rekeep

minds that work



1H

CONSOLIDATED HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2018

RE**SPECT**

RE**NAISSANCE**

RE**THINK**

RE**SPONSIBLE**

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting held on 13 October 2017

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

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 held on 13 October 2017

CHAIRMAN
Germano Camellini

STATUTORY AUDITORS
Marco Benni
Monica Mastropaolo

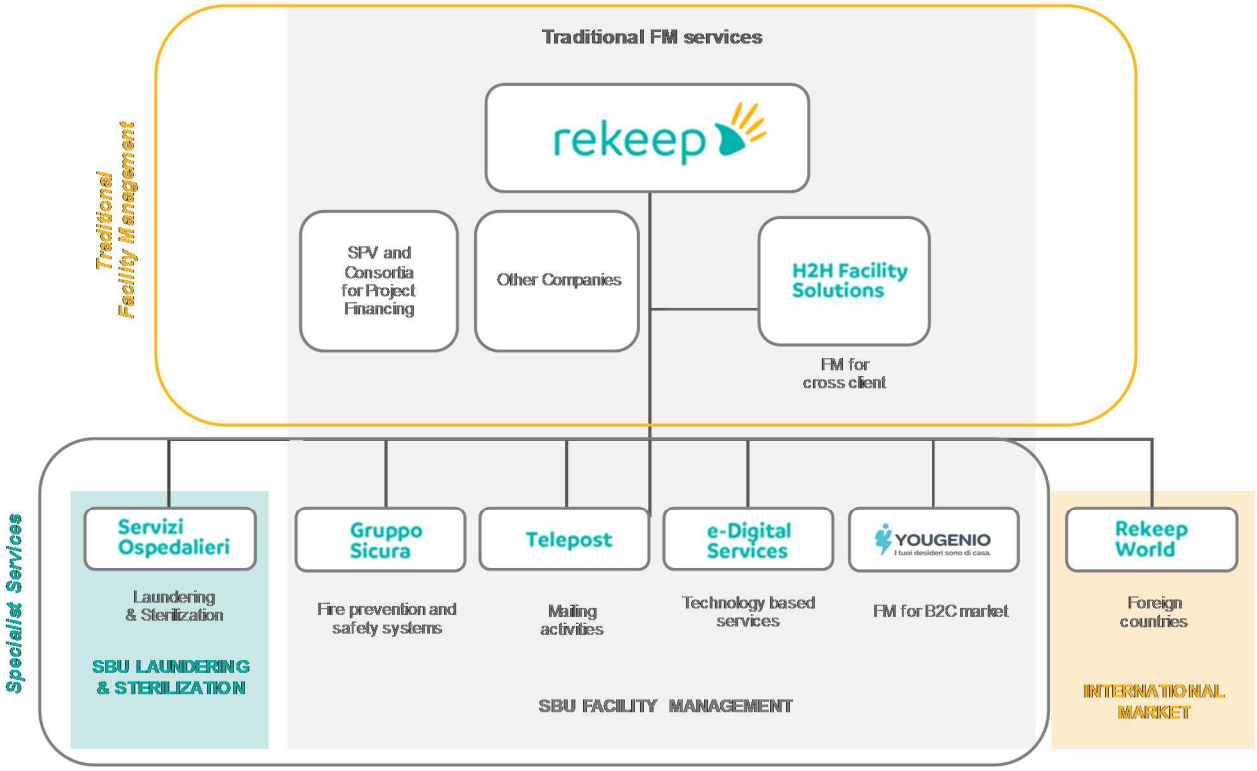
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 30 June 2018 the Group controlled by Rekeep S.p.A. (the new company name taken on by Manutencoop Facility Management S.p.A. with effect from 2 July 2018) was made up as follows:



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

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

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

Shareholding structure and merger by incorporation of CMF S.p.A.

Ordinary shares issued by Rekeep S.p.A. and fully paid up at 30 June 2018 amounted to 109,149,600, with a par value of € 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 Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) during 2013 and repaying the other financial payables of the entire Group controlled by Manutencoop Società 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 Manutencoop Facility Management 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 2017, CMF S.p.A. completed the purchase of the shares of the Investors, representing 33.2% of the share capital of Manutencoop Facility Management 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 the Company owned by Manutencoop Società Cooperativa to CMF S.p.A., which thus became its sole shareholder.

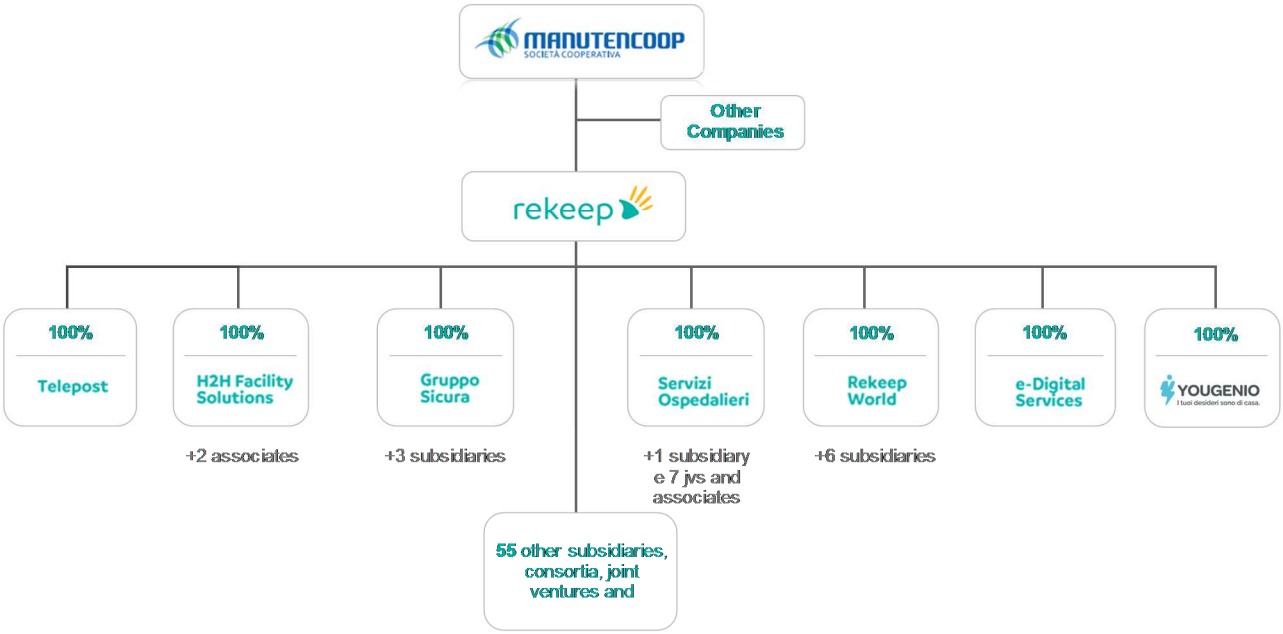
On 4 April 2018 the Board of Directors of Manutencoop Facility Management S.p.A. and the Sole Director of CMF S.p.A. approved the plan for the merger of the Parent company CMF S.p.A. by incorporation into its subsidiary. The Merger was approved by their respective Shareholders' Meetings on 12 April 2018 and filed with the Register of Companies on 13 April 2018. Finally, in executing the resolutions passed by said Meetings, on 14 June 2018 the Deed of Merger was entered into, which was then entered in the Bologna Register of Companies on 29 June 2018.

The Merger was completed pursuant to Article 2501-*bis* of the Italian Civil Code, since CMF S.p.A. has raised a debt to acquire full control over the subsidiary and its equity, being acquired, constitutes a general guarantee and the source of repayment of this debt.. The Merger is expressly envisaged in the rules governing the non-convertible and non-subordinated bond issue named "CMF S.p.A. € 360,000,000 9.0% Senior Secured Notes due 2022", for a total capital amount of € 360,000,000, which was launched by CMF S.p.A. on 6 July 2017 and whose stocks (ISIN Codes: XS1642816554 XS1642818337) were admitted to listing on the EURO MTF multilateral trading system managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral system, PRO segment, organized and managed by Borsa Italiana S.p.A.. The statutory, accounting and tax effects are expected to run from 1 July 2018.

The pro-forma consolidated financial statements as of 30 June 2018 are summarized in the following paragraph 6 (Business outlook) and in the form extended to Annex V of this Financial Report.

Finally, the change in the company name from Manutencoop Facility Management S.p.A. to Rekeep S.p.A. became effective on 2 July 2018.

The structure of the new Group controlled by Manutencoop Società Cooperativa, at the date of approval of this Consolidated Half-year Financial Report was then the following:

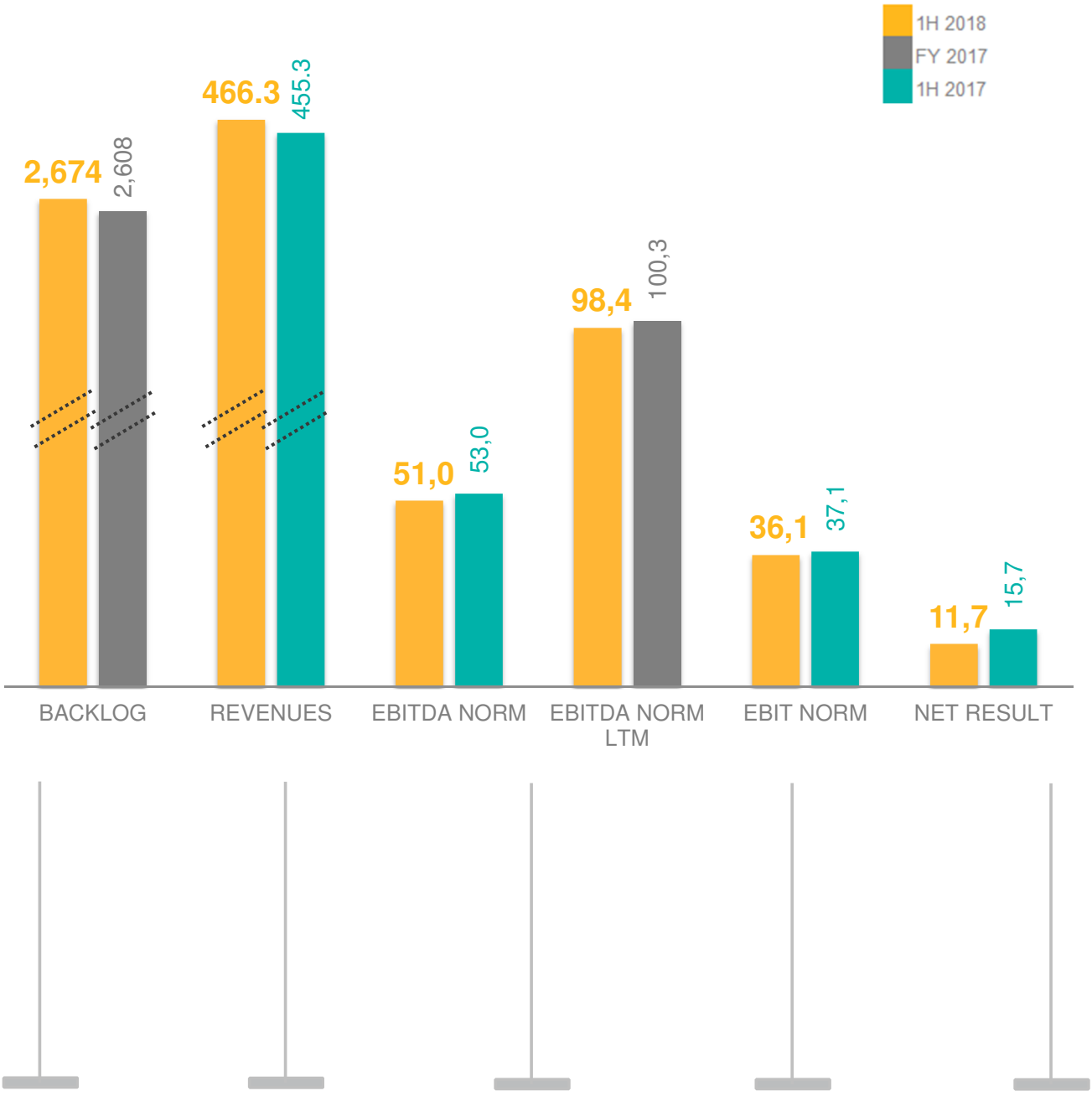


NON-GAAP FINANCIAL MEASURES

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

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

	Definition
	of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable to those applied by others.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions in the period".
Revenues, Normalized EBITDA or EBIT	The Normalized measures represent Adjusted measures that also exclude the contribution to the consolidated results of the start-up activities relating to the subsidiary Yougenio S.r.l. and to the sub-group controlled by Rekeep World S.r.l. (formerly Manutencoop International S.r.l.).
Gross Debt	Gross Debt is defined as the sum of payables on account of capital relating to: i) Senior Secured Notes; ii) Non-current bank debts; iii) Current account overdrafts, advances and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Finance lease debt.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 reporting periods.
Net Cash	Net Cash is defined as the balance of the "Cash and cash equivalents" net of : i) Current account overdrafts, advances and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as the Gross Debt, net of the balance of Cash and cash equivalents and short-term 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 balance 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, and not yet collected by the factoring companies.



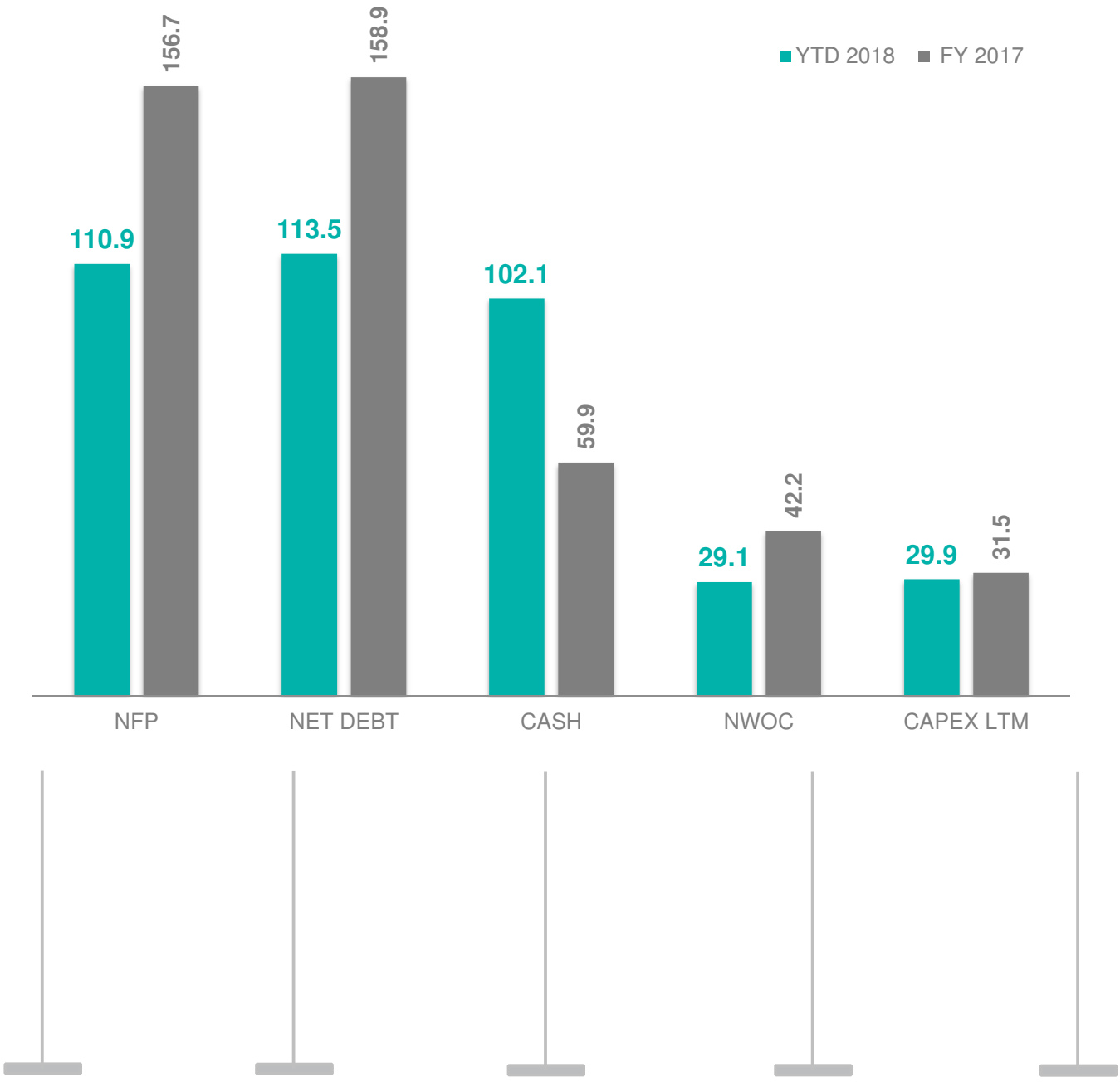
BACKLOG/ REVENUES LTM
2.9x
vs 2.8x 31/12/2017

REVENUES
+2.4 %
vs 30/06/2017

EBITDA NORM/ REVENUES
11.0%
vs 11.6% 30/06/2017

EBITDA NORM LTM/ REVENUES LTM
10.6%
vs 10.6% 31/03/2018

EBIT NORM/ REVENUES
7.8%
vs 8.2% 30/06/2017



NFP / EBITDA NORM LTM
1.1x

NFP PRO FORMA CMF / EBITDA NORM LTM
2.9x

NET CASH
74.9 mln
vs 23.9 mln 31/12/2017

NWOC / REVENUES LTM
3.1%
vs 5.4% 31/03/2018

INTERIM REPORT ON OPERATIONS

MAIN EVENTS IN THE FIRST HALF-YEAR 2018

During the first half-year ended 30 June 2018 management activities continued as part of the SBUs in which the Group operates.

During the first quarter the Facility Management showed substantial lack of changes (compared to the first quarter of 2017) in Revenues, while the second quarter of 2018 showed an acceleration (+ € 13.8 million, +7.4%) driven by the effects of the work started for the contracts relating to the ordinary lot 12 of the MIES 2 Agreement during the quarter, as well as by a positive contribution given by both the activities performed by the sub-group controlled by Sicura S.p.A. (with specific regard to machinery upgrade and protection) and any other specialist service (from Telepost S.p.A. mailing to e-Digital S.r.l. technology services).

The half-year also saw the signature of the supply orders ("OPF", *Ordinativo Preliminare di Fornitura*, Preliminary Supply Order) relating to the aforesaid ordinary lot 12 under the Consip MIES2 Agreement (signed on 20 September 2017), and agreements were signed for the additional lot 14, for a Backlog of about € 180 million and a contribution of € 4.2 million to the revenues for the half-year.

Within the same SBU, work also continued, during the half-year, on the development of the Group's Start-ups, Manutencoop International S.r.l., which changed its name to Rekeep World S.r.l. in July 2018 and Yougenio S.r.l., 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, Rekeep World 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. Moreover, in March Manutencoop Transports S.a.s. (a French indirect subsidiary of Rekeep World), 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, worth about € 14 million in 4 years (the customer may extend this term to 5 years). As a result of the acquisition of the majority interest in EOS and of the start of operations on the SNCF contract in France, the Rekeep World sub-group contributed to the Revenues for the half-year (and specifically for the second quarter) for € 1.3 million.

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 € 1.3 million in the half-year) are still not significant compared to the overall volumes recorded by the group (+€ 0.9 million, +260% compared to the half-year ended 30 June 2017).

With regard to the *Laundering &Sterilisation* SBU, the half-year 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 Revenues (-€ 2.7 million) compared to the first half of the previous year, specifically due to the termination of a major contract during 2017 (-€ 2.3 million) and, to a lower extent, due to the price reductions applied upon renewal, thus also affecting the profit margins of the SBU.

"Rebranding" Project

On 8 May 2018 the Board of Directors of the Manutencoop Facility Management S.p.A. approved the plan to change its company name to Rekeep S.p.A. and its related corporate logo. Therefore, it embarked on a path to adopt the new name and the new logo, which led to the presentation to the Shareholders' Meeting held on 25 June 2018 to approve amendments to article 1 of the Articles of Association concerning the company name. The new name became effective on 2 July 2018, following the resolution passed by the Shareholders' Meeting being entered in 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, holding the entire capital, 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 globally.

Main acquisitions and transfers of shareholdings

On 15 January 2018 the subsidiary Rekeep World S.r.l. (previously: 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. came to 70%.

On 28 February 2018 the subsidiary acquired a stake of 1% of the share capital of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. ("EOS") 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 came to 51%.

Furthermore, on 2 May 2018 Rekeep World S.r.l. acquired a stake of 50.98% in the capital of Rekeep United Yönetim Hizmetleri A.Ş.. The company is also invested in by United Group, a Turkish player with an annual turnover of about € 60 million and more than 4,000 employees. A residual stake is also held by GESIDI Engineering Architecture, a company that operates in the field of applied architecture. The project is aimed at fostering the strategic integration of the Rekeep Group's expertise in the healthcare sector into the United Group's expertise in the integrated facility management sector, with the objective of speeding up the development of the business conducted by both Companies in Turkey.

1. SUMMARY OF RESULTS OF THE SECOND QUARTER OF 2018

	For the quarter ended 30 June			For the half-year ended 30 June		
	2018	**2017**	**%**	**2018**	**2017**	**%**
Revenues	229,636	216,747	+5.9%	466,319	455,346	+2.4%
Adjusted EBITDA (*)	19,596	19,026	+3.0%	47,375	49,954	-5.2%
Adjusted EBITDA % on Revenues	8.5%	8.8%		10.2%	11.0%	
Normalized EBITDA (*)	21,464	20,289	+5.8%	51,007	52,966	-3.7%
Normalized EBITDA % on Revenues	9.4%	9.4%		11.0%	11.6%	
Adjusted EBIT (*)	11,962	11,196	+6.8%	32,160	33,999	-5.4%
Adjusted EBIT % on Revenues	5.2%	5.2%		6.9%	7.5%	
Consolidated Net Result	3,023	2,366		11,772	15,736	

In the second quarter of 2018 the Group recorded ***Revenues*** of € 229.6 million, against € 216.7 million compared to same period of the previous year, with a positive change (+ € 12.9 million) that confirmed the already announced recovery in volume growth. The positive change in consolidated Revenues, compared to the second quarter of the previous year, was distributed in the various target markets, with a more significant impact on the Public market (+ € 6.4 million) and the Private market (+ € 4.2 million) and a more limited increase (+ € 2.3 million) in the Healthcare market. Specifically, the latter fully benefitted from the volumes envisaged under the new MIES 2 agreement (+ € 4.2 million) during the quarter, which were partially offset by, among others, a slight reduction in the volumes achieved by the Laundering&Sterilization SBU (- € 0.9 million) during the quarter. On the contrary, non-recurring operations were reported in the Private market sector with major customers in Italy (specifically WIND and Telecom Italia), in addition to a positive contribution given by specialist services, due above all to an improved performance of machinery upgrade and protection services rendered by the Sicura Group.

The aforesaid positive performance of revenues during the quarter was driven by the turnover achieved by the *Facility Management* SBU, with an increase of € 13.8 million, coming to € 198.3 million during the quarter ended 30 June 2018 against € 184.5 million posted in the same period of 2017. This SBU was fully affected by both the positive change in Revenues from Public Authorities and the positive delta recorded in the Private market. Furthermore, the year saw the recognition of the initial revenues achieved by the start-ups in France (€ 0.6 million) and of the contribution given by the Turkish company EOS, which was fully consolidated as from the second quarter of 2018 (€ 0.6 million).

On the contrary, the turnover of second quarter of 2018 achieved by the *Laundering&Sterilization* SBU showed, as already mentioned, a decrease of € 0.9 million (from € 32.9 million in the quarter ended 30 June 2017 to € 32.0 million in the quarter ended 30 June 2018), in consideration of a non-favourable renewal of orders for a considerable portion of the sales portfolio as early as from the second half of 2017, even if it was offset by the recognition of higher ISTAT (National Statistics Institute) settlement balances and adjustments of € 0.5 million during the quarter in question.

On 30 June 2018, the **Backlog** came to € 2,674 million, substantially unchanged compared to the previous quarter and 30 December 2017. The Backlog/Revenues LTM ratio, amounting to 2.9x at 30 June 2018 (2.8x at 31 December 2017) also showed a slight increase.

The fact that the Backlog remained substantially unchanged in the first half-year (when the historical trend shows its normal consumption) was mainly due to the signature of all supply orders during the period, thus completing the ceiling of one of the 2 lots awarded by Rekeep S.p.A. in relation to the "MIES.2" Agreements signed with Consip S.p.A. on 20 September 2017, concerning the award of an Integrated Technology Multi-service with energy supply for buildings used by Public Health Administrations. The effects of the substantial contribution to consolidated Revenues were started to be felt as from the second quarter of 2018.

Adjusted EBITDA of the second quarter of 2018 came to € 19.6 million, showing an increase of € 0.6 million compared to the same quarter of the previous year (when it was equal to € 19.0 million). In particular, the Facility Management SBU showed an increase of € 1.8 million, while the Laundering&Sterilization SBU showed a decrease of € 1.2 million, against an operating loss reported by the start-ups Yougenio S.r.l. and Rekeep World S.r.l. (included in the Facility Management SBU), which increased by € 0.6 million. All these values gave rise to a slight decrease in average profit margins (**Adjusted EBITDA/Revenues**), which amounted to 8.5% for the quarter ended 30 June 2018 against 8.8% for the same period of the previous year; said margins are realigned (at 9.4%) if EBITDA is normalized compared to the start-ups' performance (Yougenio and Rekeep World).

Adjusted EBIT for the quarter ended 30 June 2018 amounted to € 12.0 million (5.2% of related Revenues), against € 11.2 million for the same period of the previous year (5.2% of related Revenues). The trend was affected, in absolute terms, by the trend already shown for Adjusted EBITDA (+ € 0.6 million), to which must be added higher amortization and depreciation of € 0.2 million, higher impairment losses on assets (net of releases) of € 0.2 million and lower accruals to provisions for future risks and charges of € 0.5 million (excluding the non-recurring release made for € 1.9 million during the second quarter of 2017 against the settlement of a dispute involving an associated company, for which the Parent Company was likely to be contractually liable under administrative service agreements).

Finally, the **Consolidated Net Result** for the quarter, posted a positive value of € 3.0 million against € 2.4 million for the quarter ended 30 June 2017, as a result of lower consolidated EBIT (- € 2.7 million, in particular against the already mentioned release of provisions for € 1.9 million which had characterised the second quarter of 2017), against higher income from equity investments recognised according to the equity method (+ € 0.4 million), lower net financial expenses (- € 1.4 million) and lower taxes (- € 1.5 million).

	30 June 2018	31 March 2018	31 December 2017
Net Working Operating Capital (NWOC)	29,144	49,238	42,200
Net Financial Position (NFP)	(110,920)	(161,920)	(156,706)

(*) The income statement *Adjusted* and *Normalized* items are described in the paragraph on "Non-recurring events and transactions" below.

From an equity and financial point of view, the data relating to the Net Working Operating Capital (**NWOC**) at 30 June 2018 recorded a significant decrease compared to both the value posted during the previous quarter (- € 20.1 million) and the value posted at the end of the previous year (- € 13.1 million). Specifically, the half-year saw the recognition of lower trade receivables for € 29.3 million and lower trade payables for € 16.2 million, against a Net Financial Position (**NFP**) that reported a positive change equal to € 45.8 million. During the quarter there were assignments of trade receivables to Banca Farmafactoring and Banca IFIS without recourse, totalling € 81.7 million, of which € 43.9 million during the second quarter.

At 30 June 2018 DSO was 164 days, against 175 days at 31 March 2018 and 164 days at 31 December 2017. DPO, on the other hand, was 239 days, against 248 days at 31 March 2018 and 246 days at 31 December 2017. The trend in amounts collected from customers and payments to suppliers gave rise to a total generation of cash flows during the quarter (+ € 20.2 million), even if it showed, against a further improvement in the time required to collect amounts from customers, a partial reversal of the financial benefit in favour of the flows of payments to suppliers.

The Net Financial Position (**NFP**) showed a decrease of € 51.0 million during the quarter. From the cash flows generated by income management for the quarter (€ 12.1 million), added to the already analysed cash flow generated by the change in NWOC (€ 20.2 million), must be deducted the uses of resources for net industrial investments (€ 8.1 million) and those for financial investments (€ 0.2 million) in addition to the uses of provisions for future risks and charges and the Employee termination indemnity for the quarter (€ 1.8 million). Moreover, there was a positive cash flow of € 28.8 million for changes occurred in the quarter in other operating assets and liabilities, and in particular against the performance of net VAT credit balances of the Group companies (- € 15-5 million), which, following the preparation of tax returns relating to the previous year in April, were included in assignments without recourse for a total of € 20.7 million during the quarter.

2. BUSINESS DEVELOPMENT

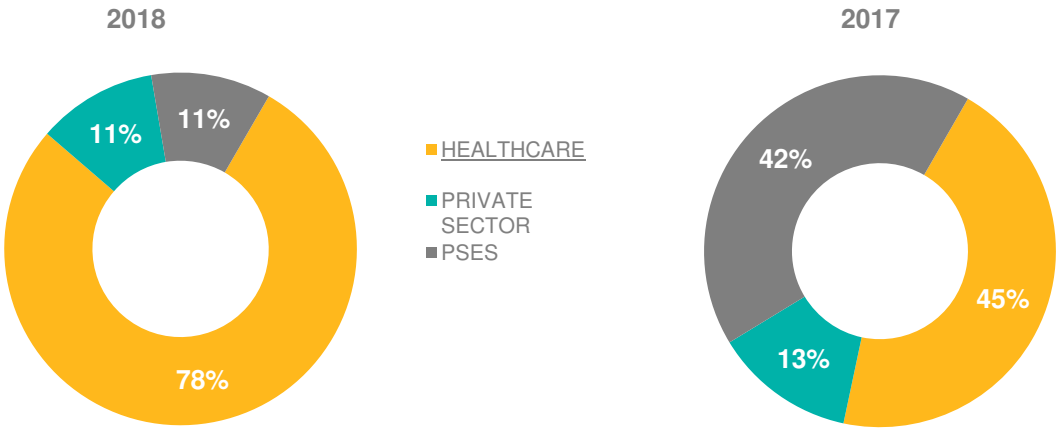
In the first six months of 2018 the Group gained orders for an overall multi-year amount of € 392.4 million, of which € 124.1 million related to extensions and renewals of contracts already existing in its business portfolio.

As in the past, this figure regarded only long-term contracts obtained in the context of services for "traditional" facility management, for linen rental and industrial laundering services as well as for the sterilisation of surgical instruments, as well as of "B2B" technology services of e-Digital Services S.r.l.. On the contrary, the figure does not include the commercial portfolios of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year. However, these companies have a not particularly significant impact (around 4% in the first half of 2018) on consolidated production volumes.

New contracts in the Healthcare sector, equal to € 306.5 million in the half-year, mainly affected the total (overall 78%), against orders gained € 42.2. million for the Public sector and € 43.7 million for the Private sector.

Specifically, on 20 September 2017 Rekeep S.p.A. signed with Consip S.p.A. the agreements for the two lots 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 lots concerning the regions of Calabria and Sicily, respectively (Ordinary lot 12) and the regions of Veneto, Friuli Venezia Giulia, Trentino Alto Adige, to which must be added the Lombardy's provinces of Bergamo, Brescia, Lecco, Como and Sondrio (Additional lot 14). The Agreements have 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 pertaining to Rekeep 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 and additional lot 14 entailed new portfolio acquisitions of about € 180 million (included in the overall values of new orders described above) during the half-year, to which must be added orders amounting to about € 5 million which were already signed in December 2017.

CONTRACTS ACQUIRED BY MARKET AS AT 30 JUNE



Furthermore, in the first half 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. Furthermore the Group was awarded three-year linen rental and industrial laundering services at the KOS Care units in Lombardy, Veneto, Emilia Romagna and Marche. Furthermore, in the same market, Rekeep 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, additional lots of orders were gained for cleaning services to be delivered to Trenitalia S.p.A., particularly in Lombardy and Piedmont in the national public sector. Moreover, positive signs were reported in international markets (in particular in France), 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. The services were started to be delivered during the second quarter of 2018.

Finally, the new contracts for the year in the Private sector were € 44 million (11% of total). Among the most significant new contracts were the renewals of some cleaning contracts at sales points of Carrefour and the contracts for maintenance service at sales points of Auchan. Cleaning contracts were also acquired and renewed at entities in the insurance and banking sector, such as the Unipol Group and Cariparma-Crédit Agricole.

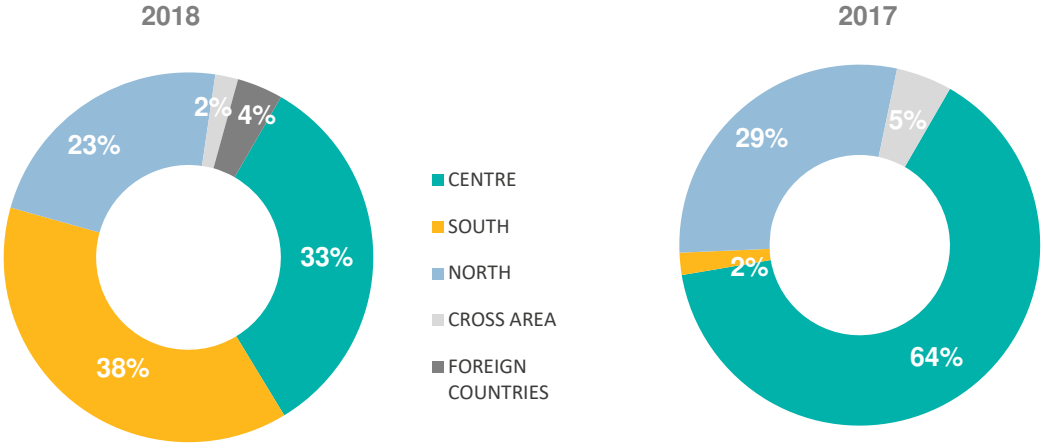
Regarding the orders gained in the period, in terms of Strategic Business Unit (SBU), the Facility Management segment obtained contracts of € 312 million (of which € 180 million related to the abovementioned Consip Mies 2 agreement), while the Laundering&Sterilization segment obtained contracts of € 81 million. All acquisitions described for the Private sector were part of the Facility Management SBU.

CONTRACT ACQUIRED BY SBU AT 30 JUNE



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

CONTRACT ACQUIRED BY GEOGRAPHICAL AREA AT 30 JUNE



After the end of the half-year, work continued on the arrangements for the Consip MIES2 agreement relating to the additional lot 14 in some Italian North-Eastern regions. Furthermore, services started at each entity with an impact on sales as from the second quarter of the current financial year.

3. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND THE FINANCIAL POSITION FOR THE HALF-YEAR ENDED 30 JUNE 2018

3.1 Consolidated performance of operations in the first half of 2018

Below are reported the main income figures relating to the half-year ended 30 June 2018, compared to the figures of the corresponding period in 2017:

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2018	2017	2018	2017
Revenues	466,319	455,346	229,636	216,747
Costs of production	(421,456)	(401,319)	(212,086)	(198,159)
EBITDA	**44,863**	**54,027**	**17,550**	**18,588**
EBITDA %	**9.6%**	**11.9%**	**7.6%**	**8.6%**
Amortisation, depreciation, write-downs and write-backs of assets	(14,441)	(14,602)	(7,347)	(7,030)
Accrual of provisions for risks and charges	(774)	528	(287)	1,081
Operating Income (EBIT)	**29,648**	**39,953**	**9,916**	**12,639**
EBIT %	**6.4%**	**8.8%**	**4.3%**	**5.8%**
Share of net profit of associates	1,285	1,156	442	(71)
Net financial charges	(10,658)	(14,161)	(5,676)	(7,036)
Profit before taxes (EBT)	**20,275**	**26,948**	**4,682**	**5,532**
EBT %	**4.3%**	**5.9%**	**2.0%**	**2.6%**
Income taxes	(8,503)	(11,212)	(1,659)	(3,166)
Profit (loss) from continuing operations	**11,772**	**15,736**	**3,023**	**2,366**
Profit (loss) from discontinued operations	0	0	0	0
CONSOLIDATED NET PROFIT (LOSS)	**11,772**	**15,736**	**3,023**	**2,366**
CONSOLIDATED NET PROFIT (LOSS) %	**2.5%**	**3.5%**	**1.3%**	**1.1%**
Minority interests	(23)	(36)	43	(14)
Net Result for the period attributable to equity holders of the parent	**11,749**	**15,700**	**3,066**	**2,352**
Net Result attributable to equity holders of the parent %	**2.5%**	**3.4%**	**1.3%**	**1.1%**

NON-RECURRING EVENTS AND TRANSACTIONS

In the course of the first half of 2018, the Rekeep Group recognised, in the Statement of Profit/Loss for the period, some "non-recurring" economic items which impacted on the normal dynamics in consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "significant non-recurring events and transactions" mean events or transactions whose occurrence is non-recurring, i.e. those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the Group companies' financial position, performance of operations and cash flows.

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

(in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
Legal advice fees concerning pending administrative disputes	99	349
Cost from reorganization of company units	870	1,730
Rebranding Project	1,543	
"Oneri di Sistema" relating to previous years		(6,152)
Non-recurring operating charges (income) impacting on EBITDA	**2,512**	**(4,073)**
Reversals related to risks for damages on contractual liability to associates		(1,881)
Non-recurring operating charges (income) impacting on EBIT	**0**	**(1,881)**
TOTAL NON-RECURRING CHARGES (INCOME)	**2,512**	**(5,954)**

During the first half of 2018, the Group sustained initial costs relating to a major project for the renewal of its brand and of its visual identity, which will be further developed in the subsequent quarters and which led, among other things, to changing the company name of Parent Company Manutencoop Facility Management S.p.A. to Rekeep S.p.A., after the effective date of the merger with CMF S.p.A. (as from 1 July 2018). The aforesaid merger, which is envisaged in the rules governing the bond issue that was placed by CMF S.p.A. itself during 2017, also entailed specialist advice costs due to the necessary legal proceedings and to the combination of the companies taking part in the merger.

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

((in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
EBITDA	**44,863**	**54,027**
Non-recurring operating charges (income) impacting on EBITDA	2,512	(4,073)
Adjusted EBITDA	**47,375**	**49,954**

((in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
Adjusted EBITDA % on revenues	**10.2%**	**11.0%**
EBIT	**29,648**	**39,953**
Non-recurring operating charges (income) impacting on EBITDA and EBIT	2,512	(5,954)
Adjusted EBIT	**32,160**	**33,999**
Adjusted EBIT % on revenues	**6.9%**	**7.5%**

As from 2016, the Group also undertook to diversify its own markets of reference by establishing the sub-holding company Rekeep World S.r.l. (previously: Manutencoop International FM S.r.l.) as vehicle dedicated to business development in international markets and Yougenio S.r.l., a subsidiary active in the B2C market through an e-commerce platform. These new initiatives are still in their start-up phase and contributed negatively to the consolidated results for the period.

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

(in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
ADJUSTED EBITDA	**47,375**	**49,954**
EBITDA related to start-up activities	3,632	3,012
NORMALIZED EBITDA	**51,007**	**52,966**
NORMALIZED EBITDA % ON NORMALIZED Revenues	**11.0%**	**11.2%**
ADJUSTED EBIT	**32,160**	**33,999**
EBIT related to start-up activities	3,959	3,088
NORMALIZED EBIT	**36,119**	**37,087**
NORMALIZED EBIT % ON NORMALIZED Revenues	**7.8%**	**8.2%**

REVENUES

In the first half of 2018 the Group recorded Revenues of € 466.3 million against € 455.3 million in the first half of 2017 (+ € 11.0 million, equal to +2.4%). As early as from the second half of the previous year the downward trend in turnover, which had marked the recent financial years, firstly showed a slowdown and then a stabilization of volumes, thus giving rise to a forthcoming upturn trend that in fact occurred during the second quarter of 2018.

In particular, as from April 2018 the turnover benefitted, although not yet in full operation, from the positive contribution given by the services delivered under the MIES2 Agreement (+ € 4.2 million), against the signature of supply orders that occurred as from December 2017 and that is still in progress. Furthermore, during the first half of 2018 the "cleaning services on board night trains" managed on behalf of Trenitalia S.p.A. entered into full operation, which had been started in September 2017 and which were therefore not reported during the first half of 2017 (+ € 9.1 million)

Finally, the half-year saw the recognition of Revenues for foreign start-up companies in France (€ 0.6 million) and of the positive contribution given by the consolidation of EOS, operating in Turkey (Euro 0.6 million), on a line by line basis, during the second quarter.

The breakdown of consolidated Revenues for the first half of 2018 is provided below, compared to the figure of the same period in the previous year, as broken down by reference market.

REVENUES BY MARKET

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2018	% on total Revenues	2017	% on total Revenues	2018	2017
PSEs	131,288	28.2%	121,701	26.7%	61,855	55,467
Healthcare	224,151	48.1%	223,877	49.2%	109,699	107,385
Private Sector	110,880	23.8%	109,768	24.1%	58,082	53,895
CONSOLIDATED REVENUES	**466,319**		**455,346**		**229,636**	**216,747**

The upward trend in consolidated turnover is distributed among the target markets, with a generally improved performance in terms of volumes compared to the same period in the previous year.

Specifically, the volumes recorded in the PSEs sector showed the most significant increase (+ € 9.6 million compared to the first half of 2017). Furthermore, there was an increase in the market's relative weight on total consolidated Revenues (28.2% at 30 June 2018 against 26.7% at 30 June 2017). Specifically, this is the market in which the major contracts were performed in relation to the services delivered to Trenitalia and in particular the "cleaning services on board night trains" which were started at the end of September 2017 only.

The breakdown of turnover by market showed, in the first half of 2018, a substantially stable turnover from Healthcare customers (including public or private healthcare units), with an increase of € 0.3 million and against a relative weight on the total which decreased from 49.2% of Consolidated revenues in the first half of 2017 to 48.1% in the first half of 2018. The turnover of the Healthcare sector was significantly affected by the contribution given by the MIES2 agreements, in particular as from the second quarter of 2018 (equal to € 4.2 million), which are expected to drive volumes in subsequent quarters as well. On the other hand, it was adversely affected by the negative contribution of linen rental and industrial laundering and

sterilisation services relating to the *Laundering&Sterilization* SBU (- € 2.7 million), as well as by the termination of some substantial facility management contracts, including those concerning the Ancona Hospital and the ASL Roma 2 Local Health Unit. On the other hand, this market saw the acquisition of the Turkish company EOS which contributed € 0.6 million to the consolidated revenues for the second quarter of 2018.

An opposite trend compared to the values posted during the most recent financial year was also recorded in the Private sector, which showed positive signs (+€ 1.1 million compared to the first half of 2017). Specifically, specialist services showed a positive change of € 2.7 million, of which € 1.2 million relating to the segment of safety management systems and products pertaining to the Sicura S.p.A. sub-group, against an improved performance in the segment of machinery upgrade and protection, and € 0.9 million relating to the development of the start-up company Yougenio within the scope of B2C services. However, in terms of weight on total consolidated turnover, the Revenues of the Private market decreased compared to the first half of 2017, from 24.1% to 23.8% in the first half of 2018. The trend, already seen in previous years, was related, in general, to a business development that produces its effects rather slowly against expiring contracts that are often renewed by applying discounts and sometimes with reduced scopes of operation.

Analysis of revenues by Segment

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

The business segments were identified on the basis of IFRS 8 and correspond to the business areas defined as "*Facility Management*" and "*Laundering & Sterilization*".

REVENUES BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2018	% on total Revenues	2017	% on total Revenues	2018	2017
Facility Management	404,255	86.7%	390,606	85.8%	198,307	184,532
Laundering & Sterilization	63,360	13.6%	66,078	14.5%	31,981	32,903
Eliminations	(1,296)	-0.3%	(1,338)	-0.3%	(653)	(688)
CONSOLIDATED REVENUES	**466,319**		**455,346**		**229,635**	**216,747**

The breakdown of turnover by operating segments showed a slight increase in the relative weight of the Facility Management sector, equal to 86.7% in the first 6 months of 2018 against 85.8% in the same period last year. The half-year saw a clear increase in the Facility Management SBU's Revenues compared to first half of 2017 (+ € 13.6 million). This SBU fully included both the positive change in Revenues with regard to PSEs (+ € 9.6 million) and the positive delta shown in the Private sector (+ € 1.1 million). Furthermore, this is the SBU within which contracts were performed for the start-up companies in the French markets and there was the acquisition of EOS (contributing a total turnover of € 1.2 million).

At a consolidated level, the Laundering&Sterilization sector showed the most evident negative contribution (- € 2.7 million, equal to -4.1%), achieving Revenues of € 63.4 million in the first half of 2018, against € 66,1 million in the first half of 2017. The sector is being affected by a review of the portfolio that has not been particularly favourable in terms of prices and that has seen the completion of some contracts with major hospitals.

EBITDA

As at 30 June 2018 the Group's EBITDA came to € 44.9 million, against € 54.0 million for the first 6 months of 2017. However, EBITDA expensed non-recurring costs of € 2.5 million during the first half of 2018 while non-recurring positive items of € 4.1 million were reported 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 € 47.4 million at 30 June 2018 (10.2% of consolidated Revenues), against Adjusted EBITDA of € 50.0 million at 30 June 2017 (11.0% of consolidated Revenues).

It should also be emphasised that the Group continued to bear start-up costs related to the new initiatives (B2C and international development) against reduced initial volumes of activities. During the first half of 2018 the effect of these initiatives was reflected in lower EBITDA for € 3.6 million (€ 3.0 million in the first half of 2017).

Below is provided a comparison of EBITDA by business segment for the half-year ended 30 June 2018 compared to the half-year ended 30 June 2017:

EBITDA BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2018	% on total Revenues	2017	% on total Revenues	2018	2017
Facility Management	29,320	7.3%	36,068	9.2%	9,745	9,571
Laundering&Sterilization	15,544	24.5%	17,959	27.2%	7,805	9,015
CONSOLIDATED EBITDA	**44,863**	**9.6%**	**54,027**	**11.9%**	**17,550**	**18,587**

The Facility Management sector showed a decrease of € 6.7 million in EBITDA, from Euro 36.1 million in the first half of 2017 to € 29.3 million in the first half 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 periods (a net income of € 4.1 million at 30 June 2017, including the contingent asset relating to "*Oneri di Sistema*" charges, against charges of € 2.5 million at 30 June 2018). Net of these elements, the sector EBITDA remained substantially stable, reporting a negative change that was not significant, equal to € 0.2 million, with % profit margins on the sector's Revenues decreasing from 8.2% in 2017 to 7.9% in 2018. It should be noted that the sector's EBITDA had

benefitted, at 30 June 2017, of € 1.1 million relating to the sale of Energy Efficiency Certificates that will have a deferred term in 2018 compared to the previous year, while the first half of 2018 continued to be affected, upon renewal of the portfolio, by some pressure on prices and profit margins which the Group is facing by taking efficiency improvement actions on both variable and fixed costs on an ongoing basis.

EBITDA in the *Laundering&Sterilization* sector for the first half-year ended 30 June 2018 came to € 15.5 million, down by € 2.4 million compared to € 18.0 million during the same period of 2017. Profit margins on related Revenues by segment came to 24.5% compared to 27.2% at 30 June 2017. Specifically, higher balance settlements on linen rental and industrial laundering services and ISTAT adjustments were recorded for € 0.5 million during the first half of 2018 compared to the first half of 2017. However, the performance of 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

At 30 June 2018, Costs of production, which amounted to € 421.5 million, showed an increase of € 20.1 million in absolute terms compared to € 401.3 million posted at 30 June 2017 (+5.0%). This change was partly due to the recognition of the abovementioned contingent asset on the "*Oneri di Sistema*" charges (€ 6.2 million, stated in "Other operating costs") in 2017.

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2018	**% of total**	**2017**	**% of total**	**2018**	**2017**
Costs of raw materials and consumables	70,858	16.8%	61,749	15.2%	30,344	23,745
Change in inventories of finished and semi-finished products	(136)	0%	0	NA	(136)	0
Costs for services and use of third party assets	152,243	36.1%	152,592	37.4%	79,874	77,423
Personnel costs	196,413	46.6%	190,712	46.8%	101,073	95,457
Other operating costs	3,015	0.7%	2,507	0.6%	1,878	1,558
Capitalisation of lower internal construction costs	(937)	NA	(89)	NA	(937)	(24)
COSTS OF PRODUCTION	**421,456**	**100%**	**407,471**	**100%**	**212,086**	**198,159**
Other operating costs - *Oneri di sistema*	0		(6,152)		0	0
TOTAL COSTS OF PRODUCTION	**421,456**		**401,319**		**212,086**	**198,159**

Costs of raw materials and consumables, in the first 6 months of 2018, came to € 70.9 million, showing an increase of € 9.1 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 (16.8% at 30 June 2018 against 15.2% at 30 June 2017, net of the effect of *oneri di sistema* charges on the total). The increase related to the consumption of fuels for € 2.7 million and of materials for € 6.4 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, in the period ended 30 June 2018, remained substantially unchanged compared to the period ended 30 June 2017, with a decrease in absolute terms of € 0.3 million (-0.2%) and a lower impact on total Costs of production (36.1% against 37.0%). 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 € 1.2 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, against overall increases of € 1.1 million for maintenance, advertising and promotion costs, including in relation to one-off costs arising from the rebranding project in progress.

The item *Personnel costs* increased in absolute terms (€ 196.4 million at 30 June 2018 against € 190.7 million at 30 June 2017), while reporting a decline in terms of impact on total Costs of production (46.6% at 30 June 2018 against 46.8% at 30 June 2017). However, it should be noted that the first half of 2017 saw the recognition of non-recurring personnel costs for a total of € 1.5 million.

The average number of employees in service during the first 6 months of 2018 was equal to 16,655, while it was 16,200 in the same period in the previous year (of which 15,384 against 14,894 manual workers). Perfectly symmetrical to what was said for costs for services and for materials, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress.

Other operating costs at 30 June 2018 amounted to € 3.0 million, while it was positive at 30 June 2017 and equal to € 3.6 million. In fact, until 31 December 2016 the Parent Company Rekeep 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 Italian Decree Law 91/2014 as converted with amendments by Law 116/2014 and the related implementing 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 and, in particular, the regulation according to which, except for RIUs, the general "*oneri di sistema*" charges were determined, starting from 2014, with reference to the consumption of electricity, was abrogated, by substantially re-establishing in this way the regulation previously in force, contained in the Bersani Decree (Legislative Decree 79/99). Therefore, on the basis of the amended regulations, the management of Rekeep 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 € 0.5 million, whose amount was not significant, which was also attributable to costs arising from the rebranding project for promotional and entertainment initiatives.

Finally, at 30 June 2018 there was the recognition of *capitalisation of lower internal construction costs* of € 0.9 million (€ 0.1 million at 30 June 2017), relating to the award of a 15-year service contract at the Municipality of Casalecchio di Reno (BO), which was started during 2018, for the integrated management of thermal energy and public lighting in the municipal district.

Operating income (EBIT)

In the first half of 2018, consolidated Operating Income (**EBIT**) stood at € 29.6 million (6.4% of Revenues) against € 40.0 million (8.8% of Revenues) during the same period of 2017.

EBIT was affected by the above-mentioned consolidated performance in terms of EBITDA (- € 9.2 million), from which must be deducted *amortization and depreciation* of € 13.9 million (€ 13,5 million at 30 June 2017), *accruals to provisions for risks and charges (net of reversals)* of € 0.8 million (a net release of € 0.5 million at 30 June 2017), as well as *write-downs of receivables and reversals* of € 0.3 million (against € 0.8 million at 30 June 2017).

EBIT of 2018 and 2017 recorded the non-recurring elements already described for EBITDA, to which must be added, for 2017 EBIT 2017, the (non-recurring) release of a provision for risks set aside in the previous year for a dispute involving an associate with which the Parent Company had a service contract in place that envisaged possible contractual liability profiles on the part of the servicer. This dispute had a positive outcome in the first half of 2017, with a significant reduction in terms of disbursement for the company concerned and a net release of the provision for risks equal to € 1.9 million. Therefore **Adjusted EBIT** came to € 32.2 million and € 34.0 million at 30 June 2018 and 30 June 2017 respectively) with relative profit margins (Adjusted EBIT/Revenues), equal to 6.9% and 7.5%, respectively, in the comparative periods.

Below is reported a comparison between Operating Income (EBIT) by segment in the half-year ended 30 June 2018 and the amounts recorded in the same period of the previous year:

EBIT BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2018	**% of total**	**2017**	**% of total**	**2018**	**2017**
Facility Management	22,940	5.7%	30,770	7.9%	6,431	7,875
Laundering&Sterilization	6,708	10.6%	9,183	13.9%	3,485	4,764
CONSOLIDATED EBIT	**29,648**	**6.4%**	**39,953**	**8.8%**	**9,916**	**12,639**

EBIT in the *Facility Management* sector came to € 22.9 million (5.7% of related segment Revenues) at 30 June 2018, against segment EBIT of € 30.8 million (7.9% of related segment Revenues) at 30 June 2017 and therefore with a net decrease of €

7.8 million compared to the same period last year. However, the adjusted amounts show a different trend, with adjusted segment EBIT that showed an increase, in absolute terms, from € 24.8 million at 30 June 2017 (net of non-recurring positive elements amounting to € 6.0 million) to € 25.5 million at 30 June 2018 (net non-recurring charges of € 2.5 million), and a more limited decline in operating profit margins from 6.5% (for the half-year ended 30 June 2017) to 6.3% (for the half-year ended 30 June 2018) of related segment Revenues.

On 30 June 2018 the segment recorded higher amortisation and depreciation for € 0.3 million (specifically due to investments in hardware and software infrastructure) and lower write-downs of trade receivables for € 0.3 million. Moreover, higher net provisions were recognised on provisions for risks and charges for € 1.1 million, against provisions of € 0.6million in 2018 and net releases of € 0.5 million in 2017 (including the already mentioned release of non-recurring provisions for risks for € 1.9 million).

The performance of EBITDA in the *Laundering&Sterilization* segment during the first half of 2018 (- € 2.4 million compared to the same period last year) was also accompanied, at the level of segment EBIT, amortisation and depreciation of € 8.7 million (€ 8.5 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 of € 0.1 million (€ 0.3 million at 30 June 2017) and net provisions for provisions for future risks and charges of € 0.1 million (unchanged compared to 30 June 2017), in connection with risk situations of an absolutely insignificant amount in both comparative periods. The profit margins by segment came to 10.6% in terms of EBIT of related Revenues (13.9% at 30 June 2018).

Profit before taxes

To the consolidated EBIT must be added net income from companies valued at equity, equal to € 1.3 million (€ 1.2 million at 30 June 2017), which reflected, among others, the Group's share of the result for the period achieved by the associate Roma Multiservizi S.p.A. for € 0.5 million (€ 0.2 million at 30 June 2017). Furthermore, there was the recognition of net financial charges of € 10.7 million (€ 14.2 million at 30 June 2017), thus obtaining a Profit before taxes equal to € 20.3 million at 30 June 2018 (€ 26.9 million at 30 June 2017).

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

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2018	2017	2018	2017
Dividends and income (loss) from sale of investments	304	159	79	159
Financial income	1.034	604	204	385
Financial charges	(11,970)	(14,922)	(5,995)	(7,578)

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2018	2017	2018	2017
Profit (loss) on exchange rate	(26)	(2)	36	(3)
NET FINANCIAL CHARGES	**(10,658)**	**(14,161)**	**(5,676)**	**(7,036)**

During the first half of 2018 dividends were collected from non-consolidated companies for € 0.3 million (€ 0.2 million at 30 June 2017).

Financial income increased by € 0.4 million compared to the same period last year, mainly due to higher default interest income (+ € 0.5 million) arising at the time of the settlement of previous credit positions.

In the period the impact of *financial charges* on the consolidated results of operations was equal to € 12.0 million compared to € 14.9 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 to make an early redemption of the Senior Secured Notes bond issue (which had been launched in 2013, for a residual nominal amount of Euro 300 million, initially due 2020, with a six-monthly coupon and 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. (now merged by incorporation into Rekeep 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 first half of 2017 the cancelled Notes had accrued financial costs on coupons for € 12.7 million, while the financial charges accrued on the Proceeds Loan came to € 7.9 million during the first half 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 € 0.8 million during the first half of 2018, against € 0.6 million for the amortised cost relating to the Senior Secured Notes outstanding during the first half 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 Rekeep S.p.A is a party as Borrower. During 2017 CMF S.p.A. charged all financing costs (equal to € 1.0 million) back to Rekeep 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 € 0.3 million (including the commitment fees charged by banks) for the first half of 2018.

Finally, interest discount costs were recognised for € 1.5 million during the half-year of 2018 in relation to the assignments of receivables without recourse carried out with Banca Farmafactoring (€ 0.6 million at 30 June 2017).

Consolidated Net Result for the period

From the profit before taxes (€ 20.3 million) in the period must be deducted taxes of € 8.5 million, thus obtaining a Net result of € 11.8 million (€ 15.7 million at 30 June 2017). Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
Profit before taxes	**20,275**	**26,948**
Current, prepaid and deferred IRES tax	(6,221)	(8,443)
Current, prepaid and deferred IRAP tax	(2,282)	(2,769)
Consolidated net result	**11,772**	**15,736**
Overall tax rate	**41.9%**	**41.6%**

Compared to the first half of the previous year, the Profit after taxes showed a decrease of € 4.0 million (€ 11.8 million at 30 June 2018 against € 15.7 million at 30 June 2017 with a decrease of € 2.7 million in the overall tax burden (against lower IRES tax of € 2.2 million and lower IRAP tax of € 0.5 million). The overall tax rate remained substantially unchanged, coming to 41.9% for the half-year ended 30 June 2018 against 41.6% of the same period of the previous year.

3.2 Analysis of the statement of financial position at 30 June 2018

(in thousands of Euro)	30 June 2018	31 December 2017	Change
USES			
Trade receivables and advances to suppliers	399,824	429,165	(29,341)
Inventories	6,155	6,057	98
Trade payables and advances from customers	(376,835)	(393,022)	16,187
Net working operating capital	**29,144**	**42,200**	**(13,056)**
Other working capital elements	(88,663)	(60,865)	(27,798)
Net working capital	**(59,519)**	**(18,665)**	**(40,854)**
Property, plant and equipment	74,668	71,343	3,325
Goodwill and other intangible assets	396,541	395,532	1,009
Investments accounted for under the equity method	27,962	27,294	668
Other items of non-current assets	35,868	35,507	361
Fixed assets	**535,039**	**529,676**	**5,363**
Non-current liabilities	(53,554)	(55,523)	1,969

(in thousands of Euro)	30 June 2018	31 December 2017	Change
NET INVESTED CAPITAL	**421,966**	**455,488**	**(33,522)**
SOURCES			
Equity attributable to non-controlling interests	911	381	530
Equity attributable to equity holders of the Parent	310,135	298,401	11,734
Shareholders' equity	**311,046**	**298,782**	**12,264**
Net financial indebtedness	110,920	156,706	(45,786)
FINANCING SOURCES	**421,966**	**455,488**	**(33,522)**

Net working capital

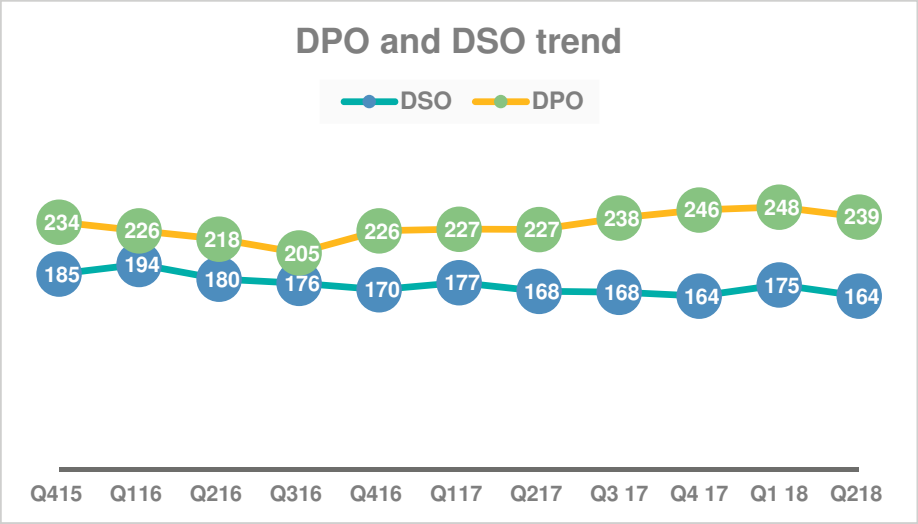
At 30 June 2018, Consolidated Net Working Capital (**NWC**) was negative and equal to € 59.5 million, with a change of € 40.9 million compared to the figure at 31 December 2017, when it was negative for € 18.7 million.

At 30 June 2018, 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 € 29.1 million against € 42.2 million at 31 December 2017. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 52.7 million at 30 June 2018 and € 19.3 million at 31 December 2017) the **Adjusted NWOC** came to € 81.9 million and € 61.6 million, respectively.

First of all, the change in this latter indicator (+ € 20.3 million) was due to a change in the balance of trade receivables (+ € 4.1 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) against a decrease in stock of trade payables that came to € 376.8 million as at 30 June 2018 (- € 16.2 million compared to the balance of € 393.0 million at 31 December 2017).

As at 30 June 2018, average DSO was 164 days, unchanged compared to 31 December 2017 and 168 days at 30 June 2017. As at 30 June 2018 DPO was equal to 239 days against 246 days at 31 December 2017 and 227 days at 30 June 2017.

Within the overall management of cash flows, the figure related to the receipts was in line with a historical low of observations made during previous years (in line with the figure at 31 December 2017 and – 4 days compared to 30 June 2017), thus offsetting the increase that is historically recorded during the first part of the year (-11 days compared to the figure at 31 March 2018). On the other hand, the financial planning of payments to suppliers has included the DPO compared to previous quarters, tus partially reversing the benefit of financial flows recorded compared to receipts on the payments.



The balance of the other elements in working capital at 30 June 2018 was a net liability of € 88.7 million, down by € 27.8 million compared to a net liability of € 60.9 million at 31 December 2017:

(in thousands of Euro)	30 June 2018	31 December 2017	Change
Current tax receivables	3,764	8,745	(4,981)
Other current assets	21,850	30,842	(8,992)
Provisions for risks and charges, current	(5,290)	(6,711)	1,421
Current tax payables	(4,160)	(326)	(3,834)
Other current liabilities	(104,828)	(93,415)	(11,413)
OTHER ELEMENTS IN WORKING CAPITAL	**(88,663)**	**(60,865)**	**(27,799)**

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

- the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the tax authorities for withholdings, which accounted for an increase in the net liability for € 10.5 million, given the payment of the summer bonus in July against the payment of the year-end bonus that had already been made in December at the end of the previous year;
- the decrease in the net VAT credit balances of the Group companies for € 10.4 million. These credit balances, systematically generated following the introduction of new regulations already in 2015 concerning the so-called "Split payments" and "Reverse charges", allowed, during the first half of 2018, assignments without recourse of the balances on account of refund from the Tax Authorities, for a total amount of € 20.7 million;

- a decrease, under "Other current operating liabilities", in the payable related to the fine imposed by the Competition Authority (AGCM) during 2016, owing to the enforceability of the measure issued by the Authority notwithstanding an appeal was pending before the Supreme Court, for which the right to pay in 30 monthly instalments was granted with a measure of the Competition Authority itself on 28 April 2017. The balance of the residual debt as at 30 June 2018 was € 7.4 million (€ 10.3 million at 31 December 2017);
- the decrease in the short-term portion of provisions for future risks and charges for € 1.4 million.

As at 30 June 2018 net current tax payables were recognised for € 0.4 million against a net receivable of € 8.4 million at 31 December 2017, mainly following the recognition of taxes of € 8.9 million for the period.

Other non-current liabilities

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

- TFR (employee benefits), equal to € 14.8 million and € 15.5 million at 30 June 2018 and 31 December 2017, respectively;
- long-term portion of Provisions for risks and charges (€ 25.9 million at 30 June 2018 against € 27.6 million at 31 December 2017);
- Deferred tax liabilities of € 12.2 million (€ 12.3 million at 31 December 2017).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 June 2018 are shown below, compared to the figures at 31 December 2017, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	30 June 2018	31 December 2017	Change
A. Cash	57	38	19
B. C/a, bank deposits and consortia, non-proprietary accounts	102,000	59,832	42,168
C. Securities held for trading			
D. Liquidity (A) + (B) + (C)	**102,057**	**59,870**	**42,187**
E. Current financial assets	**973**	**1,870**	**(897)**
F. Current bank overdraft	5,096	6,000	(904)
G. Current portion of non-current debt	1,239	1,425	(186)
H. Other current financial liabilities	25,998	35,740	(9,742)
I. Current financial indebtedness (F)+(G)+(H)	**32,334**	**43,165**	**(10,831)**
J. Current net financial indebtedness (I) - (D) - (E)	**(70,696)**	**(18,575)**	**(52,121)**
K. Long-term bank debts and Senior Secured Notes	11,676	5,000	6,676
L. Other non-current financial liabilities	169,940	170,281	(341)
M. Derivatives			
N. Non-current financial indebtedness (K) + (L) + (M)	**181,616**	**175,281**	**6,335**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**110,920**	**156,706**	**(45,786)**

The first half of 2018 saw a positive change in the Consolidated net financial indebtedness from € 156.7 million at 31 December 2017 to € 110.9 million at 30 June 2018.

On 23 February 2016, the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. entered with Banca Farmafactoring S.p.A into a three-year maturity factoring agreement without recourse concerning the assignment of receivables from entities in the National Health System, in an annual amount of up to € 100 million. During 2018, assignments of receivables without recourse were made in an amount of € 58.9 million. Furthermore, there were assignments without recourse of trade receivables claimed from Public Authorities in an overall amount of € 3.5 million, the counterparty being Banca Farmafactoring S.p.A., but not linked to the contract described above. Finally, on 27 June 2018 the Parent Company signed an additional uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Receivables from private entities and Public Authorities were assigned for € 19.3 million in consideration of this new contract. All assignments of trade receivables without recourse carried out during the half-year were subject to derecognition according to IFRS9.

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 € 52.7 million at 30 June 2018 against € 19.3 million at 31 December 2017) amounted to € 163.6 million (€ 176.0 million at 31 December 2017).

At 30 June 2018 the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 74.9 million (€ 23.9 million at 31 December 2017):

(in thousands of Euro)	30 June 2018	31 December 2017
Cash and cash equivalents	102,057	59,870
Current bank overdraft, advance payments and hot money	(5,096)	(6,000)
Obligations arising from assignments of trade receivables with recourse	(22,088)	(29,999)
NET CASH	**74,873**	**23,871**

Below is the breakdown of the net financial exposure for bank credit lines and finance lease obligations ("*Net Debt*"), compared to 31 December 2017:

(in thousands of Euro)	30 June 2018	31 December 2017
Proceeds Loan from CMF S.p.A. (nominal value)	174,220	175,990
Long-term bank debts	11,676	5,000
Finance lease obligations	**3,429**	**3,622**
Current bank overdraft, advance payments and hot money	5,096	6,000
Obligations arising assignments of receivables with recourse	22,088	29,999
GROSS DEBT	**216,509**	**220,610**
Receivables and other current financial assets	(973)	(1,870)
Cash and cash equivalents	(102,057)	(59,870)
NET DEBT	**113,479**	**158,870**

The "Net Debt" showed a significant decrease compared to 31 December 2017 (€ 113.5 million against € 158.9 million), due to reduced use of the various credit lines (- € 4.1 million) against higher cash funds (€ 102.1 million at 30 June 2018 against € 59.9 million at 31 December 2017). Specifically, on 30 June 2018 there was the drawdown of the second tranche (amounting to € 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 (- € 8.8 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 consolidated Cash and cash equivalents is analysed in the table below: the cash flows for the first 6 months of 2018 are compared with the figures for the same period in the previous year. Reference should be made to Annex IV, which

contains a reconciliation between the items in the table and those in the statutory schedule reported in the Consolidated Half-year Financial Report, presented in the condensed Explanatory Notes pursuant to IAS 7.

(in thousands of Euro)	2018	2017
At 1 January	**59,870**	**174,992**
Cash flow from current operations	34,181	35,577
Uses of provisions for risks and charges and payments of the employee termination indemnity	(4,990)	(4,482)
Change in NWOC	13,151	20,606
Industrial capex, net of disposals	(14,578)	(16,388)
Financial capex, net of disposals	(2,525)	(266)
Change in net financial liabilities	(3,600)	(19,389)
Other changes	20,547	(13,385)
AT 30 JUNE	**102,057**	**177,315**

The overall cash flows mainly reflect:

- a cash inflow from operations of € 34.2 million (€ 35.6 million at 30 June 2017);
- outflows from the use of provisions for future risks and charges and for employee termination indemnity for € 5.0 million (€ 4.5 million at 30 June 2017);
- a cash flow from changes in NWOC for € 13.2 million (€ 20.6 million at 30 June 2017), which arises from a positive flow correlated to a change in trade receivables of € 29.9 million (€ 17.3 million in the first half of 2017) against a flow absorbed in the payment of trade payables for € 16.8 million (a positive flow of € Euro 3.6 million in the first half of 2017);
- a cash flow of € 15.0 million used in industrial investments (€ 16.6 million at 30 June 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 of € 0.4 million (€ 0.3 million at 30 June 2017), as well as against net financial investments of € 2.5 million, mainly related to the acquisition of the majority interest in the Turkish company EOS against a price of € 2 million (fully paid on the closing date) and to the capital increase made in non-strategic investees (€ 0.5 million);
- a decrease in net financial liabilities of € 3.6 million, mainly linked to the abovementioned increase in the balance used for the committed credit line held with CCFS (€ 10 million at 30 June 2018, against € 5 million at 31 December2017). Furthermore, other changes were recorded in the liability relating to factoring with recourse (- € 7.9 million) as was a lower use of short-term credit lines for hot money and advances on invoices (- € 0.9 million), as well as a decrease in the residual debt on the Proceeds Loan of CMF S.p.A. (- € 1.0 million), also following its partial repayment for € 1.8 million. During the first half of 2017 a decrease was also recorded in net financial liabilities for € 19.4 million, linked to a decrease in financial liabilities relating to factoring with recourse (- Euro 8.7 million) and in the balance of the short-term credit lines used for hot money and advances on invoices (- € 10.9 million), albeit against an increase in the finance lease debt (+ € 3.0 million). Finally, an increase was recorded in the balance of current

financial assets (+ € 3.2 million), which included the balance of the pledged current account used for channelling the receipts of trade receivables assigned without recourse to Banca Farmafactoring (+ € 1.9 million) and the financial receivable related to the dividends distributed by the associate Roma Multiservizi S.p.A. (€ 1.3 million);

- cash inflows from other changes occurred in the period (€ 20.5 million), which included, among other things, the flows generated by the changes in other operating assets and liabilities (+ € 20.4 million), mainly due to the net effect of: (i) the increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (+ € 10.5 million); (ii) the trend in net VAT credit balances for the Group companies (+ € 10.4 million), which, albeit against credit balances generated by the group companies on an ongoing basis, were involved in assignments without recourse amounting to € 20.7 million during thye first half of 2018; (iv) the decrease, among "Other operating current liabilities", in 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 (- € 2.9 million, as a result of the payment of 6 monthly instalments). On the other hand, other changes in 2017 absorbed total financial flows of € 13.4 million, which included the payment by the Parent Company of a dividend of € 25.1 million to its shareholders in May 2017. Moreover, other assets and liabilities generated all-in-all cash flows of € 5.6 million, due to the net effect of : (i) an increase in the balance of payables to/receivables from employees and the relative payables to/receivables from social security institutions and tax authorities for withholdings (+ € 15.6 million); (ii) the decrease in net VAT credit balances of the Group companies (+ € 1.5 million), which were involved, during the first half of 2017, in some assignments without recourse of the balances on account of refund from the Tax Authorities, for a total amount of € 9.8 million; (iii) the recognition, among "Other operating current liabilities", of the payable of € 14.7 million related to the abovementioned fine imposed by the Competition Authority during 2016, previously recognised under provisions for risks and charges, and with a residual debt of € 13.2 million at 30 June 2017, as a result of the payment of no. 3 monthly instalments.

Financial and industrial Capex

In the first half of 2018 the Group made gross capital expenditures which totalled € 15.0 million (€ 16.6 million at 30 June 2017), from which must be deducted disinvestments of € 0.4 million (€ 0.3 million at 30 June 2017):

(in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
Acquisitions of fixed assets under finance leases	64	4,484
Increases in owned properties	38	20
Purchase of plant and equipment	12,000	8,162
Other investments in intangible assets	2,863	3,947
INDUSTRIAL CAPEX	**14,965**	**16,612**

Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, equal to € 9.4 million at 30 June 2018 against € 6.2 million at 30 June 2017, with a considerable increase due to new stocks for the start-up of some major contracts. Furthermore, this item included acquisitions of plant and equipment in an amount of € 0.2 million, relating to contracts involving start-ups in France.

Investments in intangible assets for the period amounted to € 2.9 million (€ 3.9 million at 30 June 2017) and mainly related to ICT investments. These included investments of € 0.4 million in the technological platform of subsidiary Yougenio S.r.l. (€ 1.5 million at 30 June 2017).

Finally, it should be noted that, during the first half of 2017, the subsidiary Servizi Ospedalieri S.p.A. signed a 12-year finance lease agreement with Unicredit Leasing S.p.A. for the purchase of the factory of Lucca, already used through a lease contract with Manutencoop Immobiliare S.p.A. (a company in the Manutencoop Società Cooperativa Group, which owned it previously), for a value of € 4.5 million.

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

(in thousands of Euro)	For the half-year ended 30 June	
	2018	2017
Facility Management	4,488	5,039
Laundering & Sterilization	10,477	11,573
INDUSTRIAL CAPEX	**14,965**	**16,612**

On 30 June 2018 the cash flow for financial investments posted a negative value of € 2.5 million and 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 Rekeep World 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 half-year.

Finally, the cash flow for financial investments posted a negative value of € 0.3 million during the first half of 2017, mainly related to the payment of share capital carried out in an investee company not included in the consolidation area (€ 0.4 million).

Change in the 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 Combination	New loans	Repayments and payments	Other changes	30 June 2018
Bank loans	5,000		6,676			11,676
Current bank overdraft, advance payments and hot money	6,000		5,096	(6,000)		5,096
Accrued expenses and deferred income on loans	(794)			(7,920)	8,308	(676)
BANK DEBTS	**10,206**	**0**	**11,772**	**(13,920)**	**8,308**	**16,096**
Finance lease obligations	3,622	52		(244)		3,430
Payables for assignments of trade receivables with recourse	29,999		28,493	(36,404)		22,088
Proceeds Loan from CMF S.p.A.	168,562			(1,770)	760	167,552
Receipts on behalf of assignees of trade receivables without recourse	4,902		3,734	(4,902)		3,734
Other current financial liabilities	1,155		453		(558)	1,050
FINANCIAL LIABILITIES	**218,446**	**52**	**44,453**	**(57,240)**	**8,240**	**213,950**
Current financial assets	(1,870)				897	(973)
NET FINANCIAL LIABILITIES	**216,576**	**52**	**44,453**	**(57,240)**	**9,137**	**212,977**

Following the above-mentioned refinancing process carried out during the last quarter of 2017, the Senior Secured Notes which the Parent Company 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 € 174.2 million at 30 June 2018 (€ 176.0 million at 31 December 2017), against a partial repayment requested by CMF S.p.A. during the half-year, equal to € 1.8 million, in order to ensure the payment of the coupons of the bond falling due. In consideration of this Proceeds Loan, the Parent Company 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 € 7.3 million at 30 June 2018 (€ 8.1 million at 31 December 2017). The abovementioned accounting method entailed amortisation costs of € 0.8 million during the first half 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 € 0.7 million at 30 June 2018 (unchanged compared to 31 December 2017). This loan was paid off on 1 July 2018, following the merger of CMF S.p.A. by incorporation into Rekeep S.p.A., which in turn is now the direct holder of the bond issue launched by the company being merged.

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 Rekeep 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, 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 € 0.8 million on the reporting date of the Consolidated Financial Statements.

On 14 November 2017 the Parent Company 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. Furthermore, on 21 June 2018, the Parent Company obtained a soft loan from the "Energy and Mobility Fund" operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing of € 1.7 million, with a pre-amortisation period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly instalments, falling due on 31 March and 30 September of each year.

As at the closing date of the half-year short-term uncommitted credit lines had been used for hot money and advance payments on invoices (in order to meet peaks in temporary cash requirements linked to the physiological performance of operations) of € 5.1 million, against a balance of € 6.0 million at 31 December 2017. Furthermore, Rekeep S.p.A. has an agreement for the assignment of trade receivables with recourse in place with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector market. During the first half of 2018 assignments were made in an overall nominal amount of € 28.5 million, while the balance at 30 June 2018 amounted to € 22.1 million (€ 30.0 million at 31 December 2017).

Furthermore, as at 30 June 2018, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. collected amounts of € 3.7 million concerning receivables included in assignments without recourse under the agreement signed with Banca Farmafactoring, 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 subsequent quarter.

Finally, the Group recorded, among "Other financial liabilities" at 30 June 2018, an amount of € 0.5 million as an estimated potential liability relating to the Put option held by the minority shareholder of Manutencoop France S.a.r.l. on 30% of the shares held by it, on the basis of the investment agreement signed during 2017 and against the transfer of this minority interest on the part of Rekeep World S.r.l. at 15 January 2018. This option may be exercised by the minority shareholder between 30 June 2021 and 30 June 2023.

Finally, the balance of short-term financial assets recorded a decrease of € 0.9 million during the half-year, mainly as a result of the change in the balance of pledged current bank accounts dedicated to the operation of the collection service within the scope of the above-mentioned agreement for the assignment of trade receivables without recourse signed with Banca Farmafactoring (- € 1.3 million).

4. UPDATE ON LEGAL PROCEEDINGS

During the half-year 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 Consolidate Half-year Financial Report are described below.

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

During 2018 the administrative dispute continued, which related to the fine imposed by the Competition Authority (AGCM) on 20 January 2016 on the Parent Company Rekeep S.p.A. (previously Manutencoop Facility Management S.p.A.) due to the alleged breach of competition rules on the part of some companies that had taken part in the European Union tender for cleaning services in school buildings called by CONSIP in 2012.

On 23 December 2016, following a number of rulings handed down by the administrative court and by the Council of State, the Authority adopted a new measure, re-calculating the fine in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well 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 Rekeep S.p.A. and therefore, the entire amount of the fine was reclassified to "Other operating liabilities", given the obligation to follow up on payment. Finally, the Competition Authority intervened with the measure of 28 April 2017 with regard to the request for payment by instalments, by allowing the Company to pay the fine in 30 monthly instalments at the legal interest rate (currently 0.1%). The Company is paying the monthly instalments on a regular basis.

On the other hand, on 24 April 2017, Law Decree no. 50 was published in the Official Gazette: Article 64 (Services in school) of this law decree envisages the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017 for the regions in which the Consip framework agreements "*for the acquisition of cleaning services and other auxiliary services provided in order to keep school buildings and public school and education establishments clean and in working order*" (known as "Consip Scuole" agreement) were terminated. In the subsequent Decree Law no. 91 of 20 June 2017, as amended and converted by Law of 3 August 2017 and published in the Official Gazette on 12 August 2017, such 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 Rekeep 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 to also confiscate, in this latter 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 Rekeep 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, whereby 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 was held on 28 June 2018. However, by a subsequent order dated 19 July 2018, the Council of State proceeded with the "improper suspension of proceedings", since it considered that the relevant decision within the dispute was that on the preliminary issue pending before the European Court of Justice, which had been raised by the Piedmont Regional Administrative Court on 21 June 2018, as to whether the breach of competition rules fell within the scope of cases of "serious errors committed in professional practice" provided for in Article 38 of the Code of Public Contracts under Legislative Decree 163 of 12 April 2006 ("Old Code of Public Contracts"). The enforcement of the judgment is still suspended, as provided for in the previous order of 5 April 2018; the Company believes that it may take part in the pre-trial proceedings before the European Court of Justice in order to describe its own position. To date these agreements have not yet generated Revenues for the Group and are not included in the backlog at 30 June2018.

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 Rekeep 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 Rekeep S.p.A. of 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., Rekeep 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 only started 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 rejected 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.

A detailed report on the administrative procedures in progress and further assessments made by the Directors at the end of the reporting period of the Consolidated financial statements at 30 June 2018 are included in the explanatory notes (note 13), to which reference is made.

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

Acquisition of Medical Device S.r.l.

On 3 July 2018 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., a quota of 60% of the capital of Medical Device S.r.l., a company specialised in the production of procedure kits for the healthcare sector, i.e. single-use packs containing all the instruments required for surgical interventions. The transaction, which was completed through the subscription to a capital increase of € 2.0 million by Servizi Ospedalieri, is consistent with the Rekeep Group's growth and development strategy to enter specialist sectors that are complementary to the core business. The aim is to increase the Group's footprint and strengthen its leadership in the healthcare support services business both at a national and international level.

Medical Device S.r.l., which reported Revenues of € 4.4 million during the 2017 financial year, employs about 30 people and is based in Montevarchi (Arezzo). Furthermore the Company has acquired over the years certifications for the marketing of Class 3 medical devices, which are particularly crucial due to their intended use and which require very complex certification procedures on the part of the Notified Bodies.

Transfer of shares of Progetto ISOM S.p.A.

On 20 July 2018 there was the completion of the sale of 31.98% of the share capital of Progetto ISOM S.p.A. to Sinloc – Sistema Iniziative Locali S.p.A.. The company in question is the vehicle established by Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.), Sinloc S.p.A. and Siram S.p.A. for the design, financing, implementation and management of the energy redevelopment project for the Sant'Orsola Hospital in Bologna, under a project finance concession agreement. Following the transaction, the residual stake held by Rekeep S.p.A. in the company came to 5%. The transfer also involved the entire receivable relating to the interest-bearing shareholder loan at 20 July 2018, equal to € 2.1 million. The total consideration, equal to € 6.1 million, was fully paid on the date of transfer and gave rise to the recognition of a capital gain of € 2.2 million.

6. BUSINESS OUTLOOK

The first half of 2018 showed a recovery in revenues, in particular in relation to the Facility Management SBU, which had remained stable for some quarters at the end of a slow decrease trend that marked the most recent years.

During 2018 the recovery in volumes is expected to be confirmed 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 half-year and will hopefully continue during next months.

Profit margins should remain substantially 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 and which produced their effects as early as during the second 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.

On 1 July the process was also completed for the reverse merger by incorporation of CMF S.p.A. (the vehicle that launched the new Senior Secured Notes bond issue) into Rekeep S.p.A.. The merger was the result of the provisions laid down in the Indenture that was signed with the subscribers at the time of the bond issue and has also allowed the placement of the medium/long-term debt raised by CMF S.p.A. for the acquisition of Rekeep S.p.A. at the same level of the operating company generating cash flows expected to serve the redemption, thus optimizing the consolidated financial structure.

After this reorganisation of the financial structure, the Group has set itself ambitious objectives to continue its path to deleverage that characterised the most recent financial years, and the first half of 2018 showed evident signs that the Group has actually embarked on this path.

The main economic and financial figures at 30 June 2018 (pro-forma for the merger of CMF S.p.A. in Rekeep S.p.A .) are shown below:

Pro-forma Statement of Profit or Loss	**For the half-year ended at 30 june 2018**		
(in thousands of Euro)	**Rekeep S.p.A. Consolidated Figures**	**Effects of the merger**	**Rekeep S.p.A. Consolidated Figures pro-forma for the merger of CMF S.p.A.**
Revenues	466,319		466,319
Costs of production	(421,456)	(116)	(421,572)
EBITDA	**44,863**	**(116)**	**44,747**
EBITDA %	***9.6%***		***9.6%***
Amortisation, depreciation, write-downs and write-backs of assets	(14,441)		(14,441)
Accrual of provisions for risks and charges	(774)		(774)
Operating Income (EBIT)	**29,648**	**(116)**	**29,532**
EBIT %	***6.4%***		***6.3%***
Share of net profit of associates	1,285		1,285
Net financial charges	(10,658)	(9,029)	(19,687)
Profit before taxes (EBT)	**20,275**	**(9,145)**	**11,130**
Income taxes	(8,503)	(508)	(9,011)
Profit (loss) from continuing operations	**11,772**	**(9,653)**	**2,119**
Profit (loss) from discontinued operations	**0**		**0**

Pro-forma Statement of Profit or Loss	For the half-year ended at 30 june 2018		
(in thousands of Euro)	Rekeep S.p.A. Consolidated Figures	Effects of the merger	Rekeep S.p.A. Consolidated Figures pro-forma for the merger of CMF S.p.A.
CONSOLIDATED NET PROFIT (LOSS)	**11,772**	**(9,653)**	**2,119**
Minority interests	(23)		(23)
Net Result for the period attributable to equity holders of the parent	**11,749**	**(9,653)**	**2,096**
Net Result for the period attributable to equity holders of the parent %	***2.5%***		***0.4%***

Pro-forma Statement of Financial Position	30 june 2018		
(in thousands of Euro)	Rekeep S.p.A. Consolidated Figures	Effects of the merger	Rekeep S.p.A. Consolidated Figures pro-forma for the merger of CMF S.p.A.
USES			
Trade receivables and advances to suppliers	399,824		399,824
Inventories	6,155		6,155
Trade payables and advances from customers	(376,835)	(1,496)	(378,331)
Net working operating capital	**29,144**	**(1,496)**	**27,648**
Other working capital elements	(88,663)	268	(88,395)
Net working capital	**(59,519)**	**(1,228)**	**(60,747)**
Property, plant and equipment	74,668		74,668
Goodwill and other intangible assets	396,541	33,183	429,724
Investments accounted for under the equity method	27,962		27,962
Other items of non-current assets	35,868	336	36,204
Fixed assets	**535,039**	**33,519**	**568,558**
Non-current liabilities	(53,554)	(51,815)	(105,369)
NET INVESTED CAPITAL	**421,966**	**(19,524)**	**402,442**
SOURCES			
Equity attributable to non-controlling interests	911		911
Equity attributable to equity holders of the Parent	310,135	(198,263)	111,872
Shareholders' equity	**311,046**	**(198,263)**	**112,783**

Pro-forma Statement of Financial Position *(in thousands of Euro)*	30 june 2018 Rekeep S.p.A. Consolidated Figures	Effects of the merger	Rekeep S.p.A. Consolidated Figures pro-forma for the merger of CMF S.p.A.
Net financial indebtedness	110,920	178,739	289,659
FINANCING SOURCES	**421,966**	**(19,524)**	**402,442**

The pro-forma consolidated financial statements as of 30 June 2018 are shown in an extended form as Annex V of this Financial Report.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 June 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	68,893	65,564
Property, plant and equipment under lease	4	5,775	5,779
Goodwill	5 - 6	372,392	370,363
Other intangible assets	5	24,149	25,169
Investments accounted for under the equity method	7	27,962	27,294
Other investments	8	5,262	4,757
Non-current financial assets and other securities	8	10,799	11,369
Non-current assets	8	3,089	2,998
Prepaid tax assets		16,718	16,383
TOTAL NON-CURRENT ASSETS		**535,039**	**529,676**
CURRENT ASSETS			
Inventories		6,155	6,057
Trade receivables and advances to suppliers	9	399,824	429,165
Current tax receivables		3,764	8,745
Other current assets	9	21,850	30,842
Current financial assets	11	973	1,870
Cash and cash equivalents	11	102,057	59,870
TOTAL CURRENT ASSETS		**534,623**	**536,549**
Non-current assets classified as held for sale		0	0
TOTAL NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,069,662**	**1,066,225**

(in thousands of Euro)	NOTES	30 June 2018	31 December 2017
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		153,321	144,854
Retained earnings		35,915	43,755
Profit (loss) attributable to equity holders of the Parent		11,749	642
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**310,135**	**298,401**
Capital and reserves attributable to non-controlling interests		888	308
Profit (loss) attributable to non-controlling interests		23	73
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**911**	**381**
TOTAL SHAREHOLDERS' EQUITY	**10**	**311,046**	**298,782**
NON-CURRENT LIABILITIES			
Employee termination indemnity	12	14,768	15,519
Provisions for risks and charges, non-current	13	25,867	27,624
Non-current loans	11	181,616	175,281
Deferred tax liabilities		12,234	12,294
Other non-current liabilities		685	86
TOTAL NON-CURRENT LIABILITIES		**235,170**	**230,804**
CURRENT LIABILITIES			
Provisions for risks and charges, current	13	5,290	6,711
Trade payables and advances from customers	14	376,835	393,022
Current tax payables		4,160	326
Other current liabilities	14	104,827	93,415
Bank borrowings, including current portion of long-term debt, and other financial liabilities	11	32,334	43,165
TOTAL CURRENT LIABILITIES		**523,446**	**536,639**
Liabilities directly associated with assets classified as held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,069,662**	**1,066,225**

CONSOLIDATED HALF-YEAR STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2018	30 June 2017
REVENUES			
Revenues from contracts with customers		465,803	454,511
Other revenues		516	835
TOTAL REVENUES		**466,319**	**455,346**
OPERATING COSTS			
Costs of raw materials and consumables		(70,858)	(61,749)
Change in inventories of finished and semi-finished products		136	0
Costs for services and use of third party assets		(152,243)	(152,592)
Personnel costs		(196,413)	(190,712)
Other operating costs		(3,015)	3,645
Capitalisation of lower internal construction costs		937	89
Amortisation, depreciation, write-downs and write-backs of assets	4-5	(14,441)	(14,602)
Accrual of provisions for risks and charges	13	(774)	528
TOTAL OPERATING COSTS		**(436,671)**	**(415,393)**
OPERATING INCOME		**29,648**	**39,953**
FINANCIAL INCOME AND EXPENSES			
Share of net of associates	7	1,285	1,156
Dividends and income (loss) from sale of investments		304	159
Financial income		1,034	604
Financial charges		(11,970)	(14,922)
Profit (loss) on exchange rate		(26)	(2)
Profit (loss) before taxes		**20,275**	**26,948**
Income taxes, current , prepaid and deferred		(8,503)	(11,212)
Net profit (loss) from continuing operations for the period		**11,772**	**15,736**
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		**11,772**	**15,736**
Net profit (loss) for the period attributable to non-controlling interests		(23)	(36)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		**11,749**	**15,700**

	For the half-year ended	
	30 June 2018	30 June 2017
Basic earnings per share	0.108	0.144
Diluted earnings per share	0.108	0.144
Basic earnings per share from continuing operations	0.108	0.144
Diluted earnings per share from continuing operations	0.108	0.144

CONSOLIDATED HALF-YEAR STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2018	30 June 2017
NET RESULT FOR THE PERIOD		**11,772**	**15,736**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(209)	0
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	7	57	(344)
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(152)**	**(344)**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		134	353
Income taxes		(7)	(22)
Net effect on actuarial gains (losses)		127	331
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	7	8	20
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**(135)**	**351**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(17)**	**7**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**11,755**	**15,743**
Equity holders of the Parent		11,732	15,707
Non-controlling interests		23	36

CONSOLIDATED HALF-YEAR STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2018	30 June 2017
Net result from continuing operations for the period		**11,772**	**15,736**
Income taxes for the period		8,503	11,212
Profit before taxes from continuing operations		**20,275**	**26,948**
Amortisation, depreciation, write-downs and (write-backs) of assets		14,441	14,602
Accrual (reversal) of provisions for risks and charges		774	(528)
Employee termination indemnity provision		486	430
Payments of employee termination indemnity		(1,104)	(1,416)
Utilization of provisions		(3,887)	(3,066)
Share of net profit of associates, net of dividends collected		(1,059)	416
Financial charges (income) for the period		10,962	14,320
Operating cash flows before movements in Working Capital		**40,890**	**51,706**
Decrease (increase) of inventories		83	(362)
Decrease (increase) of trade receivables and advances to suppliers		29,894	17,334
Decrease (increase) of other current assets		9,138	(406)
Increase (decrease) in trade payables		(16,826)	3,634
Increase (decrease) of other current liabilities		10,838	5,960
Change in Working Capital		**33,127**	**26,160**
Net interests received (paid) in the period		(9,628)	(13,592)
Income taxes paid in the period		(90)	(139)
Net cash flow from operating activities		**64,298**	**64,135**
(Purchase of intangible assets, net of sales)	5	(2,863)	(3,947)
(Purchase of property, plant and equipment)	4	(12,101)	(12,666)
Proceeds from sale of property, plant and equipment	4	386	274
Disposal (acquisition) of investments		(509)	(408)
Decrease (increase) of financial assets		(854)	(1,222)
Business combinations	3	(1,718)	0
Discontinuing activities		145	110
Net cash flow from (used in) investing activities		**(17,514)**	**(17,858)**

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2018	30 June 2017
Change in finance lease debt	11	(192)	3,025
Opening (repayment) of medium- and long-term borrowings	11	6,676	0
Net opening (repayment) of short-term bank credit lines	11	(904)	(11,857)
Other net changes in borrowings	11	(10,476)	(10,031)
Dividends paid		0	(25,091)
(Purchase) /sale of subsidiaries' minority shareholdings		507	0
Differences from translation of financial statements in foreign currency		(382)	0
Net cash flow from / (used in) financing activities		**(4,771)**	**(43,954)**
Change in cash and cash equivalents		**42,014**	**2,323**
Cash and cash equivalents at the beginning of the period		59,870	174,992
Change in cash and cash equivalents		42,014	2,323
Differences on cash and cash equivalents in foreign currencies		173	0
Cash and cash equivalents at the end of the period		**102,057**	**177,315**
Details of cash and cash equivalents:			
Cash and bank current accounts		102,057	177,315
TOTAL CASH AND CASH EQUIVALENTS		**102,057**	**177,315**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the half-year ended	
	30 June 2018	30 June 2017
Interest paid	(10,646)	(14,197)
Interest received	1,018	605
Dividends paid	0	(25,091)
Dividends received	544	440

CONSOLIDATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2018	**109,150**	**144,854**	**43,755**	**642**	**298,401**	**381**	**298,782**
Allocation of prior year result		8,484	(7,842)	(642)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries						507	**507**
Total comprehensive income (loss) for the period		(17)		11,749	**11,733**	23	**11,755**
30 June 2018	**109,150**	**153,321**	**35,915**	**11,749**	**310,135**	**911**	**311,046**

	Share capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2017	**109,150**	**187,056**	**(7,518)**	**33,649**	**323,137**	**235**	**323,372**
Allocation of prior year result		(42.715)	51,273	(8,558)	**0**		**0**
Dividends paid				(25,091)	**(25,091)**		**(25,091)**
Total comprehensive income (loss) for the period		7		15,700	**15,707**	36	**15,743**
30 June 2017	**109,150**	**145,148**	**43,755**	**15,700**	**313,753**	**271**	**314,024**

1. GENERAL INFORMATION

The Consolidated Half-year Financial Report of the Group controlled by Rekeep S.p.A. ("the Rekeep Group" or "the Group") for the half-year ended 30 June 2018 2017 consists of the Interim Report on Operations and of the condensed Consolidated Interim Financial Statements at 30 June 2018, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Consolidated Half-year Financial Report of the Rekeep Group for the half-year ended 30 June 2018 was authorized by a resolution passed by the Board of Directors' meeting of 28 August 2018.

On 30 June 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. (now Rekeep 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 the subsidiary in consideration of the Investment Agreements that had been signed in previous years, through the acquisition of its total shares on the part of CMF S.p.A.. The rules governing the bond issue also provided for the merger of CMF S.p.A. into its subsidiary within 12 months from the completion of the transaction and the related deed of merger was entered in the Bologna Register of Companies on 29 June 2018 in the implementation of the resolutions passed by the Extraordinary Shareholders' Meetings of the two companies, which were held on 12 April 2018. The statutory, accounting and tax effects will run as from 1 July 2018. Subsequently, Manutencoop Facility Management changed its company name to Rekeep S.p.A. on 2 July 2018.

The merger can be described as a "merger following acquisition with debt" assumed pursuant to Article 2501-*bis* of the Italian Civil Code. Given that the company being merged, CMF S.p.A., directly held all the shares accounting for the entire capital of Rekeep S.p.A., there was no share swap and the merger took place through the cancellation of all shares of the company being merged, CMF S.p.A. and the allocation of all the shares held by the merging company to the sole shareholder of CMF S.p.A., Manutencoop Società Cooperativa, without any capital increase nor any amendment to the articles of association of Rekeep S.p.A..

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 June 2018 comprise the Consolidated Statement of Financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes.

The amounts presented in the Statements and in the explanatory Notes are compared with those as at 31 December 2017, while the economic values included in the Statement of other Comprehensive Income and in the Statement of Cash Flows are compared with those in the first six months of 2017. The condensed consolidated interim Financial Statements at 30 June 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 ones. The Consolidated Statement of profit or loss is classified by nature and 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 condensed consolidated interim Financial Statements at 30 June 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 condensed consolidated interim Financial Statements at 30 June 2018 have been prepared in compliance with IAS 34 - Interim Financial Reporting.

The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements as at 31 December 2017.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 June 2018 are consistent with those used to prepare the consolidated Financial Statements as 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 will be applicable for the financial periods commencing on or after 1 January 2018, with full or modified retrospective application. Even if early adoption is permitted, the Group applied the new standard as from the 2018 financial year, applying the modified retrospective approach for transition to all contracts as at the date of first-time adoption, without modifying comparative data. During the 2016 and 2017 financial years, the Group assessed the impact of IFRS 15, by simulating the application of the standard to contracts belonging to the main revenues streams identified at Group level. From this analysis it emerged that the accounting method adopted for the Group's revenue streams was consistent with the principles laid down in the new standard. Furthermore, the impact was not significant given the nature of the business. The Group also assessed whether other items in the main schedules of the financial statements complied with the provisions of IFRS15, reporting no changes in the presentation of data.

- *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. Except for hedge accounting, the standard must be applied retrospectively, but comparative information is not required to be provided. As regards hedge accounting, the standard generally applies prospectively, with some limited exceptions. The group adopted the new standard as from the 2018 financial year and has not restated comparative information. During the 2017 financial year the Group completed the analysis of the main changes provided for in IFRS 9, assessing any possible impact arising from the application of all three issues dealt with by IFRS 9. The Group has not had any significant impact on the Statement of financial position and the Statement of changes in equity, and the allocated amounts, in relation to

impairment losses, are not significantly different from those obtained from the procedures applied previously. Furthermore, amendments were made to the classification of the Group's financial instruments.

a) Classification and measurement

The application of classification and measurement requirements set out in IFRS 9 has not had any significant impact on the Group's Financial Statements and Equity. The financial instruments held by the Group which may generate differences in the application of the new standard are receivables and financial liabilities. The Group continues to measure all financial assets at fair value, which were already accounted for at fair value previously. Loans, as well as trade receivables, are held for the purposes of being collected on contractual maturity dates and generate cash flows that only consist of the amounts collected on account of principal and interest. Given the features of the contract cash flows arising from these instruments, the Group has concluded that they meet the requirements for being measured at amortised cost in accordance with IFRS 9.

b) Impairment loss

IFRS 9 requires the Group to record expected losses on receivables, as well as any loss on its bonds, loans and trade receivables, on an annual basis or on the basis of the residual maturity. The Group applies the simplified approach and records expected losses on all trade receivables based on their residual maturity, defining an allocation matrix based on the historical experience of each Group company in relation to credit losses, as adjusted to take account of specific forecast factors relating to its creditors and to the economic environment. The Group already carried out a specific risk analysis for each credit category based on the residual maturity and the recovery procedures used. Therefore, the Group already included, in the calculation of the provision for bad debts, any consideration concerning the present macro-economic situation and the forecasts regarding future recoverability conditions, based on the Management's judgment. From this analysis it emerged that the forecast insolvency rate, i.e. the loss rate (probability of default (PD) for the amount of expected losses (LGD)) calculated by taking account of forward-looking elements, can be entirely treated as the already used impairment percentages, since past measurements included incurred losses, as well as valuation elements concerning losses expected for each credit. Therefore, the provisions of IFRS9 have not had any significant impact on the Group's Equity.

c) Hedge accounting

The Group does not apply the IFRS 9 as regards hedge accounting, continuing to apply the relevant provisions laid down in IAS 39.

- *IFRIC 22 – Foreign Currency Transactions and Advance Consideration* (applicable from the financial years that will end after 1 January 2018). The interpretation provides clarifications on the exchange rate to be used in the transactions that include the receipt or payment of advance consideration in a foreign currency. The application of the interpretation has had no significant impact on the Group's 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 (ii) 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 and have had no impact on the Group's Consolidated Financial Statements.

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 acquired entity and the acquiring entity are therefore recorded on the basis of the carrying amounts included in their respective accounts before the transaction.

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 30 June 2018 the carrying amount of the goodwill stood at € 372,392 thousand (€ 370,363 thousand at 31 December 2017), more details are given in note 5.

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

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

Income taxes for the period

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

Other financial position items

Management also needed to use estimates in determining:

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

Consolidation principles

The condensed consolidated interim Financial Statements include the financial statements of Rekeep S.p.A. ("the Parent Company", "Rekeep S.p.A." or simply "Rekeep") and its subsidiaries, prepared as at 30 June 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.

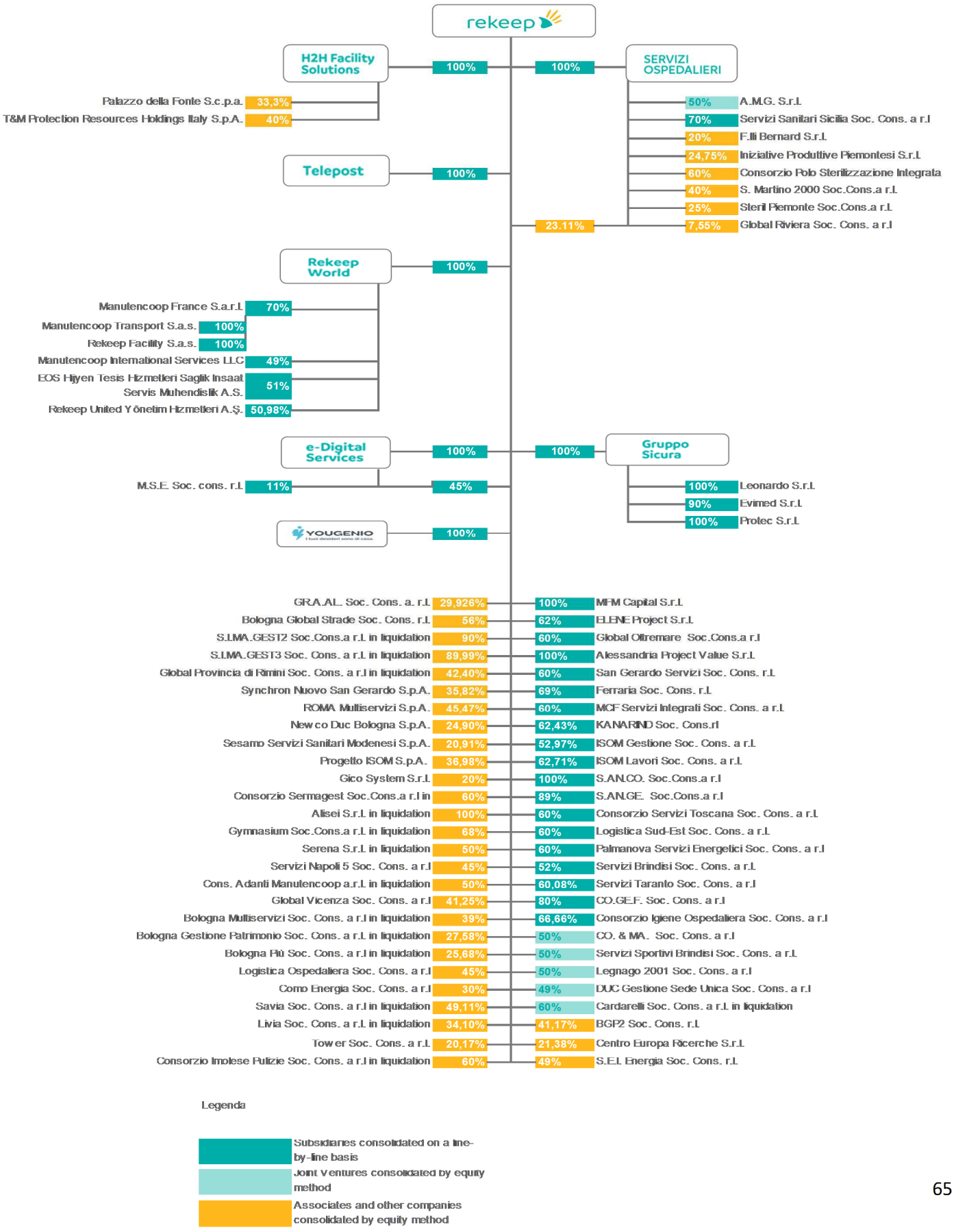
The financial statements have been presented in Euro, which is the functional and reporting currency adopted by the Group. The income statements and balance sheets expressed in foreign currency are converted into Euros applying the year-end exchange rates for the items in the Statement of financial position and average exchange rates for the items in the Income Statement. Any difference generated from the conversion of initial equity at year-end exchange rates is allocated to the translation reserve, together with any difference arising from the conversion of the result for the period at year-end exchange rates compared to average exchange rates. The translation reserve is taken to profit or loss when the company that has generated it is sold or wound up.

All Intra-Group balances and intercompany transactions, including unrealized profits and losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full.

Subsidiaries are fully consolidated starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to common control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the company acquired starting from the date of acquisition until the end of the fiscal year. Joint-ventures with other shareholders and associates are accounted for under equity method. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under a separate item in the consolidated Statement of profit or loss and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

The consolidation area as at 30 June 2018 is shown below.


rekeep
H2H Facility Solutions
100%
Palazzo della Fonte S.c.p.a. 33,3%
T&M Protection Resources Holdings Italy S.p.A. 40%
Telepost
100%
Rekeep World
100%
Manutencoop France S.a.r.l. 70%
Manutencoop Transport S.a.s. 100%
Rekeep Facility S.a.s. 100%
Manutencoop International Services LLC 49%
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. 51%
Rekeep United Yönetim Hizmetleri A.Ş. 50,98%
e-Digital Services
100%
M.S.E. Soc. cons. r.l. 11%
45%
YOUGENIO
100%
100%
SERVIZI OSPEDALIERI
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.
25% Steril Piemonte Soc.Cons.a r.l.
23.11%
7,55% Global Riviera Soc. Cons. a r.l
100%
Gruppo Sicura
100% Leonardo S.r.l.
90% Evimed S.r.l.
100% Protec S.r.l.
GR.A.AL. Soc. Cons. a. r.l. 29,926%
Bologna Global Strade Soc. Cons. r.l. 56%
S.I.MA.GEST2 Soc.Cons.a r.l. in liquidation 90%
S.I.MA.GEST3 Soc. Cons. a r.l. in liquidation 89,99%
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40%
Synchron Nuovo San Gerardo S.p.A. 35,82%
ROMA Multiservizi S.p.A. 45,47%
New co Duc Bologna S.p.A. 24,90%
Sesamo Servizi Sanitari Modenesi S.p.A. 20,91%
Progetto ISOM S.p.A. 36,98%
Gico System S.r.l. 20%
Consorzio Sermagest Soc.Cons.a r.l in 60%
Alisei S.r.l. in liquidation 100%
Gymnasium Soc.Cons.a r.l. in liquidation 68%
Serena S.r.l. in liquidation 50%
Servizi Napoli 5 Soc. Cons. a r.l 45%
Cons. Adanti Manutencoop a.r.l. in liquidation 50%
Global Vicenza Soc. Cons. a r.l 41,25%
Bologna Multiservizi Soc. Cons. a r.l in liquidation 39%
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27,58%
Bologna Più Soc. Cons. a r.l in liquidation 25,68%
Logistica Ospedaliera Soc. Cons. a r.l 45%
Como Energia Soc. Cons. a r.l 30%
Savia Soc. Cons. a r.l in liquidation 49,11%
Livia Soc. Cons. a r.l. in liquidation 34,10%
Tow er Soc. Cons. a r.l. 20,17%
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation 60%
100% MFM Capital S.r.l.
62% ELENE Project S.r.l.
60% Global Oltremare Soc.Cons.a r.l
100% Alessandria Project Value S.r.l.
60% San Gerardo Servizi Soc. Cons. r.l.
69% Ferraria Soc. Cons. r.l.
60% MCF Servizi Integrati Soc. Cons. a r.l.
62,43% KANARIND Soc. Cons.rl
52,97% ISOM Gestione Soc. Cons. a r.l.
62,71% ISOM Lavori Soc. Cons. a r.l.
100% S.AN.CO. Soc.Cons.a r.l
89% S.AN.GE. Soc.Cons.a r.l
60% Consorzio Servizi Toscana Soc. Cons. a r.l.
60% Logistica Sud-Est Soc. Cons. a r.l.
60% Palmanova Servizi Energetici Soc. Cons. a r.l
52% Servizi Brindisi Soc. Cons. a r.l.
60,08% Servizi Taranto Soc. Cons. a r.l
80% CO.GE.F. Soc. Cons. a r.l
66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l
50% CO. & MA. Soc. Cons. a r.l
50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
50% Legnago 2001 Soc. Cons. a r.l
49% DUC Gestione Sede Unica Soc. Cons. a r.l
60% Cardarelli Soc. Cons. a r.l. in liquidation
41,17% BGP2 Soc. Cons. r.l.
21,38% Centro Europa Ricerche S.r.l.
49% S.E.I. Energia Soc. Cons. r.l.
Legenda
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 half of 2018 note the following events:

- On 15 January 2018 a percentage of 30% of share capital of Manutencoop France S.a.r.l. was sold to third parties, following which the Group's percentage of ownership of the company amounted to 70%;
- Rekeep World S.r.l. (formerly Manutencoop International S.r.l.) acquired 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;
- On 2 May 2018 Rekeep World S.r.l. acquired a stake of 50.98% of the share capital of Rekeep United Yönetim Hizmetleri A.Ş. based in Istanbul (Turkey), following the resolution on the capital increase passed by the latter;
- On 28 May 2018, Rekeep Facility S.a.S. was established, which is wholly owned by Manutencoop France S.a.r.l..

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 REKEEP 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 Rekeep 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
Property, plant and equipment under lease	76	76
Non-current financial assets 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		
Capital and reserves of 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**	

	Recognised value	Book value
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, while these revenues amounted to € 639 thousand from the date of acquisition

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and under a financial lease) in the period ended 30 June 2018.

	Property	Plant and equipment	Property under lease	Plant and equipment under lease	Total
At 1 January 2018, net of accumulated depreciation and impairment	**13,428**	**52,136**	**4,408**	**1,371**	**71,343**
Additions from business combinations	0	1,615	0	76	1,691
Additions from acquisitions	38	11,999	0	64	12,102
Disposals	(248)	(82)	0	(56)	(386)
Depreciation for the period	(170)	(9,685)	(49)	(88)	(9,992)
Other	0	(139)	(1)	50	(90)
At 30 June 2018	**13,048**	**55,844**	**4,358**	**1,417**	**74,667**
At 1 January 2018					
Historical cost	16,076	354,888	4,699	4,943	380,606
Accumulated depreciation and impairment losses	(2,648)	(302,752)	(291)	(3,572)	(309,263)
NET BOOK VALUE	**13,428**	**52,136**	**4,408**	**1,371**	**71,343**

	Property	Plant and equipment	Property under lease	Plant and equipment under lease	Total
At 30 June 2018					
Historical cost	15,866	368,281	4,698	5,077	393,922
Accumulated depreciation and impairment losses	(2,818)	(312,437)	(340)	(3,660)	(319,254)
NET BOOK VALUE	**13,048**	**55,844**	**4,358**	**1,417**	**74,668**

The additions from acquisitions in the first half of the year relate to the linen in the *Laundering&Sterilization* segment for € 9,402 thousand and to the purchases of other machinery and specific equipment for € 2,572 thousand. Furthermore, during the period additions for business combinations were recorded in relation to the acquisition of the majority interest in the Turkish company EOS, for which reference should be made to note no. 3.

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. Additional disposals were made for € 138 thousand during the half-year.

5. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 June 2018.

	Other intangible assets	Goodwill	Total
At 1 January 2018, net of accumulated amortisation and impairment	**25,169**	**370,363**	**395,532**
Additions for business combinations	0	2,029	2,029
Additions from acquisitions	2,863	0	2,863
Depreciation for the period	(3,884)	0	(3,884)
Other	1	0	1
At 30 June 2018	**24,149**	**372,392**	**396,541**
At 1 January 2018			
Cost	109,436	372,756	482,192
Accumulated depreciation and impairment losses	(84,267)	(2,393)	(86,660)
NET BOOK VALUE	**25,169**	**370,363**	**395,532**
At 30 June 2018			

	Other intangible assets	Goodwill	Total
Cost	112,300	374,785	487,085
Accumulated depreciation and impairment losses	(88,151)	(2,393)	(90,544)
NET BOOK VALUE	**24,149**	**372,392**	**396,541**

Goodwill is tested annually for impairment; for more details please refer to note 6. 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 € 24,149 thousand as at 30 June 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 made in the period (€ 2,863 thousand) were mainly attributable to the Parent Company Rekeep S.p.A.(€ 2,368 thousand) and in particular to the investments relating the implementation and upgrading of the Treasury platform.

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:

- Rekeep S.p.A.
- H2H Facility Solutions S.p.A.
- The Group controlled by Sicura S.p.A., operating in the facility management segment as a supplier of specialist services
- Telepost S.p.A., specialist in internal mailing services
- e-Digital Services S.r.l., active in high-tech services to companies
- Yougenio S.r.l., dedicated to the facility management for the B2C market
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated interim Financial Statements as at 30 June 2018, broken down into the different CGUs.

	30 June 2018	31 December 2017
Goodwill allocated to Facility Management CGU	360,629	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.

At 30 June 2018 the Management did not identify any elements for impairment on the cash generating units and, therefore, it did not proceed to update the impairment test performed at the time of the preparation of the consolidated Financial Statements as at 31 December 2017.

7. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 30 June 2018, the investments valued at Equity amounted to a net amount of € 27,882 thousand, against a net amount of € 27,214 thousand at the end of the previous year.

	Net assets 30 June 2018	Net assets 31 December 2017
Investments accounted for under the equity method	27,962	27,294
Provision for risks on investments	(80)	(80)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**27,882**	**27,214**

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

In the first half of 2018 investments accounted for under the equity method recorded a positive result equal to € 1,285 thousand, for the share attributable to the Group, as a result of the recording of income from equity investments of € 1,325 thousand and write-downs of € 40 thousand. Furthermore, negative effects were recognised directly under consolidated equity for a total of € 65 thousand.

8. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets as at 30 June 2018 and as at 31 December 2017:

	30 June 2018	31 December 2017
Other investments	5,262	4,757
Non-current financial assets	10,799	11,369
Other non-current assets	3,089	2,998
OTHER NON-CURRENT ASSETS	**19,150**	**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 laundry services performed by minor companies that may also act as sub-contractors.

The other investments are measured at purchase or establishment cost, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to € 10,799 thousand as at 30 June 2018 (€ 11,369 thousand as at 31 December 2017), are composed of:

- € 6,848 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 7,319 thousand as at 31 December 2017). The face value of these receivables is € 6,945 thousand, while the discounting fund amounts to € 97 thousand. Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;

- € 3,850 thousand of non-current financial receivables from third parties, in line with the balance as at 31 December 2017 (€ 3,949 thousand);
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2017).

Other non-current assets, amounting to € 3,089 thousand as at 30 June 2018 (€ 2,998 thousand at 31 December 2017) mainly consist of security deposits related to long-term income-generating manufacturing contracts (€ 1,881 thousand) and long-term deferrals relating to some contracts (€ 917 thousand).

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

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 June 2018 and 31 December 2017:

	30 June 2018	of which from related parties	31 December 2017	of which from related parties
Contract assets	21,470		22,047	
Trade receivables, gross	372,050		401,322	
Allowance for doubtful accounts	(31,944)		(32,987)	
Trade receivables due from third parties	**361,576**	**0**	**390,382**	**0**
Trade receivables from Manutencoop Società Cooperativa	85	85	100	100
Trade receivables from Rekeep Group Companies	29,868	29,868	31,343	31,343
Trade receivables from Affiliates and Joint Ventures	4,190	4,190	4,280	4,280
Trade receivables from Group	**34,143**	**34,143**	**35,722**	**35,722**
Advances to suppliers	4,105	77	3,060	56
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**399,824**	**34,220**	**429,164**	**35,778**
Current tax assets within 12 months	11,912		19,767	
Other current assets due from third parties	5,629		7,542	
Due from social security institutions	1,218		1,120	
Due from employees	277		203	
Other current assets from third parties	**19,036**	**0**	**28,632**	**0**

	30 June 2018	of which from related parties	31 December 2017	of which from related parties
Current assets from Manutencoop Società Cooperativa	28	28	45	45
Current assets from associates	664	664	664	664
Other current assets from the Manutencoop Group	**692**	**692**	**709**	**709**
Accrued income	0		0	
Prepaid expenses	2,122		1,502	
Accrued income and prepaid expenses	**2,122**	**0**	**1,502**	**0**
OTHER CURRENT ASSETS	**21,850**	**692**	**30,842**	**709**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 399,824 thousand as at 30 June 2018, down by € 29,340 thousand compared to 31 December 2017 (€ 429,164 thousand). Other changes under examination mainly concerned trade receivables from third parties, amounting to € 361,576 thousand as at 30 June 2018 (31 December 2017: € 390,382 thousand).

In 2018, assignments of trade receivables without recourse claimed from the National Health System continued under the agreement entered into during 2016 by the Parent Company Rekeep S.p.A. and by Servizi Ospedalieri S.p.A. with Banca Farmafactoring S.p.A. for an annual transferable amount for receivables of the same type up to a maximum of € 100 million. The committed credit line is due 2019. During the first half-year, assignments were made in an overall nominal amount of € 58,874 thousand.

Furthermore, the Parent Company Rekeep S.p.A. carried out additional assignments without recourse of trade receivables of € 2,473 thousand, against receivables claimed from entities belonging to the Public Administration, with Banca Farmafactoring S.p.A. as a counterparty not related to the contract referred to above. In this context, subsidiary Alessandria Project Value S.r.l. also carried out an assignment to Banca Farmafactoring S.p.A. for € 993 thousand.

Furthermore, assignments without recourse were made for € 19,341 thousand, concerning trade receivables from public and private customers with Banca IFIS, with which the Parent Company has entered into an additional uncommitted factoring contract, intended for the assignment without recourse of trade receivables specifically accepted for each transaction carried out.

In all assignments made, the assigned trade receivables were subject to derecognition pursuant to IAS 39 in consideration of the features of the transactions and involved total interest discount costs of € 563 thousand. As at 30 June 2018 the balance of receivables assigned without recourse but not yet collected by factors amounted to 52,725 thousand (of which € 31,062 thousand relating to assignments of receivables from the National Health Service under the contract with Bancafarmafactoring).

Finally, trade receivables from the Group amounted to € 34,143 thousand (€ 35,723 thousand as at 31 December 2017), plus advances of € 77 thousand (€ 56 thousand as at 31 December 2017).

A specific allowance for doubtful accounts was recorded in connection with non-performing receivables, which are difficult to fully recover, amounting to € 31,944 thousand at 30 June 2018 (at 31 December 2017: €32,987 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2017	Increases	Uses	Reversals	Other changes	30 June 2018
Allowance for doubtful accounts	32,987	279	(879)	(14)	(429)	31,944

Other current assets of € 21,850 thousand (€ 30,842 thousand as at 31 December 2017), showed a total decrease of € 8,992 thousand in the half-year.

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 (€ 10,483 thousand compared to € 18,095 thousand as 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 also recognises € 2,173 thousand of credit balances of current accounts held at Unicredit, managed in its own name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract stipulated with the aforementioned authority. Some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*.

10. SHARE CAPITAL AND RESERVES

	30 June 2018	31 December 2017
Share Capital – **Ordinary shares**	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 June 2018 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earnings

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

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation 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 prior year result		1,321				(44,037)	(42,716)
Economic effects on shareholders' equity			(210)		(2)	(75)	(287)
31 December 2017	**145,018**	**19,704**	**3,154**	**0**	**(5,233)**	**(17,789)**	**144,854**
Allocation of prior year result		420			74	7,991	8,484
Economic effects on shareholders' equity			65	(209)	127		(17)
30 June 2018	**145,018**	**20,124**	**3,219**	**(209)**	**(5,032)**	**(9,798)**	**153,321**

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

- The reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a negative amount of € 45,400 thousand as at 30 June 2018;
- The Parent Company's extraordinary reserve equal to € 36,961 thousand.

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
1 January 2017	**(40,447)**	**32,929**	**(7,518)**
Allocation of prior year result	44,256	7,017	51,273
31 December 2017	**3,809**	**39,946**	**43,755**
Allocation of prior year result	0	(7,841)	(7,841)
30 June 2018	**3,809**	**32,105**	**35,915**

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

	30 June 2018	31 December 2017
Equity attributable to non-controlling interests	**911**	**381**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	269	218
Subsidiaries of Rekeep World S.r.l.	513	0
Other subsidiaries and consortia	129	163

	30 June 2018	31 December 2017
Profit for the year attributable to non-controlling interests	**23**	**73**
of which attributable to:		
Subsidiaries of Sicura S.p.A.	51	73
Subsidiaries of Rekeep World S.r.l.	6	0
Other subsidiaries and consortia	(34)	0

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

Rekeep World 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 in favour of the minority shareholders and recognised as a financial liability in the Consolidated Financial Statements. Furthermore, during the first half of 2018 there was the first consolidation of EOS, the Turkish company in which Rekeep World 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 as of 30 June 2018 amounted to € 110,920 thousand, compared to € 156,706 thousand as of 31 December 2017. Below is the related breakdown by balance sheet lines:

	30 June 2018	31 December 2017	Change
Long term financial debt	181,616	175,281	6,336
Bank borrowings, including current portion of long-term debt, and other financial liabilities	32,334	43,165	(10,831)
Financial liabilities	**213,950**	**218,446**	**(4,496)**
Derivatives	0	0	0
Gross financial indebtedness	**213,950**	**218,446**	**(4,496)**
Cash and cash equivalents	(102,057)	(59,870)	(42,187)
Current financial assets	(973)	(1,870)	897
Net financial indebtedness	**110,920**	**156,706**	**(45,786)**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 June 2018 and 31 December 2017.

	30 June 2018	within 1 year	from 1 to 5 years	after 5 years
C.C.F.S. loan	10,000		10,000	
Artigiancassa loan	1,676		958	718
Prepaid interest expenses	(879)	(410)	(469)	
Accrued interest expenses	203	203		
Long-term bank borrowings and current portion of long-term bank borrowings	**11,000**	**(207)**	**10,489**	**718**
Proceeds Loan from CMF S.p.A.	167,552	653	166,889	
Current bank overdraft, advance payments and hot money	5,096	5,096		
Obligations arising from finance lease	3,429	382	1,390	1,657
Loans from syndicated shareholders	353	353		
Loan from Parent Company Manutencoop Società Cooperativa	137	137		
Other financial liabilities	30	30		
Obligations from assignments with recourse	22,088	22,088		
Collections on behalf of assignees of trade receivables	3,734	3,734		
Options on subsidiaries' minority shareholdings	464		464	
Debt for the acquisition of investments	66	66		
TOTAL FINANCIAL LIABILITIES	**213,950**	**32,334**	**179,241**	**2,376**

	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 expenses	230	230		
Long-term bank borrowings and current portion of long-term bank borrowings	**4,206**	**(86)**	**4,292**	**0**
Proceeds Loan from CMF S.p.A.	168,562	704	167,858	
Current bank overdraft, advance payments and hot money	6,000	6,000		
Obligations arising from finance lease	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 with recourse	29,999	29,999		
Collections on behalf of assignees of trade receivables	4,902	4,902		
Debt for the acquisition of investments	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 (REKEEP 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 Rekeep 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 Rekeep S.p.A. (equal to 33.2%). Therefore CMF S.p.A. is now the sole shareholder of Rekeep S.p.A..

As already mentioned, the refinancing transaction required Rekeep 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 method, which gave rise to amortisation costs of € 810 thousand during the first half of 2018, against a residual balance of € 7,322 thousand. The Loan bears interest at 9.0%, with six-monthly settlement on 15 June and 15 December of each year. On 30 June 2018 Rekeep S.p.A. paid the parent company CMF S.p.A. interest of € 7,920 thousand and recognised an accrued amount equal to € 653 thousand at 30 June 2018.

The book value of the Proceeds Loan at 30 June 2018 amounted to € 167,552 thousand, against the residual debt on account of principal for € 174,220 thousand, net of the adjustment relating to amortised cost and increased by interest accrued on the loan and not yet paid. On 12 June 2018 the Parent Company repaid CMF S.p.A. for a nominal amount of € 1,770 thousand (this being an amount additional to that of € 14,310 thousand repaid in December 2017) in order to provide CMF S.p.A. with the financial resources required to pay the six-monthly coupon falling due on 15 June 2018. The Proceeds loan was paid off after the effective date of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. (1 July 2018).

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 Rekeep 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 upon issue) back to the Parent Company Rekeep 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 € 117 thousand on the 2018 financial year and the remaining amount of these costs was accounted for as a prepaid expense of € 830 thousand on the reporting date of the Consolidated Financial Statements.

After the merger of CMF S.p.A. by incorporation into subsidiary Rekeep 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 Rekeep 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..

Artigiancassa loan

As at 21 June 2018 the Parent Company obtained a soft loan from the "Energy and Mobility Fund" operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing of € 1,676 thousand, with a pre-amortisation period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly instalments, falling due on 31 March and 30 September of each year.

Obligations arising from finance lease

The lease agreements entered into are not secured and refer to the companies Servizi Ospedalieri S.p.A. and EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.. They refer to motor vehicles and plant and machinery mainly referable to Servizi Ospedalieri S.p.A., which uses them 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, for which reference should be made to note no. 3 relating to business combinations.

Loans from syndicated shareholders

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

The balance of this item, equal to € 369 thousand, remained substantially unchanged compared to 31 December 2017.

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables claimed from the National Health Service signed with Banca Farmafactoring S.p.A. in 2016, as well as on some of the assignments without recourse of trade receivables claimed from Public Authorities, with reference to which the Parent Company Rekeep carried out the receipt service. The receipts (€ 3,734 thousand as at 30 June 2018) were transferred to the factor in the first days of the month after the end of the period.

Obligations from assignments of receivables with recourse

During 2015 the Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse (*pro-solvendo*) of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities. During the first half of 2018 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 28,493 thousand. As at 30 June 2018 the Group had obligations in place arising from assignments of receivables with recourse of € 22,088 thousand (€ 29,999 thousand as at 31 December 2017).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognised for an amount of € 464 thousand at 30 June and related 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 30 June 2018 the Group recognised prepaid interest expenses of € 879 thousand. The item mainly relates to the arrangement fees initially incurred by CMF S.p.A. for the execution of the RCF agreement and fully charged back to the Parent Company Rekeep S.p.A. (€ 830 thousand as at 30 June 2018).

Current financial assets

At 30 June 2018, Current financial assets amounted to € 973 thousand (€ 1,870 thousand as at 31 December 2017). At the end of the year under examination the following items were mainly recognised:

- An overall amount of € 305 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 €187 thousands (€ 1,494 thousand as at 31 December 2017);
- The balance of € 368 thousand attributable to the options of the minority interests of short-term loans from consolidated companies.

12. EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity ("T.F.R.") occurred during the first six months of 2018 are shown below, compared with changes in the same period of the last year.

	For the half-year ended	
	30 June 2018	30 June 2017
At 1 January	**15,519**	**17,043**
Service cost	364	308
Interest costs on benefit obligation	122	122
Benefits paid	(1,104)	(1,416)
Net actuarial (gains)/ losses recognised in the period	(134)	(353)
Other changes	0	1
AT 30 JUNE	**14,768**	**17,043**

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

	For the half-year ended	
	30 June 2018	30 June 2017
Current service cost	364	308
Interest costs on benefit obligation	122	122
Net cost of the benefit recognized in the statement of profit or loss	**486**	**430**
Net actuarial (gains)/ losses recognized in the period (on shareholders' equity)	(134)	(353)
TOTAL COST OF THE BENEFIT	**352**	**77**

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 half-year ended	
	30 June 2018	30 June 2017
Executives	59	57
Office workers	1,212	1,249
Manual workers	15,384	14,894
AVERAGE STAFF	**16,655**	**16,200**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 426 units at 30 June 2018 (30 June 2017: no. 429 units).

13. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 June 2018:

	Risks on investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance Provision	Other provisions	Total
At 1 January 2018	**80**	**5,043**	**25,514**	**478**	**223**	**909**	**2,088**	**34,335**
Accruals		32	1,202				59	**1,293**
Uses (payments)		(584)	(1,820)			(516)	(969)	**(3,887)**
Reversals		(54)	(352)				(113)	**(520)**
Other movements		(65)	1			0	0	**(64)**
At 30 June 2018	**80**	**4,372**	**24,545**	**478**	**223**	**394**	**1,065**	**31,157**
At 30 June 2018:								
Current	*80*	*4,266*	*69*	*478*	*0*	*394*	*3*	*5,290*
Non current	*0*	*106*	*24,476*	*0*	*223*	*0*	*1,062*	*25,867*
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 30 June 2018, includes the provision for unrecoverable future losses of Group companies and relates to the subsidiary Alisei S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance of the end of the period was equal to € 4,372 thousand, against accruals of € 32 thousand, in addition to uses, releases and other changes that entailed a decrease of € 703 thousand in the provision.

Provision for pending disputes

At the end of the financial year, the company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers, employees and others. During the period ended 30 June 2018 the provision, totalling € 24,545 thousand, reported increases for accruals for € 1,202 thousand and decreases for uses, releases and other changes totalling € 2,171 thousand.

Accruals were mainly recognized to cover risks of the Parent Company Rekeep S.p.A. for € 1,066 thousand and Servizi Ospedalieri S.p.A. for € 132 thousand. Utilization and reversal in the period (€ 2,172 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, the Competition Authority (the "Authority"), considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine of € 48,510 thousand against the Parent Company Rekeep S.p.A. (previously: Manutencoop Facility Management S.p.A.). The Company rejected the arguments on which the charge was based and lodged an appeal against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale*, TAR). On 14 October 2016, the Lazio Regional Administrative Court upheld partially the appeal lodged by Rekeep S.p.A. and sent the official documents to the Competition Authority for recalculating the fine, recommending reducing both the tax base, limiting it to the tender amount, and the percentage to be applied to the above-mentioned amount, from 15% to 5%. Rekeep S.p.A. appealed against the judgement upon the merits before the Council of State that pronounced in any case its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. Rekeep S.p.A. lodged also an appeal against the judgement of the Council of State with the Court of Cassation on 21 May 2017. Finally, on 23 December 2016, the Competition Authority followed up the judgement of the Lazio Regional Administrative Court and adopted a new measure, recalculating the penalty in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be set.

At the end of the reporting period of the Financial Statements as at 31 December 2016, also in the light of the outcome of the appeals made by the parties and on which the competent courts of law had already passed final judgement, the Directors recalculated the risk of outlay related to the fine in a maximum amount of € 14.7 million. On the other hand, on 24 March 2017, the Lazio Regional Administrative Court decided against the application to stay the related payment filed by Rekeep S.p.A. and therefore, the entire amount of the fine was reclassified in the item "Other current liabilities". Finally, the Competition Authority intervened with measure of 28 April 2017 with regard to the division into instalments of the payment requested by Rekeep S.p.A., by allowing the Company 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 4 February 2016, as a result of the Competition Authority fine ruling described above, Consip S.p.A. initiated a procedure to terminate the Agreements entered into as part of the tender under examination, also informing the company that it would consider the possibility of excluding the company from future tenders for "work of the same type" also pursuant to article 38, paragraph 1, letter f) of Italian Legislative Decree 163/06. Moreover, on 23 November 2016, Consip S.p.A. communicated

Rekeep S.p.A. the final termination of the agreements, expressly subject to the confiscation of the given final deposit (known as "performance bond") for the residual part against the partial release due for services duly carried out until the date of termination, also communicating the intention to report the facts to ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) and to the Public Prosecutor's Office.

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, as amended and converted 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 reported to the ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority), the facts challenged to Rekeep S.p.A., as announced in the termination letter of the Agreements together with the intention of reporting to the Public Prosecutor's Office. On 7 January 2017, the Company served to the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. 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.

Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). Following the judgement of the Regional Administrative Court of 14 October 2016, confirmed by the Council of State with judgement of 1 March 2017, which significantly reduced the fine previously imposed without however acknowledging the argument of the Company by which it had nothing to do with the alleged facts, the Directors considered to maintain the provisions for future charges in the Financial Statements as at 31 December 2017 (equal to € 17.5 million), taking also account of the risk of enforcement of the above-mentioned performance bond and despite the significant arguments by which Rekeep S.p.A. may judicially oppose the enforcement of the guarantee in question. To date the Anti-Corruption Authority has not yet concluded its preliminary investigations.

However, on 16 June 2017, Consip officially informed Rekeep 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 stay of the measure of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled on 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 Rekeep 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 whereby 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. However, by a subsequent order dated 19 July 2018, the Council of State proceeded with the "improper suspension of proceedings", since it considered that the relevant decision within the dispute was that on the preliminary issue pending before the European Court of Justice, which had been raised by the Piedmont Regional Administrative Court on 21 June 2018, as to whether the breach of competition rules fell within the scope of cases of "serious errors committed in professional practice" provided for in Article 38 of the Code of Public Contracts under Legislative Decree 163 of 12 April 2006 ("Old Code of Public Contracts"). The enforcement of the judgment is still suspended, as provided for in the previous order of 5 April 2018; the Company believes that it may take part in the pre-trial proceedings before the European Court of Justice in order to describe its own position.

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.

These decisions do not imply in any case any impediment for Rekeep S.p.A. to the participation and awarding of new call for tenders by Consip and, more in general, by the public administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, Rekeep S.p.A. received official communication from Consip to sign the agreements for the two lots 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. Consip Sanità and Consip Caserme tenders did not generate consolidated revenues until 30 June 2018 and were not included in the Group's backlog at 30 June 2018.

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

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

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

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

The table below sets forth the breakdown of the item as at 30 June 2018 and 31 December 2017:

	30 June 2018	of which to related parties	31 December 2017	of which to related parties
Trade payables	338,261		340,362	
Trade payables due to third parties	**338,261**	**0**	**340,362**	**0**
Trade payables to Manutencoop Società Cooperativa	9,880	9,880	12,450	12,450
Trade payables to Group companies within 12 months	12,998	12,998	26,069	26,069
Trade payables to Manutencoop Group	**22,878**	**22,878**	**38,519**	**38,519**

	30 June 2018	of which to related parties	31 December 2017	of which to related parties
Advances from customers, including contract liabilities	15,696	3	14,141	0
Trade payables and advances from customers	**376,835**	**22,881**	**393,022**	**38,519**
Fees due to directors and statutory auditors	412		531	
Tax payables	9,433		9,323	
Payables to social security institutions within 12 months	13,212		9,823	
Other payables to TJA ("*Associazione temporanea di imprese*")	7,334		6,824	
Payables to employees within 12 months	58,953		48,974	
Other payables within 12 months	11,986		14,643	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**103,506**	**0**	**92,294**	**0**
Other current payables to Manutencoop Società Cooperativa	40	40	42	42
Other payables to Group companies	202	202	(10)	(10)
Other current payables to Manutencoop Group	**242**	**242**	**32**	**32**
Accrued expenses	7		8	
Deferred income	1,073		1,081	
Accrued expenses and deferred income	**1,080**	**0**	**1,089**	**0**
Other current liabilities	**104,827**	**242**	**93,415**	**32**

Trade payables do not accrue interest and are settled for, on average, 90/120 days from the invoice date. The other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued year-end and summer bonuses and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for VAT payments.

Trade payables and advances from customers as at 30 June 2018 amounted to € 376,835 thousand against a balance at 31 December 2017 of € 393.022 thousand.

Other current operating payables showed a balance of € 104,827 thousand at 30 June 2018 (€ 93,415 at 31 December 2017) and are mainly made up of the following items:

- payables to employees of € 58,953 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 salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 13,312 thousand (€ 9,823 thousand at 31 December 2017);
- payables due to tax authorities for € 9,433 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 9,323 thousand at 31 December 2017);
- collections on behalf of Temporary Associations of Companies (TJA) for € 7,334 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 6,824 thousand at 31 December 2017).

The item "Other payables within 12 months" of € 11,986 thousand mainly includes the payable related to the Competition Authority fine of € 7,357 thousand following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment made by Rekeep 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%. Rekeep S.p.A. has paid the monthly instalments regularly.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Financial lease

The Group signed financial leases primarily for plant and machinery used in the production processes of the Laundering&Sterilzsation SBU and for motor vehicles. In 2017, moreover, a property lease agreement was signed by the subsidiary Servizi Ospedalieri S.p.A. to acquire the factory of Lucca.

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

	30 June 2018		31 December 2017	
	Fees	Current value of rental fees	Fees	Current value of rental fees
Within 1 year	440	382	586	491
From one year to five years	1,464	1,354	1,474	1,632
After 5 years	2,298	1,657	2,442	1,769
TOTAL LEASE FEES	**4,203**	**3,394**	**4,502**	**3,622**

	30 June 2018		31 December 2017	
	Fees	Current value of rental fees	Fees	Current value of rental fees
Financial charges	(809)		(880)	
CURRENT VALUE OF LEASE FEES	**3,394**	**3,394**	**3,622**	**3,622**

As at 30 June 2018, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 25,908 thousand (€ 11,037 thousand compared to 31 December 2017), of which € 4,068 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 4,425 thousand as at 31 December 2017);
- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 261,671 thousand (€ 234,241 thousand as at 31 December 2017), of which € 435 thousand issued in the interest of associates;
- a other guarantees issued by third parties in favour of associates, joint ventures and other shareholdings amounting to € 9,434 thousand (€ 10,014 thousand as at 31 December 2017);
- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of €2,396 thousand (€ 5,040 thousand as 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 Rekeep S.p.A. became a party as Borrower. In this context the Parent Company Rekeep S.p.A. benefitted from a Proceeds Loan bearing interest at a rate equal to that of the bond issue.

CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects running from 1 July 2018, thus executing the provisions of 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, since it has provided 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 Rekeep S.p.A.;

- an assignment, by way of security, involving receivables arising from the abovementioned Proceeds Loan, which was paid off after the merger.

The Parent Company Rekeep 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.

Furthermore, after the completion of the merger, Rekeep S.p.A. set up:

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

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 30 June 2018 no events of default had occurred.

Contingent liabilities

As at the date of approval of the Consolidated Half-Year Financial Report at 30 June 2018 contingent liabilities had arisen for the Rekeep Group which had not been recognised in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely.

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

Rekeep S.p.A. is liable for the offences of actionable fire and breach of safety regulations following the fire that occurred in the former Olivetti area in Scarmagno (Turin) on 19 March 2013. The Court of Ivrea ruled in first instance of 24 February 2017, with a judgment which acquitted the accused on the grounds that they had not committed the offence". However, the Public Prosecutor and the Prelios SGR, Telecom Italia S.p.A and Olivetti S.p.A plaintiffs appealed against this judgement in July 2017 and we are waiting for the hearing to be set before the Turin Court of Appeal.

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

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

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

On 3 April 2017, the Public-prosecutor's office of Naples served a search order against some employees of the Company, carried out at its premises.

These employees are under investigation as part of the enquiry started by the Public-prosecutor's office of Naples relating to the tender for the awarding of the cleaning services at A.O.R.N. Santobono Pausilipon of Naples. The offences notified to the employees also include the crime of corruption pursuant to Article 319 and 319-*bis* of the Italian Criminal Code, potentially relevant under Italian Legislative Decree 231 of 2001.

On 27 April 2017 he summons for the hearing was formally notified to Rekeep S.p.A. for discussing the request for applying the precautionary disqualification measure to the Company formulated by the Public Prosecutor pursuant to Italian Legislative Decree 231/2001 and, however, the Preliminary Investigation Magistrate 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. Rekeep 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. The next hearing has been scheduled for 13 September 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 Rekeep 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 holders 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. FINANCIAL RISK MANAGEMENT

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

The other traditional financing instruments used by the Group Companies are made up of:

- short-term loans and revolving assignments of trade receivables without and with recourse with the aim of funding working capital;
- very short-term credit lines used for contingent cash requirements;
- medium- and long-term loans with long-term amortization plans to cover investments in non-current assets and in acquisitions of companies and business units.

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

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

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

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 30 June 2018 and 31 December 2017.

	Hierarchy Levels				Hierarchy Levels			
	30 June 2018	Level 1	Level 2	Level 3	31 December 2017	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	101	101			101	101		
- of which securities	101	101			101	101		
Available for sale financial assets								
Financial assets and other current financial assets	0	0			0	0		
- of which hedging derivatives	0	0			0	0		
- of which non-hedging derivatives	0	0			0	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value as at 30 June 2018 and 31 December 2017. During the period in question, there were no transfers from one fair value measurement level to another.

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

Management of capital

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

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

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

	30 June 2018	31 December 2017
Employee termination indemnity	14,768	15,519
Interest-bearing financial loans	181,616	175,281
Trade payables and advances from customers	376,835	393,022
Other current liabilities	104,827	93,415
Other current financial liabilities	32,334	43,165
Cash and cash equivalents	(102,057)	(59,870)
Other current financial assets	(973)	(1,870)
Net financial indebtedness	**607,350**	**658,662**
Equity attributable to the Group	310,135	298,401
Undistributed net result	(11,749)	(642)
Total capital	**298,385**	**297,759**
EQUITY AND NET DEBT	**905,736**	**956,421**
Indebtedness ratio	67.1%	68.9%

A decrease was recorded in the debt ratio compared to 31 December 2017 which was due to the simultaneous decrease of € 51.3 million in net debt and to a slight capital increase following the positive result during the first half of 2018.

17. OPERATING SEGMENTS

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

SBU Facility Management

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

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

- Cleaning;
- Technical Services;
- Landscaping.

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

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

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

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

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

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

The establishment of Yougenio S.r.l. during 2016 led to embarking on a path to 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 potential customers.

SBU Laundering & Sterilization

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

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

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

The following table shows the economic results by segment for the periods ended 30 June 2018 and 30 June 2017:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Segment Revenues	404,255	63,360	(1,296)	466,319
Segment costs	(381,315)	(56,652)	1,296	(436,671)
Operating income (loss) by segment	**22,940**	**6,708**	**0**	**29,648**
Share of net profit of associates	1,064	221		1,285
Net financial income (charges)				(10,658)
Profit before taxes				**20,275**
Income taxes				(8,503)
NET RESULT FOR THE HALF-YEAR ENDED 30 JUNE 2018				**11,772**

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

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 June 2018 and 31 December 2017.

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	417,173	110,524	(1,052)	526,645
Goodwill	360,629	11,763		372,392

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Investments	27,324	5,900		33,224
Other assets not allocated and related taxes				137,401
SEGMENT ASSETS AT 30 June 2018	**805,126**	**128,187**	**(1,052)**	**1,069,662**
Liabilities allocated to the segment	470,582	58,059	(1,052)	527,589
Other liabilities not allocated and related taxes				231,027
SEGMENT LAIBILITIES AT 30 June 2018	**470,582**	**58,059**	**(1,052)**	**758,616**

	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
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. RELATED PARTY TRANSACTIONS

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company Rekeep S.p.A..

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

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

- e-Digital Solutions S.r.l. signed a contract with associate Roma Multiservizi S.p.A. on the basis of which it is committed to provide an Information System service. The contract, expiring on 31 December 2018, envisages an annual consideration of € 815 thousand.
- Manutencoop Cooperativa sub-leased to Rekeep S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,332 thousand.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.p.A. the property located in Vicenza (VI), at via Zamenhof 372, for use as offices/warehouse. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 370 thousand, to be paid in 12 monthly instalments.
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. Annual rent is € 322 thousand, to be paid in 12 monthly instalments.
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company Manutencoop Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and resolving said contracts.
- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets.
- Rekeep S.p.A. signed agreements with Manutencoop Cooperativa and its subsidiaries, for the provision of tax consultancy services.
- On 13 October 2017 Rekeep S.p.A. entered into a loan agreement named Proceeds Loan with the then 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. CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with effect from 1 July 2018. The loan in question was paid off following said merger.

The breakdown of the balances relating to the transactions carried out by the Group Companies with related parties is provided in Annex III attached to the Consolidated Half-Year Financial Report.

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

Zola Predosa, 28 August 2018

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

Group companies

Parent Company

Name	Registered Office	City
Rekeep S.p.A.	Via Ubaldo Poli n. 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 Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	Subsidiary

Name	Registered Office	City	% Held	Type
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
Rekeep Facility S.r.l.	52, Boulevard de Sebastopol	Paris	100%	Subsidiary
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk. 4	Istanbul	50.98%	Subsidiary
Rekeep World S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
S.AN.CO S.c.a.r.l.	Via A. Saffi, 51	Bologna	100%	Subsidiary
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Subsidiary
San Gerardo Servizi Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Servizi Brindisi Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	52%	Subsidiary
Servizi Ospedalieri S.p.A.	Via Calvino 33	Ferrara	100%	Subsidiary
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino 33	Ferrara	70%	Subsidiary
Servizi Taranto Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60.08%	Subsidiary
Sicura S.p.A.	Via Zamenhof 363	Vicenza	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 consolidated under the equity method

Name	Registered Office	City	% Held	Type
AMG S.r.l.	SS Laghi di Avigliana 48/a	Roata Raffo Busca (CN)	50%	Joint Venture
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord	Carinaro (CE)	60%	Joint Venture
CO. & MA. Soc. Cons. a r.l.	Via del Parco n. 16	Tremestieri Etneo (CT)	50%	Joint Venture
DUC Gestione Sede Unica Soc.cons.r.l.	Via Poli 4	Zola Predosa (BO)	49%	Joint Venture

Name	Registered Office	City	% Held	Type
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 liquida**tion**	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%	In liquidation
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	In liquidation
Centro Europa Ricerche S.r.l.	Via G. Zanardelli n. 34	Rome	21.38%	Associate
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (BO)	60%	In liquidation
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi 2	Como	30%	Associate
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padua	60%	Associate
Consorzio Sermagest Soc.Cons. a r.l. in 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
GR.A.AL. SOC.CONS a r.l.	Via Poli 4	Zola Predosa (BO)	29.926%	Associate
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
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa 76	Bologna	29.926%	Associate

Name	Registered Office	City	% Held	Type
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	Associate
Livia Soc.Cons. a r.l. in liquidation	Via Roma 57/B	Zola Predosa (BO)	34.10%	In liquidation
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Associate
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Associate
Palazzo della Fonte S.c.p.a.	Via Calamandrei, 255	Arezzo (AR)	33.30%	Associate
Progetto ISOM S.p.A.	Via Poli 4	Zola Predosa (BO)	36.98%	Associate
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Associate
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
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 for the period					Net assets 30 June 18	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Alisei S.r.l. in liquidation	100%	(80)						(80)		(80)
A.M.G. S.r.l.	50%	2,396		(121)	74			2,350	2,350	
BGP2 Soc.Cons. r.l.	41.17%	4						4	4	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	6					(30)	(24)	(24)	
Bologna Global Strade Soc. Cons. a. r.l.	56%	51	6		(1)			56	56	
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			(10)			59	59	
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	

	%	Net assets 31 Dec 17	Changes for the period					Net assets 30 June 18	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
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			133			1,500	1,500	
GICO Systems S.r.l.	20%	146			7			153	153	
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	
GR.A.AL. SOC.CONS a r.l.	29.926%	0	3					3	3	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
IPP S.r.l.	25%	444			13			457	457	
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			93		(41)	966	966	
Palazzo della Fonte S.c.p.a.	33.30%	8,000						8,000	8,000	
Progetto ISOM S.p.A.	36.98%	1.867			156			2,023	2,023	

	%	Net assets 31 Dec 17	Changes for the period					Net assets 30 June 18	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
ROMA Multiservizi S.p.A.	45.47%	3,141			448		8	3,597	3,597	
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		(105)	137		97	1,637	1,637	
Se.Ste.Ro S.r.l. in liquidation	25%	114	(114)					0	0	
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 liquida**tion**	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			262			5,338	5,338	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000						1,000	1,000	
T&M Protection Resources	40%	600						600	600	

	%	Net assets 31 Dec 17	Changes for the period					Net assets 30 June 18	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Holdings Italy S.p.A.										
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**27,214**	**(451)**	**(226)**	**1,285**	**0**	**65**	**27,883**	**27,963**	**(80)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
CMF S.p.A.	30/06/17					31/12/17			10,759	168,562
	30/06/18				8,679	30/06/18				167,552
Manutencoop Società **Cooperativa**	30/06/17	69	15,216			31/12/17	100	8,004	12,450	267
	30/06/18	106	15,003		137	30/06/18	85	8,164	9,898	5,093

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Alisei s.r.l. in liquidation	30/06/17					31/12/17	3			1
	30/06/18					30/06/18	3			1
AMG S.r.l.	30/06/17		133			31/12/17			162	
	30/06/18		135			30/06/18		121	252	
BGP2 Soc.Cons. r.l.	30/06/17					31/12/17			89	
	30/06/18					30/06/18			89	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30/06/17					31/12/17	452		411	
	30/06/18	458	77			30/06/18	917		482	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Bologna Multiservizi Soc.Cons. a r.l.	30/06/17	37				31/12/17	54		606	
	30/06/18					30/06/18	54		386	
Bologna Più Soc.Cons.a r.l. in liquidation	30/06/17					31/12/17		3	3	2
	30/06/18					30/06/18		3	3	2
Bologna Global Strade Soc. Cons. a r.l	30/06/17	869	1,990			31/12/17	1,943	336	3,926	
	30/06/18	1,074	2,600			30/06/18	1,294	336	2,686	
Cardarelli Soc. Cons. a r.l.	30/06/17		374			31/12/17			342	
	30/06/18		39			30/06/18			294	
Centro Europa Ricerche S.r.l.	30/06/17					31/12/17				
	30/06/18					30/06/18				
Como Energia Soc.Cons.a r.l.	30/06/17		560			31/12/17			999	
	30/06/18		46			30/06/18			454	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30/06/17					31/12/17		36	12	
	30/06/18					30/06/18		36	12	
Consorzio Polo Sterilizzazione **Integrata a r.l.**	30/06/17					31/12/17				
	30/06/18					30/06/18				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30/06/17					31/12/17				
	30/06/18					30/06/18				
CO.& MA. Soc. Cons. a r.l	30/06/17	180	695			31/12/17	120	20	709	
	30/06/18	90	470			30/06/18	30	20	621	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30/06/17	3,385	1,508			31/12/17	3,464		1,042	
	30/06/18	3,570	1,615			30/06/18	3,942		1,018	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	30/06/17	26				31/12/17	480	882	(27)	260
	30/06/18					30/06/18				
Fr.lli Bernard s.r.l.	30/06/17	6	34			31/12/17	45	50	56	
	30/06/18	(17)	32			30/06/18	22	50	22	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Gico Systems S.r.l.	30/06/17	4	278			31/12/17	7		532	
	30/06/18	5	546			30/06/18	10		633	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30/06/17					31/12/17		70	13	
	30/06/18					30/06/18		70	13	
Global Riviera Soc.Cons.a r.l.	30/06/17		5			31/12/17			(41)	
	30/06/18		5			30/06/18			(36)	
Global Vicenza Soc.Cons. a r.l.	30/06/17		4			31/12/17		570	467	
	30/06/18		6			30/06/18		570	472	
Grid Modena S.r.l.	30/06/17					31/12/17				
	30/06/18					30/06/18				
Gymnasium Soc. cons. a r.l in liquidation	30/06/17					31/12/17	1	8	33	5
	30/06/18					30/06/18	1	8	33	
IPP S.r.l.	30/06/17	133	19			31/12/17	125	59		
	30/06/18	71				30/06/18	90	59		
Legnago 2001 Soc. Cons. r.l.	30/06/17		2			31/12/17	158		45	
	30/06/18		2			30/06/18	158		47	
Livia Soc. cons. a r.l.	30/06/17					31/12/17			8	
	30/06/18					30/06/18			8	
Logistica Ospedaliera Soc. Cons. a r.l.	30/06/17					31/12/17			15	
	30/06/18					30/06/18			15	
Newco DUC Bologna S.p.A	30/06/17		4			31/12/17			37	
	30/06/18					30/06/18			37	
Palazzo della Fonte S.c.p.a.	30/06/17	1,834				31/12/17	1,367			
	30/06/18	1,563				30/06/18	816			
Progetto ISOM S.p.A.	30/06/17	144	27	60		31/12/17	12,203	2,043	474	
	30/06/18	149	86	60		30/06/18	12,518	2,102	555	200
Roma Multiservizi S.p.A.	30/06/17	3,024	580			31/12/17	4,248		725	
	30/06/18	1,194	555			30/06/18	3,352		538	
San Martino 2000 Soc.Cons. r.l.	30/06/17	816	1,688			31/12/17	163		633	
	30/06/18	1,234	1,359			30/06/18	788		839	
Savia Soc. Cons. a r.l	30/06/17		16			31/12/17			44	
	30/06/18					30/06/18			44	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Serena S.r.l. - in liquidation	30/06/17					31/12/17		3		
	30/06/18					30/06/18		3		
Servizi Napoli 5 Soc.Cons. a r.l.	30/06/17	669	641			31/12/17	2,057		1,310	
	30/06/18	679	641			30/06/18	2,811		1,951	
Se.Sa.Mo. S.p.A.	30/06/17	2,614		13		31/12/17	1,451	607	7	
	30/06/18	2,565		13		30/06/18	1,821	607	7	
S.E.I. Energia Soc. Cons. a r.l.	30/06/17					31/12/17				
	30/06/18	24				30/06/18	24	490		
SESATRE S.cons. a r.l.	30/06/17	6	2.211	2		31/12/17	3	3	1,352	
	30/06/18	5	169			30/06/18	5		164	
Se.Ste.Ro S.r.l.	30/06/17					31/12/17				
	30/06/18					30/06/18				
S.I.MA.GEST 2 Soc. Cons. r.l. in liquidation	30/06/17					31/12/17		75	13	2
	30/06/18					30/06/18		75	13	2
S.I.MA.GEST 3 Soc. Cons. r.l in liquidation	30/06/17					31/12/17		3	3	
	30/06/18					30/06/18		3	3	
Società Consortile Adanti Manutencoop in liquidation	30/06/17					31/12/17			53	
	30/06/18					30/06/18			53	
Steril Piemonte Soc. cons. a.r.l	30/06/17		341			31/12/17	7	326	474	
	30/06/18		375			30/06/18	7	75	365	
Synchron Nuovo San Gerardo S.p.A.	30/06/17	2,845	173	92		31/12/17	7,153	2,520	719	
	30/06/18	3,065	101	100		30/06/18	5,290	2,620	846	
T&M Protection Resources Holdings Italy S.p.A.	30/06/17					31/12/17				
	30/06/18	3				30/06/18	3			
Tower Soc.Cons. a r.l. in liquidation	30/06/17					31/12/17	33	29		
	30/06/18					30/06/18	33	29		

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	30/06/17					31/12/17	1			
	30/06/18					30/06/18	1			
Manutencoop Immobiliare S.p.A.	30/06/17	5	534			31/12/17	3	173		
	30/06/18	5	511			30/06/18	3	173	1	
Nugareto Società Agricola Vinicola S.r.l.	30/06/17	9	11			31/12/17	10		20	
	30/06/18	17	5			30/06/18	18		3	
Sacoa S.r.l.	30/06/17	32	10			31/12/17	97		42	
	30/06/18	31	19			30/06/18	110		57	
Segesta servizi per l'Ambiente S.r.l.	30/06/17	7				31/12/17	1			
	30/06/18	3				30/06/18	2			
MPH S.p.A.	30/06/17					31/12/17				
	30/06/18					30/06/18				

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	30/06/17	33				31/12/17	30		1	
	30/06/18	41				30/06/18	12		1	
Consorzio Karabak 2 Società Cooperativa	30/06/17	2				31/12/17				
	30/06/18	2				30/06/18				
Consorzio Karabak 4 Società Cooperativa	30/06/17					31/12/17			1	
	30/06/18					30/06/18			2	
Consorzio Karabak 5 Società Cooperativa	30/06/17					31/12/17				
	30/06/18					30/06/18				
Consorzio	30/06/17					31/12/17				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Karabak 6 Società Cooperativa	30/06/18					30/06/18				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**30/06/17**	**16,749**	**27,054**	**167**		**31/12/17**	**35,778**	**15,820**	**38,519**	**169,099**
	30/06/18	**15,937**	**24,397**	**173**	**8,816**	**30/06/18**	**34,220**	**15,614**	**22,881**	**172,850**

ANNEX IV

Statement of reconciliation of the reclassified statement of cash flows and the statutory schedules items

	For the half-year ended 30 June			
	2018		2017	
Cash and cash equivalents at the beginning of the period		**59,870**		**174,992**
Cash flow from current operations:		**34,181**		**35,577**
Profit before taxes for the period	20,275		26,948	
Amortisation, depreciation, write-downs and (write-backs) of assets	14,441		14,602	
Accrual (reversal) of provisions for risks and charges	774		(528)	
Employee termination indemnity provision	486		430	
Share of net profit of associates, net of dividends collected	(1,059)		416	
Financial charges (income) for the period	10,962		14,320	
Net interests received (paid) in the period	(9,628)		(13,592)	
Income taxes paid in the period	(90)		(139)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*(1,980)*		*(728)*	
Non-monetary contingent item - Oneri di Sistema	*0*		*(6,152)*	
Uses of provisions for risks and charges and payments of the employee termination indemnity:		**(4,990)**		**(4,482)**
Payments of employee termination indemnity	(1,104)		(1,416)	
Utilization of provisions for risks and charges	(3,887)		(3,066)	
CHANGE IN NWOC:		**13,151**		**20,606**
Decrease (increase) in inventories	83		(362)	
Decrease (increase) in trade receivables	29,894		17,334	

	For the half-year ended 30 June			
	2018		2017	
Increase (decrease) in trade payables	(16,826)		3,634	
INDUSTRIAL AND FINANCIAL CAPEX:		**(17,103)**		**(16,604)**
(Purchase of intangible assets, net of sales)	(2,863)		(3,947)	
(Purchase of property, plant and equipment)	(12,101)		(12,666)	
Proceeds from sale of property, plant and equipment	386		274	
(Acquisition of investments)	(509)		(408)	
Decrease (increase) of financial assets	(854)		(1,222)	
Financial effects of business combinations	(1,718)		0	
Discontinuing activities	145		110	
Reclassifications:				
Change in current financial assets, to be included in Net Financial Liabilities,	*411*		*1,254*	
CHANGE IN NET FINANCIAL LIABILITIES:		**(3,600)**		**(19,389)**
Change in financial lease debt	(192)		3,025	
Repayment of non-current borrowings	6,676		0	
Net opening (repayment) of short-term bank credit lines	(904)		(11,857)	
Other net changes in borrowings	(10,477)		(10,031)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*1,980*		*728*	
Change in current financial assets, to be included in Net Financial Liabilities,	*(411)*		*(1,254)*	
Financial effects of business combinations	*(272)*		*0*	
OTHER CHANGES:		**20,547**		**(13,385)**
Decrease (increase) in other current assets	9,138		(406)	
Increase (decrease) in other current liabilities	10,839		5.960	
Dividends paid	0		(25,091)	
Acquisition/sale of minority interests in subsidiaries	507		0	
Differences from translation of financial statements in foreign currency	(209)		0	
Reclassifications:				

	For the half-year ended 30 June			
	2018		2017	
Non-monetary contingent item - Oneri di Sistema	0		6,152	
Financial effects of business combinations	272		0	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**102,057**		**177,315**

ANNEX V

Pro-forma consolidated financial statements at 30 June 2018

	Rekeep S.p.A. Consolidated financial statements	CMF S.p.A. Separate Financial statements	Intercompany eliminations	Effect of consolidation	Consolidated financial statements of Rekeep S.p.A. Pro-forma
Assets					
Non-current assets					
Property, plant and equipment	68,893				68,893
Property, plant and equipment under lease	5,775				5,775
Goodwill	372,392			33,183	405,575
Other intangible assets	24,149				24,149
Investments accounted for under the equity method	27,962	420,472		(420,472)	27,962
Other investments	5,262				5,262
Non-current financial assets and other securities	10,799	166,899	(166,899)		10,799
Non-current assets	3,089				3,089
Prepaid tax assets	16,718	336			17,054
Total non-current assets	**535,039**	**587,707**	**(166,899)**	**(387,289)**	**566,558**
Current assets					
Inventories	6,155				6,155
Trade receivables and advances to suppliers	399,824				399,824
Current tax receivables	3,764				3,764
Other current assets	21,850	277			22,127
Current financial assets	973	653	(653)		973

	Rekeep S.p.A. Consolidated financial statements	CMF S.p.A. Separate Financial statements	Intercompany eliminations	Effect of consolidation	Consolidated financial statements of Rekeep S.p.A. Pro-forma
Cash and cash equivalents	102,057	21			102,078
Total current assets	**534,623**	**951**	**(653)**	**0**	**534,921**
Non-current assets classified as held for sale	0	0			0
Total non-current assets classified as held for sale	**0**	**0**	**0**	**0**	**0**
TOTAL ASSETS	**1,069,662**	**588,657**	**(167,552)**	**(387,289)**	**1,103,479**
Shareholders' equity and liabilities					
Shareholders' equity					
Share capital	109,150	250		(250)	109,150
Reserves	153,321	214,800		(403,409)	(35,289)
Retained earnings	35,915	(16,370)		16,370	35,915
Profit (loss) attributable to equity holders of the Parent	11,749	(9,653)			2,096
Equity attributable to equity holders of the parent	**310,135**	**189,027**		**(387,289)**	**111,872**
Capital and reserves attributable to non-controlling interests	888				888
Profit (loss) attributable to non-controlling interests	23				23
Equity attributable to non-controlling interests	**911**				**911**
TOTAL EQUITY	**311,046**	**189,027**	**0**	**(387,289)**	**112,783**
Non-current liabilities					
Employee termination indemnity	14,768				14,768
Provisions for risks and charges, non-current	25,867				25,867
Shareholder's Financing	0	49.700			49.700
Non-current loans	181.616	344.871	(166.898)		359.589
Deferred tax liabilities	12,234	2,116			14,349
Other non-current liabilities	685				685
Total non-current liabilities	**235,170**	**396,687**	**(166,898)**	**0**	**464,958**
Current liabilities					
Provisions for risks and charges, current	5,290				5,290
Trade payables and advances from	376,835	1,496			378,331

	Rekeep S.p.A. Consolidated financial statements	CMF S.p.A. Separate Financial statements	Intercompany eliminations	Effect of consolidation	Consolidated financial statements of Rekeep S.p.A. Pro-forma
customers					
Current tax payables	4,160				4,160
Other current liabilities	104,827	7			104,836
Bank borrowings, including current portion of long-term debt, and other financial liabilities	32,334	1,440	(653)		33,121
Total current liabilities	**523,446**	**2,943**	**(653)**	**0**	**525,738**
Liabilities directly associated with assets classified as held for sale	0				0
Total liabilities directly associated with non-current assets classified as held for sale	**0**	**0**	**0**	**0-**	**0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,069,662**	**588,657**	**(167,551)**	**(387,287)**	**1,103,479**

	Rekeep S.p.A. Consolidated financial statements	CMF S.p.A. Separate Financial statements	Intercompany eliminations	Effect of consolidation	Consolidated financial statements of Rekeep S.p.A. Pro-forma
REVENUES					
Revenues from sales and services	465,803				465,803
Other revenues	516				516
Total revenues	**466,319**	**0**	**0**	**0**	**466,319**
OPERATING COSTS					
Costs of raw materials and consumables	(70,858)				(70,858)
Change in inventories of finished and semi-finished products	136				136
Costs for services and use of third party assets	(152,243)	(112)			(152,355)
Personnel costs	(196,413)	(2)			(196,415)
Other operating costs	(3,015)	(2)			(3,017)
Capitalisation of lower internal construction costs	937				937

	Rekeep S.p.A.	CMF S.p.A.	Intercompany eliminations	Effect of consolidation	Consolidated financial statements of Rekeep S.p.A. Pro-forma
	Consolidated financial statements	Separate Financial statements			
Amortisation, depreciation, write-downs and write-backs of assets	(14,441)				(14,441)
Accrual of provisions for risks and charges	(774)				(774)
Total operating costs	**(436,671)**	**(116)**	**0**	**0**	**(436,787)**
Operating Income	**29,648**	**(116)**	**0**	**0**	**29,532**
Financial income and expenses					
Share of net of associates	1,285				1,285
Dividends and income (loss) from sale of investments	304				304
Financial income	1,034	8,679	(8,679)		1,034
Financial charges	(11,970)	(17,705)	8,679		(20,996)
Profit (loss) on exchange rate	(26)	(3)			(29)
Profit (loss) before taxes	**20,275**	**(9,144)**	**0**	**0**	**11,130**
Income taxes, current , prepaid and deferred	(8,503)	(509)			(9,011)
Net profit (loss) from continuing operations for the period	**11,772**	**(9,653)**	**0**	**0**	**2,119**
Profit (loss) from discontinued operations	0				0
PROFIT (LOSS) FOR THE PERIOD	**11,772**	**(9,653)**	**0**	**0**	**2,119**
Net profit (loss) for the period attributable to non- controlling interests	(23)				(23)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**11,749**	**(9,653)**	**0**	**0**	**2,096**

rekeep

minds that work

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