GOODWILL	**372,392**	**370,363**

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.

On 31 March 2018 the Management did not identify any indication of impairment on the cash generating units and, therefore, it did not update the impairment test carried out at the time of preparation of the Consolidated Financial Statements at 31 December 2017.

7. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 31 March 2018 the net book value of investments valued at Equity reported a net amount of € 27,648 thousand, against a net amount of € 27,214 thousand at the end of the previous year.

	Net Assets 31 March 2018	Net Assets 31 December 2017
Investments valued at Equity	27,728	27,294
Provision for risks on investments	(80)	(80)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**27,648**	**27,214**

The breakdown of changes during the period is shown in Annex II attached to the Interim Report on Operations, to which reference should be made.

During the first three months of 2018 investments accounted for under the equity method recorded a positive result of € 843 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 852 thousand and write-downs of € 9 thousand. Furthermore, negative effects were recognized directly in the consolidated Equity to an overall amount of € 63 thousand.

8. OTHER ITEMS OF NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 March 2018 and at 31 December 2017:

	31 March 2018	31 December 2017
Other investments	5,262	4,757
Non-current financial assets	10,597	11,369
Other non-current assets	2,865	2,998
OTHER NON-CURRENT ASSETS	**18,724**	**19,124**

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 laundering services, performed by minor companies that may also act as sub-contractors.

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 € 10,597 thousand at 31 March 2018 (€ 11,369 thousand at 31 December 2017), are composed of:

- € 6,514 thousand of non-current financial receivables due from associates, affiliates and joint ventures (€ 7,319 thousand at 31 December 2017). The face value of these receivables is € 6,613 thousand, while the discounting fund amounts to € 99 thousand. Some of these are non-interest bearing since they were drawn down proportionally 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;
- € 3,982 thousand of non-current financial receivables from third parties, in line with the balance at 31 December 2017 (€ 3,949 thousand);
- € 101 thousand of securities held to maturity, which remained unchanged compared to 31 December 2017.

Other non-current assets, amounting to € 2,865 thousand at 31 March 2018 (€ 2,998 thousand at 31 December 2017) mainly consist of security deposits related to long-term manufacturing contracts (€ 1,441 thousand) and long-term prepaid expenses relating to certain job orders (€ 951 thousand).

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 March 2018 and 31 December 2017:

	31 March 2018	of which from related parties	31 December 2017	of which from related parties
Inventories of contract work in progress	21,314		22,047	
Trade receivables, gross	406,260		401,322	
Allowance for doubtful accounts	(32,408)		(32,987)	
Trade receivables from third parties	**395,166**	**0**	**390,382**	**0**
Trade receivables from Parent Companies	88	88	100	100
Trade receivables from Group companies	34,756	34,756	31,343	31,343
Trade receivables from Affiliates and Joint Ventures	4,607	4,607	4,280	4,280
Trade receivables from Manutencoop Group	**39,451**	**39,451**	**35,722**	**35,722**
Advances to suppliers	3,601	56	3,060	56
Trade receivables and advances to suppliers	**438,218**	**39,507**	**429,164**	**35,778**
Other tax receivables due within 12 months	28,443		19,767	
Other current receivables from third parties	8,332		7,542	
Short-term receivables from social security institutions	1,566		1,120	
Short-term receivables from employees	228		203	

	31 March 2018	of which from related parties	31 December 2017	of which from related parties
Other current assets from third parties	**38,569**	**0**	**28,632**	**0**
Current assets from Manutencoop Società Cooperativa	43	43	45	45
Current assets from associates	676	676	664	664
Other current assets from Manutencoop Group	**719**	**719**	**709**	**709**
Accrued income	0		0	
Prepaid expenses	1,990		1,502	
Accrued income and prepaid expenses	**1,990**	**0**	**1,502**	**0**
Other current assets	**41,278**	**719**	**30,843**	**709**

The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to € 438,218 thousand at 31 March 2018, showing an increase of € 9,054 thousand compared to the amount at 31 December 2017 (€ 429,164 thousand). The change in question was mainly contributed to by the trade receivables from third parties, equal to € 395,166 thousand at 31 March 2018 (€ 390,382 thousand at 31 December 2017).

In 2018 work continued on the assignments without recourse of trade receivables claimed from the National Health System under the contract that was entered into between the Parent Company MFM S.p.A. and Servizi Ospedalieri S.p.A. with Banca Farmafactoring S.p.A. during 2016, for an assignable annual amount of receivables of the same type equal to a maximum amount of € 100 million. It is a committed credit line expiring in 2019. During the first three months of the year assignments were made in a nominal amount totalling € 35,308 thousand. Furthermore, the Parent Company MFM S.p.A. made assignments without recourse of trade receivables claimed from Public Administration entities for a total of € 2,473 thousand, against the counterparty Banca Farmafactoring S.p.A. itself, but not linked to the contract referred to above. In all assignments, the assigned trade receivables were subjected to derecognition according to IAS 39 in consideration of the characteristics of the transactions and entailed interest discount costs totalling € 563 thousand. At 31 March 2018 the balance of receivables assigned without recourse but not yet collected by Banca Farmafactoring amounted to € 32,694 thousand (of which an amount of € 30,221 thousand related to the assignments of receivables from the National Health System and an amount of € 3,473 thousand related to the assignments of receivables from Public Administration).

Finally, trade receivables from the Group amounted to € 39,541 thousand (€ 35,723 thousand at 31 December 2017), in addition to advances of € 56 thousand (€ 56 thousand at 31 December 2017).

A specific provision for bad debts was recognized in connection with non-performing receivables, which are difficult to fully recover, amounting to € 32,408 thousand at 31 March 2018 (€ 32,987 thousand at 31 December 2017). Below are the changes for the period:

	31 December 2017	Increases	Uses	Releases	Other changes	31 March 2018
Provision for bad debts	**32,987**	203	(354)	(493)	65	**32,408**

Other current assets, equal to € 41,278 thousand (€ 30,843 thousand at 31 December 2017), showed a total increase of € 10,435 thousand for the quarter.

The most significant entries of this item are made up of tax receivables and other current receivables from third parties. Tax receivables mostly relate to the VAT payments made by the Group companies (€ 23,253 thousand against € 18,095 thousand at 31 December 2017), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing.

Finally, the item included an amount of € 2,173 thousand of credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract entered into with the aforementioned authority. At present 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*.

10. SHARE CAPITAL AND RESERVES

	31 March 2018	31 December 2017
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 31 March 2018 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earnings (losses)

The table below shows changes in Equity reserves for the period:

	Share premium reserve	Legal reserve	SE reserves companies valued at equity	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
1 January 2017	**145,018**	**18,383**	**3,364**	**0**	**(5,231)**	**26,323**	**187,857**
Allocation of profits of previous		1,321				(44,037)	**(42,716)**

	Share premium reserve	Legal reserve	SE reserves companies valued at equity	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
years							
Economic effects on equity			(210)		(2)	(75)	**(287**
31 December 2017	**145,018**	**19,704**	**3,154**	**0**	**(5,233)**	**(17,789)**	**144,854**
Allocation of profits of previous years						74	**74**
Economic effects on equity			(60)				**(60)**
31 March 2018	**145,018**	**19,704**	**3,094**	**0**	**(5,233)**	**(17,715)**	**144,867**

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

- The reserve originating from the recognition of joint operations, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between jointly-controlled entities, for a negative amount of € 45,400 thousand at 31 March 2018;
- The Parent Company's extraordinary reserve equal to € 28,973 thousand.

The table below shows changes in *Retained earnings (losses)*:

	Accumulated profits (losses) of the Parent Company	Consolidation reserve	Total retained earnings
1 January 2017	**(40,447)**	**32,929**	**(7,518)**
Allocation of profits of previous years	44,256	7,017	51,273
31 December 2017	**3,809**	**39,946**	**43,755**
Allocation of profits of previous years	8,408	(7,839)	569
31 March 2018	**12,217**	**32,107**	**44,324**

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

	31 March 2018	31 December 2017
Equity attributable to minority interests	**752**	**381**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	246	218
Subsidiaries of MINT S.r.l.	305	0
Other subsidiaries and consortia	201	163

	31 March 2018	31 December 2017
Profit for the year attributable to minority interests	**66**	**73**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	28	73
Other (Consortia)	38	0

The equity and profit (loss) for the period attributable to minority interests relate to the minorities present in some subsidiaries.

MINT S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the share capital of Manutencoop France S.a.r.l.. However, there is no recognition of equity attributable to minority shareholders since there is a Put option granted to minority shareholders and stated as a financial liability in the Consolidated Financial Statements. Furthermore, during the first quarter of 2018, there was the first consolidation of EOS, the Turkish company in which MINT S.r.l. has acquired a majority interest against a stake of 49% held by local partners. The value of this stake attributable to minority shareholders has been accounted for as an increase in the Equity of minority shareholders for the period.

11. NET FINANCIAL INDEBTEDNESS

Net financial indebtedness amounted to € 161,920 thousand at 31 March 2018 against € 156,706 thousand at 31 December 2017. Below is the breakdown by item of financial statements:

	31 March 2018	31 December 2017	Change
Non-current loans	181,305	175,281	6,024
Current financial liabilities and short-term portions of non-current loans	43,365	43,165	200
Financial liabilities	**224,670**	**218,446**	**6,224**
Medium/long-term derivatives	0	0	0
Total gross debt	**224,670**	**218,446**	**6,224**
Cash and cash equivalents	(59,893)	(59,870)	(23)
Other current financial assets	(2,857)	(1,870)	(987)
Net financial indebtedness	**161,920**	**156,706**	**5.214**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 March 2018 and 31 December 2017.

	31 March 2018	Within 1 year	From 1 to 5 years	After 5 years
C.C.F.S. loan	10,000		10,000	
Prepaid interest expenses	(959)	(490)	(469)	
Accrued interest expense	126	126		
Long-term bank borrowings and current portion of long-term bank borrowings	**9,167**	**(364)**	**9,531**	**0**
Proceeds Loan from CMF S.p.A.	172,888	4,664	168,224	
Current account overdrafts, advance payments and hot money	9,672	9,672		
Finance lease obligations	3,520	423	1,391	1,705
Loans from syndicated shareholders	366	366		
Loan from parent company Manutencoop Società Cooperativa	57	57		
Other financial liabilities	19	19		
Collections on behalf of assignees of trade receivables	23,025	23,025		
Due to factoring agencies	5,231	5,231		
Options on minority interests of subsidiaries	453		453	
Debt for the acquisition of investments/business unit	66	66		
Share capital to be paid into investee companies	205	205		
TOTAL FINANCIAL LIABILITIES	**218,446**	**43,165**	**173,512**	**1,769**

	31 December 2017	Within 1 year	From 1 to 5 years	After 5 years
C.C.F.S. loan	5,000		5,000	
Prepaid interest expenses	(1,024)	(316)	(708)	
Accrued interest expense	230	230		
Long-term bank borrowings and current portion of long-term bank borrowings	**4,206**	**(86)**	**4.292**	**0**
Proceeds Loan da CMF S.p.A.	168,562	704	167,858	
Current account overdrafts, advance payments and hot money	6,000	6,000		
Finance lease obligations	3,622	491	1,362	1,769
Loans from syndicated shareholders	369	369		
Loan from Parent Company Manutencoop Società Cooperativa	225	225		
Other financial liabilities	13	13		
Obligations from assignments of receivables with recourse	29,999	29,999		
Collections on behalf of assignees of trade receivables	4,902	4,902		
Debt for the acquisition of investments / business units	66	66		
Share capital to be paid into investee companies	482	482		
TOTAL FINANCIAL LIABILITIES	**218,446**	**43,165**	**173,512**	**1,769**

Proceeds Loan (MFM S.p.A.)

During the last quarter of the 2017 financial year the parent company Manutencoop Società Cooperativa carried out a corporate reorganisation and refinancing of the entire Manutencoop Group.

The corporate reorganisation involved the transfer of the shares held by Manutencoop Società Cooperativa in the Parent Company MFM S.p.A. to a newly-established corporate SPV named CMF S.p.A., which also completed the acquisition of the shares held by Institutional Investors in the share capital of MFM S.p.A. (equal to 33.2%). Therefore CMF S.p.A. is now the sole shareholder of MFM S.p.A..

As already mentioned, the refinancing transaction required MFM S.p.A. to repay the Notes that had been issued during the 2013 financial year through the use of a portion of its own Cash and cash equivalents, while raising an intercompany loan (Proceeds Loan) in a nominal amount of € 190.3 million from its direct controlling company CMF S.p.A.; during the 2017 financial year the latter launched a new Senior Secured Notes bond issue in a nominal amount of € 360 million, below par (at 98%), due 2022 and a six-monthly coupon of 9.0%.

In consideration of this Proceeds Loan, the Parent Company has also sustained additional costs for the issue in an initial total amount of € 9,121 thousand, charged back by CMF S.p.A. in proportion to the proceeds reserved for it (equal to 52.86% of total issue). These additional costs have been also accounted for according to the amortised cost, which gave rise to amortisation costs of € 366 thousand during the first quarter of 2018, against a residual balance of € 7,766 thousand. The Loan bears interest at 9.0%, with six-monthly settlement on 15 June and 15 December of each year. The accrued amount amounted to € 4,664 thousand at 31 March 2018.

The book value of the Proceeds Loan at 31 March 2018 amounted to € 172,888 thousand, against the residual debt on account of principal for € 175,990 thousand, net of the adjustment relating to amortised cost and increased by interest accrued on the loan and not yet paid, equal to € 4,664 thousand.

Super Senior Revolving (RCF)

At the same time as the bond issue, the Parent Company CMF S.p.A. also entered into a Super Senior Revolving loan agreement with Unicredit Bank AG (RCF), to which MFM S.p.A. is a party as Borrower.

The 5-year credit facility (expiring on 15 December 2021) provides for a credit line at sight, in a maximum nominal amount of € 50 million, for the entire term. The facility was activated in order to meet temporary cash requirements (if any) and therefore ensures greater financial flexibility. CMF S.p.A. has charged all financing costs (equal to € 1,000 thousand) back to the Parent Company MFM S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility. This amortisation had an impact of € 59 thousand on the 2018 financial year and the remaining amount of these costs was accounted for as a prepaid expense of € 889 thousand on the reporting date of the Consolidated Financial Statements.

After the planned merger of CMF S.p.A. by incorporation into subsidiary MFM S.p.A., Servizi Ospedalieri S.p.A. may also access the Super Senior Revolving credit facility, providing a specific personal security.

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognised on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied with and no use of the facility had been requested from the execution of the agreement.

C.C.F.S. loan

On 14 November 2017 the Parent Company MFM S.p.A. signed a loan agreement with CCFS for a total amount of € 10 million. The loan includes two lines of credit, the first of which, amounting to € 5,000 thousand, was disbursed at the same time as the execution and will expire in April 2023. The second 66-month line of credit, for an additional amount of € 5,000 thousand, was disbursed on 13 February 2018 and provides for the repayment in six-monthly instalments, with a pre-amortisation period of 12 months. This loan is backed by a pledge over the shares of subsidiary H2H Facility Solutions S.p.A..

Obligations arising from finance leases

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.

After the acquisition of EOS during the first quarter of 2018 finance lease payables were consolidated for an additional amount of € 52 thousand, relating to capital goods used in Turkey.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 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, 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 € 366 thousand, remained substantially unchanged compared to 31 December 2017.

Collections on behalf of assignees of trade receivables

This item includes receipts from customers on receivables assigned within the factoring of trade receivables without recourse claimed from the National Health System, which was entered into with Banca Farmafactoring S.p.A in 2016, as well as on some of the assignments without recourse of trade receivables claimed from Public Authorities, in relation to which the Parent Company MFM performs the collection

service. The amounts collected (equal to € 5,231 thousand at 31 March 2018) were transferred to the factor in the first days of the month after the end of the quarter.

Obligations from assignments of receivables with recourse

During 2015 the Parent Company MFM S.p.A entered into an agreement for the assignment with recourse of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities. During 2018 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 10,904 thousand. At 31 March 2018 the Group showed obligations arising from assignments with recourse of receivables equal to € 23,025 thousand (€ 29,999 thousand at 31 December 2017).

Options on subsidiaries' non-controlling interests

The options on subsidiaries' non-controlling interests were recognised for an amount of € 453 thousand at 31 March and relate to the estimated liability concerning the Put option held by the minorities of Manutencoop France S.a.r.l. (whose quota of 30% was transferred to third parties on 15 January 2018, under an Investment Agreement signed in 2017). This option may be exercised between 30 June 2021 and 30 June 2023.

Prepaid interest expenses

At 31 March 2018 the Group recognised prepaid interest expenses of € 959 thousand. The item mainly relates to the arrangement fees initially incurred by CMF S.p.A. for the execution of the RCF agreement (€ 889 thousand at 31 March 2018) and fully charged back to the Parent Company MFM S.p.A..

Share capital to be paid into investee companies

The Group recognised liabilities for capital contribution to be paid to unconsolidated companies for € 205 thousand. At 31 December 2017 payables were also recognised for payments to be made into the share capital of the Turkish company EOS, which was consolidated on a line-by-line basis as from the first quarter of 2018.

Current and other financial assets

At 31 March 2018 *Current and other financial assets* amounted to € 2,857 thousand (equal to € 1,870 thousand at 31 December 2016). At the end of the year under examination the following items were mainly recognised:

- An overall amount of € 183 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies (€ 302 thousand at 31 December 2017);
- 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 € 2,620 thousand (€ 1,494 thousand at 31 December 2017).

12. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in the first three months of 2018, compared with changes in the same period of the previous year.

	For the quarter ended	
	31 March 2018	31 March 2017
At 1 January	**15,519**	**17,043**
Current service cost	172	134
Interest costs on benefit obligations	61	61
Benefits paid	(635)	(786)
Net actuarial (gains)/ losses from benefit obligations		
Other changes	1	8
AT 31 MARCH	**15,118**	**16,459**

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

	For the quarter ended	
	31 March 2018	31 March 2017
Current service cost	172	134
Interest costs on benefit obligations	61	611
NET COST OF THE BENEFITS RECOGNIZED THROUGH PROFIT OR LOSS	**233**	**195**
Net actuarial (gains)/ losses recognized in equity		
TOTAL NET BENEFIT COSTS	**233**	**195**

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 quarter ended	
	31 March 2018	31 March 2017
Executives	53	59
Office workers	1,235	1,254

	For the quarter ended	
	31 March 2018	31 March 2017
Manual workers	15,110	14,884
AVERAGE STAFF	**16,398**	**16,197**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 430 units at 31 March 2018 (at 31 March 2017: no. 432 units).

13. PROVISIONS FOR RISKS AND CHARGES

The breakdown and changes in the provisions for risks and charges for the period ended 31 March 2018 are shown below:

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Employee termination benefits	Other provision	Total
At 1 January 2018	**80**	**5,043**	**25,514**	**478**	**223**	**909**	**2,088**	**29,985**
Accruals		5	525					**0**
Uses		(498)	(1,814)			(409)	(475)	**(2,566)**
Reversal		(35)	(7)					**(42)**
Others		(65)	(78)			78	0	**(65)**
At 31 March 2018	**80**	**4,450**	**24,770**	**478**	**223**	**578**	**1,613**	**27,841**
At 31 March 2018:								
Current	*80*	*4,343*	*296*	*478*	*0*	*578*	*16*	***5,574***
Non-current	*0*	*105*	*24,692*	*0*	*223*	*0*	*1,597*	***26,618***
At 31 December 2017:								
Current	*80*	*4,936*	*290*	*478*	*0*	*909*	*17*	***6,711***
Non-current	*0*	*106*	*25,224*	*0*	*223*	*0*	*2,071*	***27,624***

Provision for risks on investments

The item, amounting to € 80 thousand at 31 March 2018, includes the provision for unrecoverable future losses of Group companies and related to the subsidiary Alisei S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

- estimated risks relating to potential disputes with customers, on the report of works;

- estimated penalties charged by customers;
- estimated costs to complete job orders, in respect of which no additional revenues will be paid.

The balance at the end of the period amounted to € 4,450 thousand, against accruals of € 5 thousand, in addition to uses, releases and other changes that led to an overall decrease of € 598 thousand in the provision.

Provision for pending legal disputes

At the end of the reporting period, 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 31 March 2018, the provision, totalling € 24,770 thousand, reported increases for accruals for € 525 thousand and decreases for uses, releases and other changes totalling € 1,269 thousand.

Accruals were mainly recognised to cover risks of the Parent Company MFM S.p.A. for € 315 thousand and of Servizi Ospedaliri S.p.A. for € 178 thousand. Uses and releases in the period (€ 1,269 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.

On 20 January 2016 AGCM 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., which 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 it ruled by partially granting the appeal filed by MFM S.p.A. and referring the papers to the Authority for a new calculation of the fine, with the recommendation to reduce both the related taxable base, thus limiting it to the contracted tender amount, and the percentage to be applied to the abovementioned amount, from 15% to 5%. MFM S.p.A. challenged the trial judgment before the Council of State; on 28 February 2017 the latter handed down its ruling, confirming the judgment issued by the Lazio Regional Administrative Court. However, MFM S.p.A. has also challenged the Council of State's ruling, filing an appeal with the Supreme Court on 21 May 2017. Finally, on 23 December 2016, the Authority executed the Lazio Regional Administrative Court's ruling and adopted a new order, recalculating the fine at € 14,700 thousand. This order was also challenged before the Lazio Regional Administrative Court and the Company is waiting for the hearing to be set.

When closing the Financial Statements at 31 December 2016, in the light, among other things, of the appeals lodged by the parties, on which the competent courts had already ruled, the Directors recalculated the risk of outflows related to the fine as 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 lodged by MFM S.p.A. and therefore, the entire amount of the fine was reclassified in the item "Other operating liabilities". Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the request for payment by instalments submitted by MFM S.p.A., allowing the latter

to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The Company is paying the monthly instalments on a regular basis.

As a result of the Competition Authority's fine ruling, on 4 February 2016 Consip S.p.A. initiated a procedure to terminate the Agreements entered into within the tender in question, also informing the Company that it would consider the possibility of excluding it from future tenders for "work of the same type", including pursuant to article 38, paragraph 1, letter f) of Legislative Decree 163/06. On 23 November 2016 Consip S.p.A. also gave MFM S.p.A. notice of the final termination of the agreements, expressly stating that it would confiscate the part of the final guarantee deposit (performance bond) which remained after the deposit had been partially released considering the work done normally up to the termination date. It also notified the intention to report the facts to the Italian Anti-Corruption Authority (*Autorità Nazionale Anti-Corruzione*, ANAC) and to the Public Prosecutor's Office.
On the other hand, on 24 April 2017, Decree Law 50 was published in the Official Gazette: 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 "*for the acquisition of cleaning and other auxiliary services, as well as of interventions in order to keep school buildings and Public Administration training establishments clean and in working order*" ("Consip Scuole") have been terminated. In the subsequent Decree Law 91 of 20 June 2017, converted with amendments by Law of 3 August 2017, published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law 205 of 27 December 2017 ("2018 Budget Law") provided for these agreements to continue until 30 June 2019, in order to allow the regular performance of educational activities for the 2018-2019 school year.

Finally, on 2 December 2016 Consip S.p.A. formally notified the Italian Anti-Corruption Authority (*Autorità Nazionale Anti-Corruzione*, ANAC) of its accusations against MFM S.p.A., as notified in the notice of termination of the Agreements, together with the intention to make a report to the Public Prosecutor's Office. On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The first hearing for the discussion of the requests submitted during preliminary investigations was held on 5 December 2017; the next hearing has been set for 16 October 2018.
The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. After the Regional Administrative Court's judgment of 14 October 2016, which was confirmed by the Council of State's judgment of 1 March 2017, and which substantially reduced the fine that had previously been imposed while not accepting the Company's argument that it was completely extraneous to the accusations, the Directors decided to maintain the provisions for future charges in the Financial Statements at 31 December 2017 (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and despite the

fact that MFM S.p.A. could submit sound arguments against the enforcement of the bond in court. To date the Anti-Corruption Authority has not yet concluded its preliminary investigations.
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"). However, on 13 July 2017 and on 14 September 2017, respectively, the Lazio Regional Administrative Court ordered the suspension of the measures of exclusion, deferring the decision on the merits of the appeal to the hearing of 21 February 2018. In this venue the Company had its appeal rejected and on 10 March 2018 the appeal was served before the Council of State, while submitting a request for precautionary decree from a single-member court and for suspension of the enforcement of the challenged order.
Furthermore, on 30 March 2018 Consip informed MFM S.p.A. that it had submitted a request to the competent insurance company to enforce the Company's warranty provided in relation to the Consip Caserme tender. However, the insurance company did not grant the request following the Council of State's decision handed down on 5 April 2018. As a result, both the execution of the Lazio Regional Administrative Court's decision on the exclusion of Consip Caserme and Consip Sanità tenders and the related effects (also in relation to the enforcement of sureties) have been suspended and the hearing on the merits of the Company's appeal has been scheduled for 28 June 2018.

In relation to the above-mentioned exclusions, ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) decided to open two proceedings concerning its entry in the electronic criminal records of ANAC, as "Useful information". These proceedings were also suspended by ANAC until the outcome on the merits mentioned above and of proceedings for the application of disqualification measures, which have also been suspended.

With reference to the events referred to above, the Directors also point out that, despite a context that is significantly affected by new regulations and more restrictive approaches with respect to the previous ones, the Company believes that a risk may actually arise mainly with regard to delays in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. To date the risk of the Company being temporarily excluded from public tenders as a result of an order issued by the ANAC can be reasonably regarded as not probable, in consideration of the defence arguments discussed with the Company's legal counsels, which may be submitted both upon participation in the ANAC procedure and at the time of any possible appeal filed with administrative courts, as well as based on the rulings recently handed down by the latter, which has suspended the abovementioned exclusion measures already enacted.

The aforesaid decisions do not imply in any case any impediment for MFM S.p.A. to the participation and awarding of new calls 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 agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started. The Consip Sanità and Consip Caserme tenders did not generate consolidated Revenues until 31 March 2018 and are not included in the Group's backlog at 31 March 2018.

On 23 March 2017 AGCM notified MFM S.p.A. of the initiation of a preliminary investigation procedure against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., MFM S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. in order to establish whether these companies implemented any possible understanding restricting competition, concerning the coordination of the procedures to participate in the tender launched by Consip in 2014 for awarding the Facility Management services to be rendered to the properties that are mainly intended for office use on the part of the Public Authorities ("FM4 Tender"").
To date AGCM has started preliminary investigations only and has allowed the Companies to access the papers of the proceedings, as well as proceeded with the Company's hearing on 24 April 2018. By an order of 22 November 2017 the Competition Authority also extended, both objectively and subjectively, the proceedings that had already been started; to date these proceedings also concern the SIE3 and MIES2 tenders and involve the industrial holding companies which control the entities initially involved (even if they have not been extended to the parent company Manutencoop Società Cooperativa); finally, by an order of 18 April 2018, it further subjectively extended the proceedings and postponed the time limit for the conclusion to 31 December 2018. The Company firmly rejects the arguments holding an alleged collusive agreement with the other companies involved in the proceedings. The Directors believe that in no case are the requirements met in terms of probability, as well as of reliable estimate, required by the international accounting standards to set aside a provision for risks.

The Directors believe that there are no significant uncertainties for the purposes of assessing whether the Company meets the going-concern principle, as they fully rely on the arguments discussed with its own legal counsels and have also considered the financial soundness of the Company and of the Group, as well as the substantial amount of contracts that had already been gained as at the reporting date of the Consolidated Financial Statements.

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

The table below sets forth the breakdown of the item at 31 March 2018 and 31 December 2017:

	31 March 2018	of which to related parties	31 December 2017	of which to related parties
Trade payables	348,906		340,362	
Trade payables to third parties	**348,906**	**0**	**340,362**	**0**
Trade payables to Manutencoop Società Cooperativa	11,549	11,549	12,450	12,450
Trade payables to Group companies within 12 months	20,019	20,019	26,069	26,069
Trade payables to the Manutencoop Group	**31,568**	**31,568**	**38,519**	**38,519**
Advances from customers and payables for work to be performed	14,660	0	14,141	0
Trade payables and advances from customers	**395,134**	**31,568**	**393,022**	**38,519**
Fees due to directors and statutory auditors	300		531	
Tax payables	7,492		9,323	
Payables to social security institutions within 12 months	6,926		9,823	
Other payables to TJA	6,999		6,824	
Payables to employees within 12 months	55,953		48,974	
Other payables within 12 months	13,925		14,643	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**93,771**	**0**	**92,294**	**0**
Other current payables to Manutencoop Società Cooperativa	45	45	42	42
Other payables to Group subsidiaries	4	4	(10)	(10)
Other current operating payables to Manutencoop Group	**49**	**49**	**32**	**32**
Accrued expenses	8		8	
Deferred income	1,221		1,081	
Accrued expenses and deferred income	**1,229**	**0**	**1,090**	**0**
Other current liabilities	**95,049**	**49**	**93,415**	**32**

Trade payables do not accrue interest and are, on average, settled 90/120 days from the invoice date. The other payables are non-interest bearing payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities.

Trade payables and advances from customers at 31 March 2018 amounted to € 395,134 thousand, against a balance of € 393,022 thousand at 31 December 2017.

Other current liabilities showed a balance of € 95,049 thousand at 31 March 2018 (€ 93,415 thousand at 31 December 2017) and are mainly made up of the following items:

- payables to employees of € 55,953 thousand (€ 48,974 thousand at 31 December 2017) including the current monthly salaries to be paid in the months after the closing of the period, as well as payables

for additional monthly salaries to be paid (a portion of the 14th salary, to be paid in the month of July, and the 13th salary, to be paid each year in the month of December). Furthermore, the corresponding payables to social security institutions were recognized for € 6,926 thousand (€ 9,823 thousand at 31 December 2017);

- payables to tax authorities for € 7,492 thousand, mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF tax payable for employees (€ 9,323 thousand at 31 December 2017);
- receipts on behalf of Temporary Associations of Companies (ATI) for € 6,999 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mostly relating to job orders under "CONSIP" agreements (€ 6,824 thousand at 31 December 2016).

"Other payables within 12 months" equal to € 13,925 thousand mainly include the payable relating to the AGCM sanction of € 8,825 thousand following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment submitted 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%. MFM S.p.A. has paid the monthly instalments regularly.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Financial lease

The Group signed financial lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU and for motor vehicles. During 2017 a property lease agreement was also signed by subsidiary Servizi Ospedalieri S.p.A. for the acquisition of the factory located in Lucca.

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

	31 March 2018		31 December 2017	
	Rental fees	Present value of rental fees	Rental fees	Present value of rental fees
Within one year	497	421	586	491
From one year to five years	1.,452	1,341	1,474	1,632
After five years	2,361	1,705	2,442	1,769
TOTAL LEASE FEES	**4,310**	**3,468**	**4,502**	**3,622**
Financial costs	(842)		(800)	

	31 March 2018		31 December 2017	
	Rental fees	Present value of rental fees	Rental fees	Present value of rental fees
PRESENT VALUE OF LEASE FEES	3,468	3,468	3,622	3,622

At 31 March 2018 the Group granted sureties to third parties for:

- guarantees against financial obligations amounting to € 12,285 thousand (€ 11,037 thousand compared to 31 December 2017), of which € 4,397 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 4,425 thousand at 31 December 2017);
- sureties granted to third parties to ensure the correct fulfilment of contract obligations in place with customers, amounting to € 245,896 thousand (31 December 2017: € 234,241 thousand), of which € 435 thousand issued in the interest of associates;
- other guarantees granted by third parties in favour of associates, joint ventures and other equity investments for € 10,171 thousand (€ 10,014 thousand at 31 December 2017);
- other guarantees granted to third parties to replace security deposits required to activate utilities or to execute lease agreements, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 2,153 thousand (€ 5,040 thousand at 31 December 2017).

Guarantees arising from the Senior Secured Notes bond issue launched by controlling company CMF S.p.A. in 2017 and from the Super Senior Revolving loan agreement with Unicredit Bank A.G.

The controlling company CMF S.p.A., which was established by parent company Manutencoop Società Cooperativa in 2017, launched a Senior Secured Notes bond issue in 2017, due 2022. On 29 June 2017 CMF also signed, as the Parent Company, a Super Senior Revolving loan agreement for € 50 million, governed by English law, to which MFM S.p.A. became a party as Borrower. In this context the Parent Company MFM S.p.A. benefitted from a Proceeds Loan bearing interest at a rate equal to that of the bond issue.

During 2018 CMF S.p.A. will be the object of a reverse merger by incorporation into its subsidiary MFM S.p.A., pursuant to the provisions laid down in the Indenture signed on 13 October 2017. After the merger, the indirect subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, providing a specific personal security.

The payment obligations connected to both the Bond Issue and the Super Senior Revolving facility are mainly backed by the following collateral provided on 13 October 2017 *pro indiviso* in favour of bond and bank creditors:

- a first-degree pledge over the total shares of MFM S.p.A.;
- an assignment, by way of security, involving receivables arising from the abovementioned Proceeds Loan.

The Parent Company MFM S.p.A. has also provided, in favour of the subscribers of the Super Senior Revolving facility only, a special lien pursuant to Article 46 of Legislative Decree 385 of 1 September 1993 on some of the personal properties held by it.

After the completion of the Merger, MFM S.p.A. shall also create:

- a pledge over the total shares of Servizi Ospedalieri S.p.A.;
- an assignment, by way of security, involving receivables held by MFM S.p.A., arising from intercompany loans granted by it to some of its subsidiaries.

Furthermore, after the completion of the merger, the first-degree pledge over the shares of MFM S.p.A. will be the object of a deed of acknowledgment and confirmation to be signed by Manutencoop Società Cooperativa.

The guarantees listed above may be called by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 31 March 2018 no events of default had occurred.

Contingent liabilities

As at the date of approval of the Interim Report on Operations at 31 March 2018 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 in the former Olivetti area in Scarmagno (Turin)

MFM S.p.A. is the entity liable to compensate the aggrieved party for damages for the offences of fire by negligence and violations of safety regulations following the fire which broke out in the former Olivetti area at Scarmagno, in the Province of Turin, on 19 March 2013. During 2017 hearings continued to be held before the Court of Ivrea, until the Court of first instance's ruling was issued on 24 February 2017, whereby the defendants were acquitted "for not having committed the crime". However, this judgment was appealed against by the Public Prosecutor's Office and by the aggrieved parties Prelios SGR, Telecom Italia S.p.A and Olivetti S.p.A in July 2017 and we are waiting for the hearing to be set before the Turin Court of Appeal.

In relation to this fire, the insurance companies involved paid the injured parties over € 38 million in damages and then formalised their application to recover the sum from both the individual persons charged and their employers, including MFM S.p.A.. The claim for damages amount to about € 50 million in all, including the claims from the owners of the properties affected and the above insurance company claims. On the other hand, on 24 February 2017, a writ of summons was served by AIG Europe Limited (one of the insurance companies party to the action) on MFM S.p.A. and the persons involved in order to obtain, by way of subrogation, what had already been 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 proceedings,

Generali Assicurazioni also appeared before the court 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.

Naples Public Prosecutor's Office investigation into the tender for awarding cleaning services at A.O.R.N. Santobono Pausilipon

On 3 April 2017 the Naples Public Prosecutor's Office served a search order against some employees of the Company, which was executed at the registered office of the same. These employees are involved in the investigation started by the Naples Public Prosecutor's Office as to the tender for awarding cleaning services at A.O.R.N. Santobono Pausilipon of Naples. The employees are charged, among other things, with the offence of corruption pursuant to Articles 319 and 319-*bis* of the Italian Criminal Code, which is potentially relevant pursuant to Legislative Decree 231 of 2001.
The Judge for Preliminary Investigations of the Court of Naples initially took a precautionary measure (obligation to stay pursuant to Article 283 of the Italian Code of Criminal Procedure) against the Company's executive who was the only one to be investigated and who was a Company's function manager at the time of the facts being contested; instead, he ordered the revocation of the precautionary measure at the end of the custodial interrogation. Finally, on 27 April 2017, the summons for the hearing was formally served on MFM S.p.A. for discussing the request for applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Legislative Decree 231/2001; however, the Judge for Preliminary Investigations of the Court of Naples rejected this request for disqualification measure, since he did not believe that the requirements had been met for the application of this measure.
With regard to the only two employees who at the time of the facts were executives, on 2 August 2017, the Judge for Preliminary Investigations of the Court of Naples, at the request of the Public Prosecutor, ordered the dismissal of the related proceedings.
Finally, on 28 December 2017, the Judge for Preliminary Investigations ordered the commitment for trial for the Company and two employees. MFM S.p.A. confirms that it is completely extraneous to the alleged offences with which it is charged, while specifying that the two employees committed for trial at the time of the facts did not hold any executive office and that one of them left the Manutencoop Group well before the execution of the alleged unlawful agreement objected against. The first hearing for the trial was set for 1 March 2018 and was, postponed due to a defect in the service of process to 3 May 2018 and further postponed due to another defect in the service of process to 5 July 2018.

ANAC's order relating to the tender for awarding cleaning services at A.O.R.N. Santobono Pausilipon

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction on MFM S.p.A., raising

objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holder in the documentation submitted for the same tender being involved in the investigation conducted on the part of the Naples Public Prosecutor's Office in 2013, as described above. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided for the Company to be excluded from all public tenders for a period of 6 months. The Company, which considers that the order is unfounded and based on erroneous legal grounds, in addition to being disproportionate with respect to the alleged infringement, filed an appeal with the Lazio Regional Administrative Court, while asking the President of the competent division to order the immediate suspension of the ANAC measure before any discussion on the merits of the case ("request for precautionary measure from a single-member court"). On 15 November 2017 this request was granted and all the effects of the ANAC order were suspended until the issue of the subsequent ruling handed down by the Lazio Regional Administrative Court. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the sanctioning order. Subsequently ANAC challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held to discuss this request on 8 March 2018 the Council of State rejected this request, ordering ANAC to pay expenses, waiting for the hearing on the merits to be set. The next hearing to discuss the merits of the case has been scheduled for 24 October 2018.

16. MANAGEMENT OF FINANCIAL RISKS

Management of financial requirements and the relative risks (mainly interest rate and liquidity risk) is performed centrally by the Group's finance function on the basis of guidelines approved by the Parent Company's Board of Directors which are reviewed periodically. The main objective of these guidelines is to guarantee the presence of a liability structure that is balanced with the composition of the balance sheet assets, in order to maintain a high level of capital strength.

The other financial instruments that are traditionally used by the Group Companies are made up of:

- short-term loans and revolving non-recourse and recourse factoring transactions targeted at funding working capital;
- the very short-term credit facilities used for contingent cash requirements;
- medium/long-term loans with a multi-year repayment plan to cover investments in fixed assets and acquisitions of companies and business units.

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

The Group's financial instruments were classed into three levels provided by IFRS 7. In particular, the fair value hierarchy is defined in the following levels:

- Level 1: corresponds to prices of similar liabilities and assets listed on active markets.
- Level 2: corresponds to prices calculated through features taken from observable market data.
- Level 3: corresponds to prices calculated through other features that are different from observable market data.

The table below shows the hierarchy for each class of financial asset measured at fair value at 31 March 2018 and 31 December 2017.

		Hierarchy				Hierarchy		
	31 March 2018	Level 1	Level 2	Level 3	31 December 2017	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss								
Financial receivables, securities and other non-current financial assets	**101**	101			**101**	101		
- of which securities	**101**	101			**101**	101		
Available-for-sale financial assets								
Financial receivables 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**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group had no financial liabilities measured at fair value at 31 March 2018 and 31 December 2017.
During the period under consideration there were no transfers between fair value measurement levels.
There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximise value for shareholders.
The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 March 2018	31 December 2017
Employee termination indemnity	15,118	15,519
Non-current loans	181,305	175,281
Trade payables and advances from customers	395,134	393,022
Other current liabilities	95,051	93,415
Loans and other current financial liabilities	43,365	43,165
Cash and cash equivalents	(59,893)	(59,870)
Other current financial assets	(2,857)	(1,870)
Total Net Debt	**667,223**	**658,662**
Group shareholders' equity	307,024	298,401
Undistributed net profit (loss)	(8,683)	(642)
Total Capital	**298,341**	**297,759**
EQUITY AND NET DEBT	**965,564**	**956,421**
Indebtedness ratio	69.1%	68.9%

An increase was recognised in the debt ratio compared to 31 December 2017, which was due to the simultaneous increase of € 8.6 million in Net debt and Capital following the positive result for the first quarter of 2018.

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.

Facility Management SBU

Facility Management offers a range of logistic and organisational support services targeted at users of properties and aimed at optimising 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 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:

- design and implementation of redevelopment and adjustment work in line with safety regulations;
- design and installation of devices for energy saving and for the reduction of emissions of pollutants 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 areas, which includes both the design and the 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 the security of buildings;
- mailing services;
- document management.

The establishment of Yougenio S.r.l. during 2016 led to embarking on a path of growth in "business to consumer" (B2C) service markets. 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 prospects.

Laundering & Sterilisation SBU

The so-called Laundering & Sterilisation is an industrial activity given in support of healthcare activities. The operations, carried out by the MFM Group in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, mainly involve (i) the rental and industrial laundering of bed linen, packaged linen and mattresses (linen rental and industrial laundering), (ii) sterilisation of linen and (iii) sterilisation of surgical equipment.

Laundering & Sterilisation 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 health care facilities;
- supply of disposable items;
- rental of linen goods of special materials for operating rooms;
- acceptance, treatment, sterilisation and redelivery of surgical instruments;

- rental of surgical instruments;
- creation and management of sterilisation systems

The economic results by segment per period ended at 31 March 2018 and 31 December 2017, are shown below:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Segment revenues	205,948	31,379	(643)	236,683
Segment costs	(189,439)	(28,155)	643	(216,951)
Operating income (loss) by segment	**16,508**	**3,224**	0	**19,732**
Share of net profit of associates	697	146		843
Net financial income (costs)				(4,982)
Profit (loss) before taxes				**15,593**
Income taxes				(6,844)
NET PROFIT (LOSS) FOR THE PERIOD ENDED 31 MARCH 2018				**8,749**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Segment revenues	206,074	33,175	(651)	238,599
Segment costs	(183,180)	(28,757)	651	(211,285)
Operating income (loss) by segment	**22,895**	**4,419**	**0**	**27,314**
Share of net profit of associates	1,170	57		1,227
Net financial income (costs)				(7,125)
Profit (loss) before taxes				**21,416**
Income taxes				(8,046)
NET PROFIT (LOSS) FOR THE PERIOD ENDED 31 MARCH 2017				**13,370**

Assets and liabilities by operating segments of the Group at 31 March 2018 and 31 December 2017, are shown below.

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	**467,876**	**117,154**	**(1,632)**	**583,399**
Goodwill	360,629	11,763		372,392
Investments	26,931	6,060		32,991
Other assets not allocated and related taxes				96,932
SEGMENT ASSETS AT 31 MARCH 2018	**855,436**	**134,977**	**(1,632)**	**1,085.714**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Liabilities allocated to the segment	481,860	57,266	**(1,632)**	**537,495**
Other liabilities not allocated and related taxes				240,444
SEGMENT LIABILITIES AT 31 MARCH 2018	**481,860**	**57,266**	**(1,632)**	**777,938**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	447,605	116,856	(1,885)	562,576
Goodwill	358,600	11,763		370,363
Investments	26,870	6,290		33,160
Assets held for sale				
Other assets not allocated and related taxes				101,235
SEGMENT ASSETS	**831,966**	**134,910**	**(1,885)**	**1,066.225**
Liabilities allocated to the segment	480,629	57,549	(1,885)	536,293
Other liabilities not allocated and related taxes				231,151
SEGMENT LIABILITIES	**480,629**	**57,549**	**(1,885)**	**767,444**

18. TRANSACTIONS WITH RELATED PARTIES

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 indirect parent company Manutencoop Società Cooperativa, as well as a loan agreement named Proceeds Loan with its direct controlling company CMF S.p.A..

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 providing an Information System service. The contract makes provision for an annual consideration of € 815 thousand and will expire on 31 December 2018.

- Manutencoop Società 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 expected to be € 1,325 thousand to be paid in monthly instalments.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.r.l. the property located in Vicenza (VI), at via Zamenhof no. 363, for use as offices/warehouse. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 370 thousand, to be paid in 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 expected to be € 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 Società Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Società Cooperativa to MFM S.p.A, pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not grant rights to third parties, MFM S.p.A. and the parent company Manutencoop Società Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Società Cooperativa, and the operating rules for establishing and terminating said contracts.
- Manutencoop Società Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the MFM Group, to preparing pay packets.
- MFM S.p.A. signed agreements with Manutencoop Società Cooperativa and its subsidiaries for the provision of tax consultancy services.
- On 13 October 2017 MFM S.p.A. entered into a loan agreement named Proceeds Loan with the sole shareholder CMF S.p.A., expiring on 15 June 2022 and bearing interest at an annual fixed rate of 9.0%, payable on a six-monthly basis on 15 June and 15 December.

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

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

Zola Predosa, 15 May 2018

The Chairman and CEO

Giuliano Di Bernardo

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
Elene Project S.r.l.	Via Poli 4	Zola Predosa (BO)	62%	Subsidiary
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, n. 4	Çankaya/ Ankara	51%	Subsidiary
Ferraria Soc. cons. a r.l.	Via Poli 4	Zola Predosa (BO)	69%	Subsidiary
Global Oltremare Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
H2H Facility Solutions S.p.A.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
ISOM Lavori Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	62.71%	Subsidiary
ISOM Gestione Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	52.97%	Subsidiary
KANARIND Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	62.43%	Subsidiary
Leonardo S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
Logistica Sud Est Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Manutencoop France S.a.r.l.	4 place Louis Armand-Tour de l'Horloge	Paris	70%	Subsidiary
Manutencoop International FM S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	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
MFM Capital S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
MSE Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	100%	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

Name	Registered Office	City	% held	Type
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	100%	Subsidiary
Telepost S.p.A.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
Yougenio S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% held	Type
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Joint Venture
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord	Carinaro (CE)	60%	Joint Venture
CO. & MA. Soc. Cons. a r.l.	Via del Parco n. 16	Tremestieri Etneo (CT)	50%	Joint Venture
DUC Gestione Sede Unica Soc.cons.r.l.	Via Poli 4	Zola Predosa (BO)	49%	Joint Venture
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 liquidation	Via Cesari 68/1	Modena	100%	In liquidation
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione 9	Bologna	27.58%	In liquidation
BGP2 Soc.Cons. r.l.	Via Giovanni Papini n. 18	Bologna	41.17%	Associate
Bologna Global Strade Soc.Cons. r.l.	Via Pila n. 18	Sasso Marconi (BO)	56%	Associate
Bologna Multiservizi Soc.Cons. r.l. in liquidation	Via San Silvestro n. 56	Faenza (RA)	39%	Associate
Bologna Piu' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	In liquidation
Centro Europa Ricerche S.r.l.	Via G. Zanardelli n. 34	Rome	21.38%	Associate
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (BO)	60%	In liquidation
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi 2	Como	30%	Associate
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padova	60%	Associate
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	In liquidation
F.lli Bernard S.r.l.	Stradella Aquedotto 21	Bari	20%	Associate
Gico System S.r.l.	Via Finelli 8	Calderara di Reno (BO)	20%	Associate
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	42.40%	In liquidation
Global Riviera Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	30.66%	Associate
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (MO)	41.25%	Associate
Gymnasium Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	68%	In liquidation
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	Associate

Name	Registered Office	City	% held	Type
Livia Soc.Cons. a r.l. in liquidation	Via Roma 57/B	Zola Predosa (BO)	34.10%	In liquidation
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Associate
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Associate
Palazzo della Fonte S.c.p.a.	Via Calamandrei, 255	Arezzo (AR)	33.30%	Associate
Progetto ISOM S.p.A.	Via Poli 4	Zola Predosa (BO)	36.98%	Associate
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Associate
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
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia 65	Palermo (PA)	49%	Associate
Società Consortile Adanti Manutencoop a r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Serena S.r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	fraz. Castellina - Soragna (PR)	25%	Associate
Servizi Napoli 5 Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	45%	Associate
Servizi Sanitari Treviso Soc.Cons.a r.l. in liquidation	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
T&M Protection Resources Holdings Italy S.p.A.	Via Poli 4	Zola Predosa (BO)	40%	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 17	Changes of the period					Net assets, 31 Mar 18	Investment value	Provision for risks
			Effects on financial position	Dividends	Revaluations Write-downs	Provision for risks	Effects on SE			
Alisei S.r.l. in liquidation	100%	(80)						(80)		(80)
A.M.G. S.r.l.	50%	2,396			32			2,428	2,428	
BGP2 Soc.Cons. r.l.	41.17%	4						4	4	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	6						6	6	
Bologna Global Strade Soc. Cons. a. r.l.	56%	51	6					57	57	
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 liquidation	60%	0						0	0	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	50%	346	(346)					0	0	
F.lli Bernard S.r.l.	20%	1,366			113			1,479	1,479	
GICO Systems S.r.l.	20%	146			5			151	151	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9						9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	

	%	Net assets, 31 Dec 17	Changes of the period					Net assets, 31 Mar 18	Investment value	Provision for risks
			Effects on financial position	Dividends	Revaluations Write-downs	Provision for risks	Effects on SE			
IPP S.r.l.	25%	444			9			453	453	
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%	914			61		(63)	912	912	
Palazzo della Fonte S.c.p.a.	33.30%	8,000						8,000	8,000	
Progetto ISOM S.p.A.	36.98%	1,867			100			1,967	1,967	
ROMA Multiservizi S.p.A.	45.47%	3,141			398		9	3,540	3,540	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	5						5	5	
S.E.I. Energia Soc. Cons. a r.l.	49%	5						5	5	
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
SE.SA.MO. S.p.A.	20.91%	1,507			85			1,592	1,592	
Se.Ste.Ro S.r.l. in liquidation	25%	114			(9)			105	105	
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 liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Synchron Nuovo San Gerardo S.p.A.	35.82%	5,076			48			5,123	5,123	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			0			1,000	1,000	
T&M Protection Resources Holdings Italy S.p.A.	40%	600						600	600	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**27,214**	**(340)**	**0**	**843**	**0**	**(63)**	**27,649**	**27,729**	**(80)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANY

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and others
CMF S.p.A.	31-Mar-17					31-Dec-17			10,759	168,562
	31-Mar-18	102	21,947			31-Mar-18	113	8,096	12,818	14,880
Manutencoop Società Cooperativa	31-Mar-17	35	8,237			31-Dec-17	100	8,004	12,450	267
	31-Mar-18	42	6,809		26	31-Mar-18	87	8,125	11,549	4,428

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and others
Alisei s.r.l. in liquidation	31-Mar-17					31-Dec-17	3			1
	31-Mar-18					31-Mar-18	3			1
AMG S.r.l.	31-Mar-17		65			31-Dec-17			162	
	31-Mar-18		68			31-Mar-18			213	
BGP2 Soc.Cons. r.l.	31-Mar-17					31-Dec-17			89	
	31-Mar-18					31-Mar-18			89	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31-Mar-17					31-Dec-17	452		411	
	31-Mar-18	106	38			31-Mar-18	558		441	
Bologna Multiservizi Soc.Cons. a r.l.	31-Mar-17	37				31-Dec-17	54		606	
	31-Mar-18					31-Mar-18	54		386	
Bologna Più Soc.Cons.a r.l. in liquidation	31-Mar-17					31-Dec-17		3	3	2
	31-Mar-18					31-Mar-18	2	3	3	4
Bologna Global Strade Soc. Cons. a r.l	31-Mar-17	385	1,081			31-Dec-17	1,943	336	3,926	
	31-Mar-18	522	1,600			31-Mar-18	672	336	1,522	
Cardarelli Soc. Cons. a r.l.	31-Mar-17		163			31-Dec-17			342	
	31-Mar-18					31-Mar-18			247	

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and others
Centro Europa	31-Mar-17					31-Dec-17				
Ricerche S.r.l.	31-Mar-18					31-Mar-18	1			
Como Energia	31-Mar-17		310			31-Dec-17			999	
Soc.Cons.a r.l.	31-Mar-18					31-Mar-18			408	
Consorzio	31-Mar-17					31-Dec-17		36	12	
Imolese Pulizie soc.Cons. in liquidation	31-Mar-18					31-Mar-18		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	31-Mar-17					31-Dec-17				
	31-Mar-18					31-Mar-18				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Mar-17					31-Dec-17				
	31-Mar-18					31-Mar-18				
CO.& MA. Soc.	31-Mar-17	60	301			31-Dec-17	120	20	709	
Cons. a r.l	31-Mar-18	90	291			31-Mar-18	210	20	1,122	
DUC Gestione	31-Mar-17	1,718	803			31-Dec-17	3,464		1,042	
Sede Unica Soc. Cons. a r.l.	31-Mar-18	1,814	871			31-Mar-18	4,170		990	
EOS Hijyen Tesis Hizmetleri Saglik	31-Mar-17	12				31-Dec-17	480	882	(27)	260
Insaat Servis Muhendislik A.S.	31-Mar-18					31-Mar-18				
Fr.lli Bernard	31-Mar-17	3	10			31-Dec-17	45	50	56	
s.r.l.	31-Mar-18	(14)	19			31-Mar-18	19	50	37	
Gico Systems	31-Mar-17		84			31-Dec-17	7		532	
S.r.l.	31-Mar-18	3	320			31-Mar-18	12		627	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Mar-17					31-dec-17		70	13	
	31-Mar-18					31-Mar-18		70	13	
Global Riviera	31-Mar-17		3			31-Dec-17			(41)	
Soc.Cons.a r.l.	31-Mar-18		3			31-Mar-18			(39)	
Global Vicenza	31-Mar-17		2			31-Dec-17		570	467	
Soc.Cons. a r.l.	31-Mar-18		2			31-Mar-18		570	468	
Grid Modena	31-Mar-17					31-Dec-17				
S.r.l.	31-Mar-18					31-Mar-18				
Gymnasium Soc.	31-Mar-17					31-Dec-17	1	8	33	5
cons. a r.l in liquidation	31-Mar-18					31-Mar-18	1	8	33	
IPP S.r.l.	31-Mar-17	71	19			31-Dec-17	125	59		
	31-Mar-18	36				31-Mar-18	169	59		
Legnago 2001	31-Mar-17		1			31-Dec-17	158		45	
Soc. Cons. r.l.	31-Mar-18		1			31-Mar-18	158		46	
Livia Soc. cons. a	31-Mar-17					31-Dec-17			8	
r.l.	31-Mar-18					31-Mar-18			8	
Logistica	31-Mar-17					31-Dec-17			15	

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and others
Ospedaliera Soc. Cons. a r.l.	31-Mar-18					31-Mar-18			15	
Newco DUC	31-Mar-17		4			31-Dec-17			37	
Bologna S.p.A	31-Mar-18					31-Mar-18			37	
Palazzo della Fonte S.c.p.a.	31-Mar-17	906				31-Dec-17	1,367			
	31-Mar-18	1,161				31-Mar-18	1,590			
Progetto ISOM	31-Mar-17	77	27	29		31-Dec-17	12,203	2,043	474	
S.p.A.	31-Mar-18	82	49	30		31-Mar-18	15,238	2,072	527	
Roma Multiservizi S.p.A.	31-Mar-17	1,546	353			31-Dec-17	4,248		725	
	31-Mar-18	981	278			31-Mar-18	4,259		594	
San Martino 2000 Soc.Cons. r.l.	31-Mar-17	408	836			31-Dec-17	163		633	
	31-Mar-18	306	679			31-Mar-18	584		1,103	
Savia Soc. Cons. a r.l	31-Mar-17					31-Dec-17			44	
	31-Mar-18					31-Mar-18			44	
Serena S.r.l. - in liquidation	31-Mar-17					31-Dec-17		3		
	31-Mar-18					31-Mar-18		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Mar-17	355	322			31-Dec-17	2,057		1,310	
	31-Mar-18	333	318			31-Mar-18	2,391		1,629	
Se.Sa.Mo. S.p.A.	31-Mar-17	1,258		6		31-Dec-17	1,451	607	7	
	31-Mar-18	1,264				31-Mar-18	2,475	608	8	
SESATRE S.cons. a r.l.	31-Mar-17	4	1,100	1		31-Dec-17	3	3	1,352	
	31-Mar-18	3	145			31-Mar-18	5		1,129	
Se.Ste.Ro S.r.l.	31-Mar-17					31-Dec-17				
	31-Mar-18					31-Mar-18				
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Mar-17					31-Dec-17		75	13	2
	31-Mar-18					31-Mar-18		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Mar-17					31-Dec-17		3	3	
	31-Mar-18					31-Mar-18		3	3	
Società Consortile Adanti Manutencoop in liquidation	31-Mar-17					31-Dec-17			53	
	31-Mar-18					31-Mar-18			53	
Steril Piemonte	31-Mar-17		172			31-Dec-17	7	326	474	
Soc. cons. a.r.l	31-Mar-18		195			31-Mar-18	7	75	224	
Synchron Nuovo San Gerardo S.p.A.	31-Mar-17	1,513	48	46		31-Dec-17	7,153	2,520	719	
	31-Mar-18	1,291	38	50		31-Mar-18	6,641	2,570	777	
Tower Soc.Cons. a r.l. in liquidation	31-Mar-17					31-Dec-17	33	29		
	31-Mar-18					31-Mar-18	33	40	11	

SUBSIDIARIES OF MANUTENCOOP SOCIETA' COOPERATIVA

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Cerpac S.r.l. in liquidation	31-Mar-17					31-Dec-17	1			
	31-Mar-18					31-Mar-18	1			
Manutencoop Immobiliare S.p.A.	31-Mar-17	3	283			31-Dec-17	3	173		
	31-Mar-18	3	258			31-Mar-18	6	173	65	
Nugareto Società Agricola Vinicola S.r.l.	31-Mar-17		1			31-Dec-17	10		20	
	31-Mar-18	12	1			31-Mar-18	22		21	
Sacoa S.r.l.	31-Mar-17	20				31-Dec-17	30		1	
	31-Mar-18	22				31-Mar-18	45		1	
Segesta servizi per l'Ambiente S.r.l.	31-Mar-17	16	2			31-Dec-17	97		42	
	31-Mar-18	15	19			31-Mar-18	91		57	
MPH S.p.A.	31-Mar-17	4				31-Dec-17	1			
	31-Mar-18	1				31-Mar-18	2			

ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and others	Trade payables	Financial liabilities and others
Consorzio Karabak Società Cooperativa	31-Mar-17	20				31-Dec-17	30		1	
	31-Mar-18	22				31-Mar-18	45		1	
Consorzio Karabak 2 Società Cooperativa	31-Mar-17	2				31-Dec-17				
	31-Mar-18	1				31-Mar-18				
Consorzio Karabak 4 Società Cooperativa	31-Mar-17					31-Dec-17			2	
	31-Mar-18					31-Mar-18			2	
Consorzio Karabak 5 Società Cooperativa	31-Mar-17					31-Dec-17				
	31-Mar-18					31-Mar-18				
Consorzio Karabak 6 Società Cooperativa	31-Mar-17	20				31-Dec-17				
	31-Mar-18	22				31-Mar-18				

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and others	Trade payables	Financial liabilities and others
TOTAL	31-Dec-17	8,433	14,227	82		31-Dec-17	35,779	15,820	38,520	169,099
	31-Mar-18	8,074	12,002	80	4,351	31-Mar-18	39,506	14,896	31,571	177,323

ANNEX IV

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

	For the three months ended 31 March			
		2018		2017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**59,870**		**174,992**
CASH FLOW FROM CURRENT OPERATIONS:		**22,048**		**28,446**
Profit before taxes for the year	15,593		21,416	
Profit (loss) from discontinued operations	0			
Capital gain on disposal of discontinued operations	0			
Amortization, depreciation, write-downs and (write-backs) of assets	7,094		7,572	
Accrual (reversal) of provisions for risks and charges	487		553	
Employee termination indemnity provision	233		195	
Share of net profit of associates, net of dividends collected	(843)		(1,227)	
Financial charges (income) for the period	5,207		7,125	
Net interest received (paid) for the period	(550)		(13,131)	
Income tax paid for the period	(55)		(62)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*(5,118)*		*6,005*	
USES OF PROVISIONS FOR RISKS AND CHARGES AND PAYMENTS OF THE EMPLOYEE TERMINATION INDEMNITY:		**(3,200)**		**(1,591)**
Payments of Employee termination indemnity	(635)		(780)	
Utilization of provisions	(2,656)		(811)	
CHANGE IN NWOC:		**(7,008)**		**(11,450)**
Decrease (increase) of inventories	84		(197)	
Decrease (increase) of trade receivables	(8,689)		(13,429)	
Change in trade payables	1,597		2,176	
INDUSTRIAL AND FINANCIAL CAPEX:		**(8,775)**		**(9,903)**
(Purchase of intangible assets, net of sales)	(910)		(1,077)	
(Purchase of property, plant and equipment)	(5,850)		(8,946)	
Proceeds from sales of property, plant and equipment	321		108	
(Acquisition of investments)	(506)		0	
Decrease (increase) of financial assets	27		(69)	
Financial effects of business combinations	(1,718)		0	
Net cash from assets held for sale	0		100	

	For the three months ended 31 March			
	2018		2017	
Reclassifications:				
Net change in the balance of short-term financial assets, to be included in the balance of net financial liabilities	*(139)*		*(21)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**(5,237)**		**2,925**
Change in finance lease debt	(154)		3,202	
Repayment of non-current borrowings	5,000		0	
Proceeds from/(repayment of) short term bank debt	0		4,131	
Other changes in financial debt	(8,266)		1,577	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*5,118*		*(6,005)*	
Net change in the balance of short-term financial assets, to be included in the balance of net financial liabilities	*139*		*20*	
Financial effects of business combinations	*(272)*		*0*	
OTHER CHANGES:		**(8,279)**		**(7,188)**
Decrease (increase) of other current assets	(9,881)		(3,774)	
Increase (decrease) of other current liabilities	1,330		(3,414)	
Reclassifications:				
Financial effects of business combinations	272		0	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**59,893**		**176,231**

ANNEX V

PRO-FORMA CONSOLIDATED STATEMENTS AT 31 MARCH 2018

	Manutencoop Facility Management S.p.A. Consolidated Financial Statements	CMF S.p.A. Separate Financial Statements	Intercompany eliminations	Effects of consolidation	Consolidated financial statements of Manutencoop Facility Management S.p.A. Pro-forma
Assets					
Non-current assets					
Property, plant and equipment	67,876				**67,876**
Property, plant and equipment under lease	5,787				**5,787**
Goodwill	372,392			33,183	**405,575**
Other intangible assets	24,086				**24,086**
Investments accounted for under the equity method	27,729	420,470		(420,470)	**27,729**
Other investments	5,262				**5,262**
Non-current financial assets	10,597	168,224	(168,224)		**10,597**
Other non-current assets	2,865				**2,865**
Deferred tax assets	16,713	381			**17,094**
Total non-current assets	**533,307**	**589,075**	**(168,224)**	**(387,287)**	**566,871**
Current assets					
Inventories	6,154				**6,154**
Trade receivables and advances to suppliers	438,218	7,083	(7,083)		**438,218**
Current tax receivables	4,007	682			**4,689**
Other current assets	41,278	300			**41,578**
Current financial assets	2,857	4,664	(4,664)		**2,857**
Cash and cash equivalents	59,893	30			**59,923**
Total current assets	**552,407**	**12,759**	**(11,747)**	**0**	**553,419**
Assets held for sale					
Total non-current assets held for sale	**0**	**0**	**0**	**0**	**0**
Total assets	**1,085,714**	**601,834**	**(179,971)**	**(387,287)**	**1,120,289**
Shareholders' equity and liabilities					
Shareholders' equity					
Share Capital	109,150	250		(250)	**109,150**
Reserves	144,867	214,800		(387,037)	**(27,370)**
Retained earnings (losses)	44,324	(16,370)			**27,954**
Profits (loss) attributable to equity holders of the Parent	8,683	(4,457)			**4,226**
Equity attributable to equity holders of the parent	*307,024*	*194,223*		*(387,287)*	***113,960***
Capital and reserves attributable to non-controlling interests	686				**686**
Profit (loss) attributable to non-controlling interests	66				**66**
Equity attributable to non-controlling interests	*752*				***752***
Total shareholders' equity	**307,776**	**194,223**	**0**	**(387,287)**	**114,712**

	Manutencoop Facility Management S.p.A. Consolidated Financial Statements	CMF S.p.A. Separate Financial Statements	Intercompany eliminations	Effects of consolidation	Consolidated financial statements of Manutencoop Facility Management S.p.A. Pro-forma
Non-current liabilities					
Employees termination indemnity - pension fund	15,118				**15,118**
Provisions for risks and charges, non-current	26,618				**26,618**
Long-term financial debt	181,305	393,814	(168,224)		**406,895**
Deferred tax liabilities	12,350	2,218			**14,568**
Other non-current liabilities	772				**772**
Total non-current liabilities	**236,163**	**396,032**	**(168,224)**	**0**	**463,971**
Current liabilities					
Provisions for risks and charges, current	5,574				**5,574**
Trade payables and advances from customers	395,134	2,017	(7,083)		**390,068**
Current tax payables	2,651				**2,651**
Other current liabilities	95,051	21			**95,072**
Loans and other current financial liabilities	43,365	9,540	(4,664)		**48,241**
Total current liabilities	**541,775**	**11,578**	**(11,747)**	**0**	**541,606**
Liabilities associated with assets held for sale					**0-**
Total liabilities associated with assets held for sale	**0**	**0**	**0**	**0-**	**0**
Total shareholders' equity and liabilities	**1,085,714**	**601,834**	**(179,971)**	**(387,287)**	**1,120,289**

	Manutencoop Facility Management S.p.A. Consolidated Financial Statements	CMF S.p.A. Separate Financial Statements	Intercompany eliminations	Effects of consolidation	Consolidated financial Statements of Manutencoop Facility Management S.p.A. Pro-forma
Revenues					
Revenues from sales and services	236,538				**236,538**
Other operating revenues	145				**145**
Total revenues	**236,683**	**0**	**0**	**0**	**236,683**
Operating costs					
Consumption of raw materials and consumables	(40,524)				**(40,524)**
Costs for services and use of third party assets	(72,369)	(46)			**(72,415)**
Personnel costs	(95,340)	(1)			**(95,341)**
Other operating costs	(1,137)	(1)			**(1,138)**
Amortization/depreciation, write-downs and write-back of assets	(7,094)				**(7,094)**
Accruals (reversal) to provisions for risks	(487)				**(487)**
Total operating costs	**(216,951)**	**(48)**	**0**	**0**	**(216,999)**
Operating profit (loss)	**19,732**	**(48)**	**0**	**0**	**19,684**
Financial income and expenses					
Income (expense) from investments accounted for at equity	843				**843**
Dividends and net income (loss) from sale of investments	225				**225**
Financial income	830	4.325	(4.325)		**830**

	Manutencoop Facility Management S.p.A. Consolidated Financial Statements	CMF S.p.A. Separate Financial Statements	Intercompany eliminations	Effects of consolidation	Consolidated financial Statements of Manutencoop Facility Management S.p.A. Pro-forma
Financial expenses	(5,975)	(8,848)	4,325		**(10,498)**
Gains (losses) on exchange rate	(62)	(2)			**(64)**
Profit (loss) before taxes	**15,593**	**(4,573)**	**0**	**0**	**11,020**
Current, prepaid and deferred taxes	(6,844)	116			**(6,728)**
Profit (loss) from continuing operations	**8,749**	**(4,457)**	**0**	**0**	**4,292**
Profit (loss) from discontinued operations					**0**
Net profit (loss) for the period	**8,749**	**(4,457)**	**0**	**0**	**4,292**
Profit (loss) attributable to non-controlling interests	(66)				**(66)**
Net profit (loss) for the period attributable to equity holders of the Parent	**8,683**	**(4,457)**	**0**	**0**	**4,226**

Manutencoop Facility Management S.p.A.
Sole-Shareholder Company
Registered office in Zola Predosa (BO)
Via U. Poli n. 4

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

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