

INTERIM REPORT ON OPERATIONS

at 31 march 2019

rekeep

minds that work

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 13 October 2017

CHAIRMAN AND CEO
Giuliano Di Bernardo

VICE-CHAIRMAN
Giuseppe Pinna

MEMBERS OF THE BOARD OF DIRECTORS
Laura Duò
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 13 October 2017

CHAIRMAN
Germano Camellini

STANDING AUDITORS
Marco Benni
Monica Mastropaolo

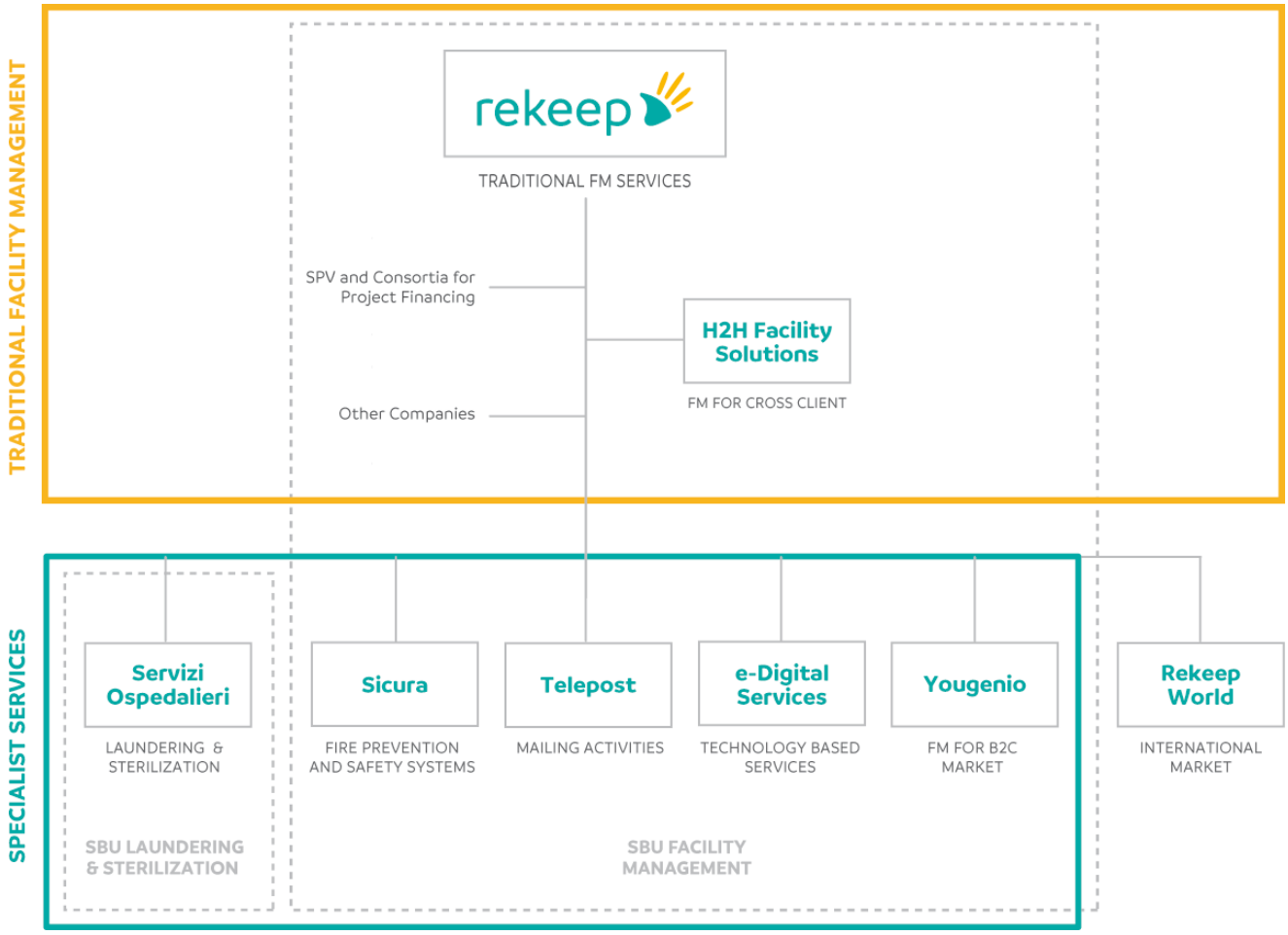
ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 31 March 2019 the Group controlled by Rekeep S.p.A. was composed 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. At present the Rekeep brand is developed around a single operating holding company which combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify: (i) operations, also through a series of acquisitions, with some “specialist” facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services): these services involve fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services, (ii) markets, through the sub-holding Rekeep World S.r.l., which was established to start the commercial development in international markets at the end of 2015.

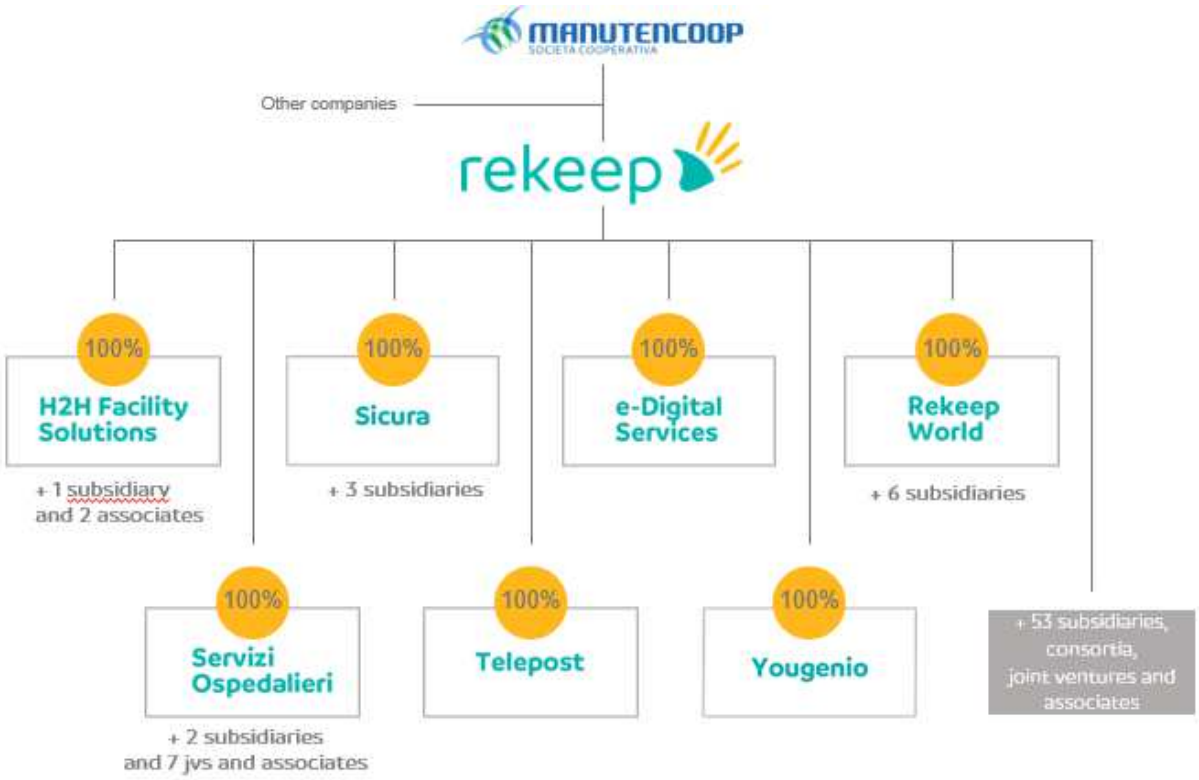
During 2016 diversification was further boosted by establishing Yougenio S.r.l., an innovative start-up active in the provision of services to private consumers through an e-commerce platform. This event led the Group to enter the B2C services market.

Shareholding structure

Ordinary shares issued by Rekeep S.p.A. and fully paid up at 31 March 2019 amounted to 109,149,600, with a par value of Euro 1 each. They are wholly held by Manutencoop Società Cooperativa, which also carries out Management and Coordination activities.

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

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

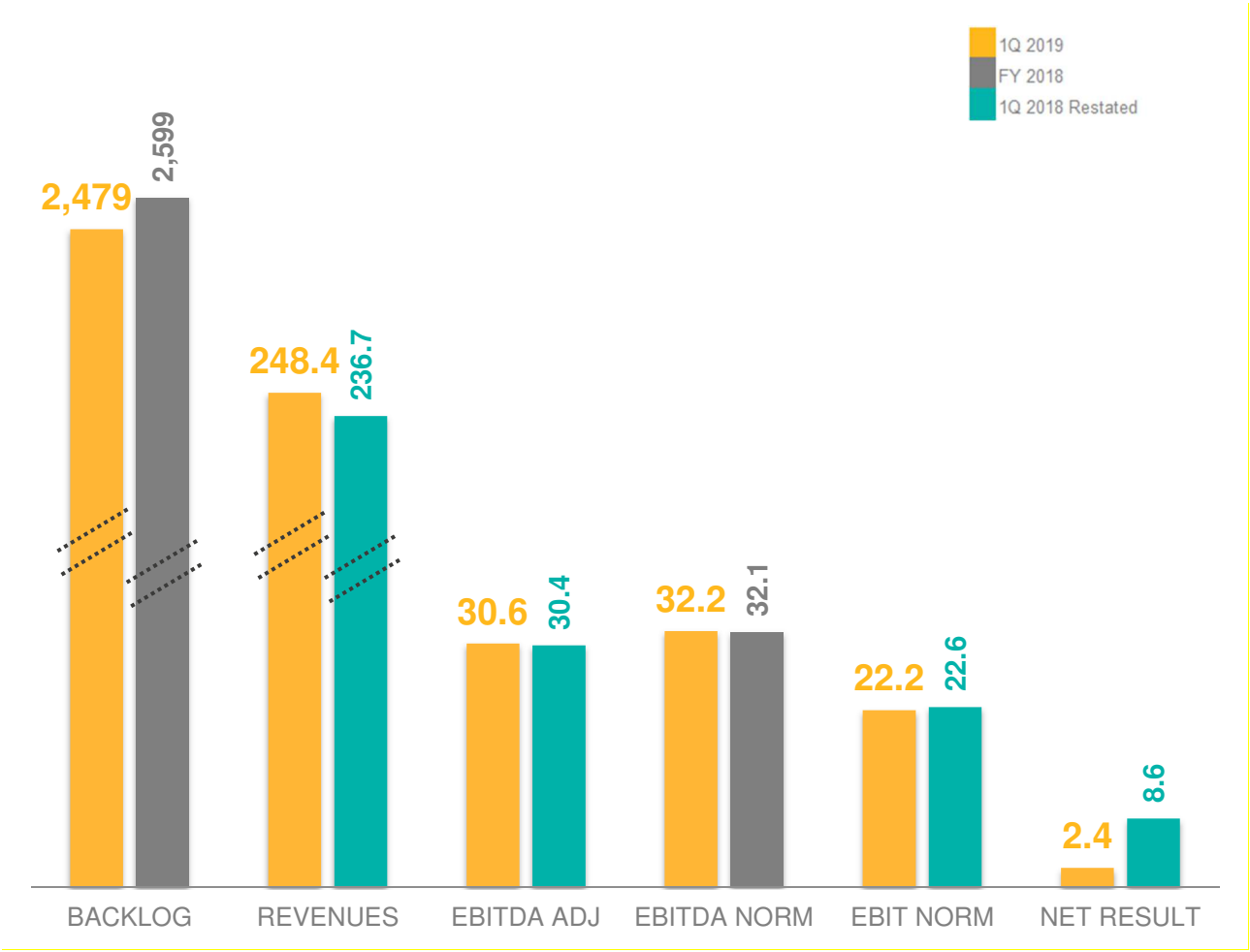


NON-GAAP FINANCIAL MEASURES

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

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

	Definition
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions in the period".
Revenues, Normalized EBITDA or EBIT	Normalized values represent Adjusted measures that also exclude the contribution to the consolidated profit/loss of the start-up activities relating to the subsidiary Yougenio S.r.l. and to the sub-group controlled by Rekeep World S.r.l. (formerly Manutencoop International S.r.l.).
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Bank debts; iii)) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
NFP	Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of receivables and other current financial assets and Cash and Cash equivalents.
Adjusted PFN and CCON	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.



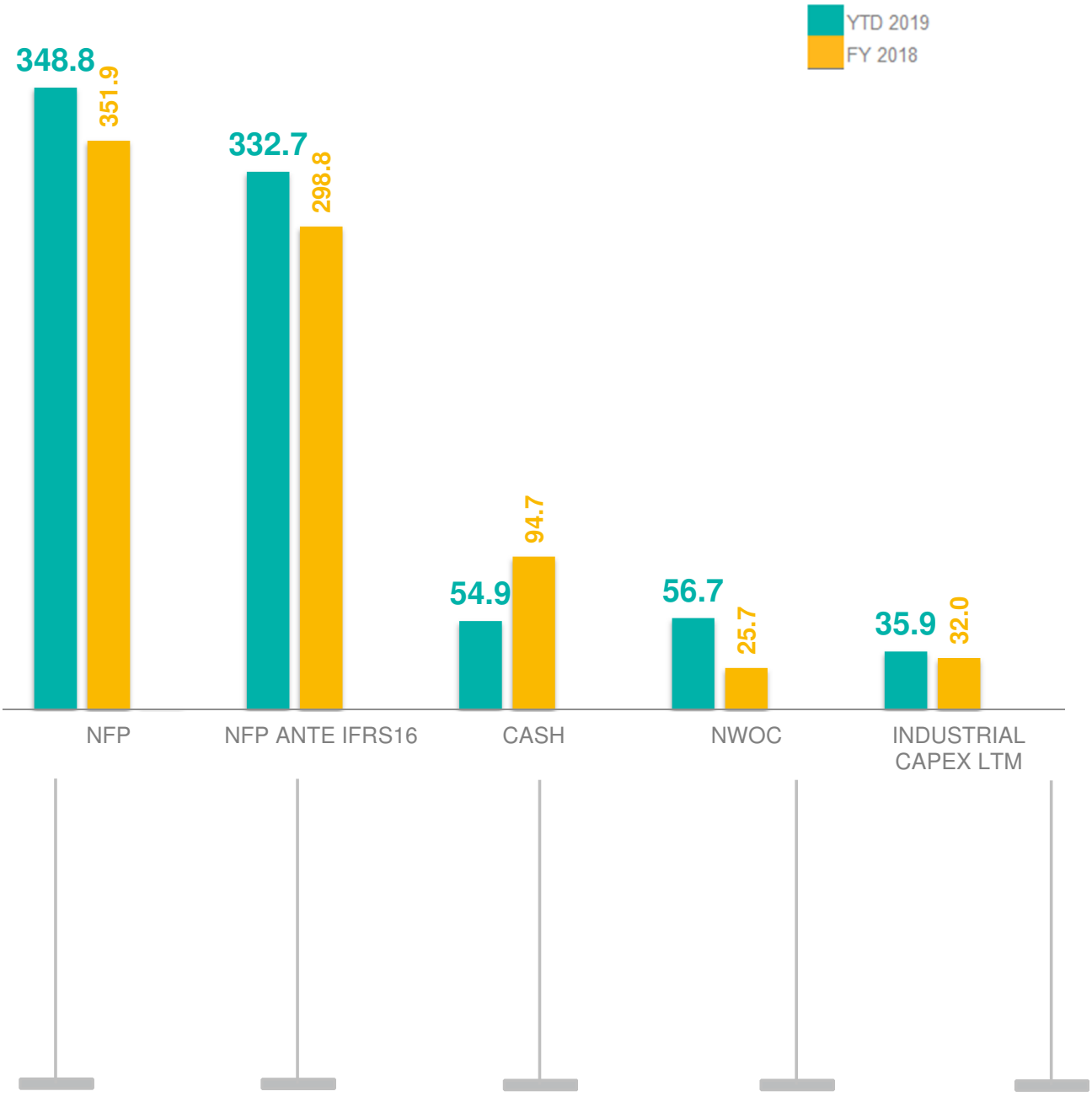
BACKLOG/ REVENUES LTM
2.6x
vs 2.7x 31/12/2018

REVENUES
+5.0 %
vs 31/03/2018

EBITDA/ REVENUES
12.0%
vs 12.6% 31/03/2018 Restated

EBITDA NORM/ REVENUES
13.1%
vs 13.6% 31/03/2018 Restated

EBIT NORM / REVENUES
9.1%
vs 9.6% 31/03/2018 Restated



NFP ANTE IFRS16 / EBITDA NORM LTM BEFORE IFRS16
3.3x

CASH
54.9 mln
vs 94.7 mln 31/12/2018

NET CASH
25.0 mln
vs 71.1 mln 31/12/2018

NWOC / REVENUES LTM
5.9%
vs 2.7% 31/12/2018

INTERIM REPORT ON OPERATIONS

PREAMBLE ON THE ADOPTION OF THE NEW ACCOUNTING STANDARD IFRS16

The Group adopted some newly-issued IFRS with effect from the beginning of the 2019 financial year. Specifically, it was necessary to carry out an in-depth analysis following the first-time adoption of the new IFRS 16 – Leases, which allowed the assessment of the potential impact on the financial position, results of operations, cash flows and disclosures reported in the Consolidated Financial Statements as from the 2019 financial year. Furthermore, a careful assessment was started in relation to the operational impact that this accounting transition would entail on the Group's administrative processes.

According to the previously applicable accounting rules, the "operating" lease cost for the period was accounted for in the Statement of Profit/Loss for the period, as "Cost for use of third-party assets", according to the matching principle and based on its accrual for the time being, thus directly impacting on EBITDA and EBIT for the period. The impact on the business cash flows was then accounted for as "Cash flow from current operations" in the Statement of Cash Flows. Furthermore, the accounting standard IAS 17 provided for the financial method to be adopted for "finance" leases only, thus recognising the asset among balance sheet assets (and recognising accordingly any related amortisation and depreciation) and the financial liability arising from future lease payments among balance sheet liabilities, as an increase in the net financial debt. Moreover, the related financial costs for the period were accounted for during the period of financial amortisation of this liability.

The new accounting standard IFRS 16 has introduced significant changes concerning the method to account for operating leases, providing for the recognition of the liability arising from leases that were previously classified as operating leases in applying IAS 17.

The main cases of operating leases identified by the analysis concern:

- property leases for the Group's offices throughout Italy;
- long-term hire for the corporate fleets of the Group companies;
- other forms of hiring of equipment used in the performance of some work contracts.

The analysis conducted upon first-time adoption in the Consolidated Financial Statements highlighted, first of all, the need for the evaluation of an appropriate marginal discount rate, which was adopted on a provisional basis at a 5% for any and all categories of operating lease in place. Additional analyses will be conducted during the year, which will be aimed at confirming or changing this rate by the date of publication of the Consolidated Financial Statements at 31 December 2019.

The accounting method applied to transition is the "Modified retrospective approach", which does not provide for the mandatory restatement of comparative information. The lessee must instead recognise the cumulative effect of the first-time adoption of the standard as an adjustment to the opening balance of profits carried forward as at 1 January 2019.

However, the balance sheet data at 31 March 2019 and at 31 December 2018, as well as the income and cash flows for the first quarter of the 2019 financial year, have been presented in this Interim Report on Operations by showing the comparative values restated in order to take account of the amendments to the accounting standard described above. The effects on the

main KPIs used by the Group for the assessment of its own performance in terms of results of operations and cash flows are summarised below.

	31 March 2018 Approved	Accounting effects IFRS16	31 March 2018 Restated
EBITDA	27,313	2.579	**29.892**
Adjusted EBITDA	27,779	2,579	**30,358**
Normalized EBITDA	29,543	2,544	**32,087**
EBIT	19,732	553	**20,285**
Adjusted EBIT	20,198	553	**20,751**
Normalized EBIT	22,091	548	**22,639**
Net financial charges	(4,982)	(710)	**(5,692)**
Consolidated Net Profit (Loss)	8,749	(117)	**8,632**

	31 December 2018 Approved	Accounting effects IFRS16	31 December 2018 Restated
Net consolidated shareholders' equity	165,492	(2,206)	**163,286**
Net financial indebtedness	298,788	53,090	**351,878**

SIGNIFICANT EVENTS OF THE FIRST QUARTER OF 2019

During the first quarter of 2019 management activities continued as part of the SBUs in which the Group operates.

As regards the performance in terms of results of operations, the quarter confirmed the revenue growth trend that progressively characterized the 2018 financial year. Revenues in the quarter ended 31 March 2019 came to € 248.4 million, up by € 11.7 million compared to the same period of the previous financial year (+5.0%). Profit margins remained substantially stable: in fact, Adjusted EBITDA came to € 30.6 million for the quarter ended 31 March 2019, against € 30.3 million (restated to take account of the adoption of IFRS16) in the first quarter of 2018.

As regards the financial performance, the quarter showed an increase in working operating capital as a result of the increase in trade receivables, which normally characterises the first quarter, accentuated by the volume growth. The increase in net working operating capital was reflected in higher net financial indebtedness.

Buy-back transactions of the Notes issued in 2017

In early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a nominal total of € 10.3 million. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. These transactions entailed the recognition of financial capital gains, net of related fees, equal to € 1.6 million through consolidated profit or loss in 2019.

Business combinations of the quarter

On 18 December 2018 H2H Cleaning S.r.l., which was established by H2H Facility Solutions S.p.A. in November 2018, signed with Eraclya Società Cooperativa a business unit lease agreement concerning the provision of environmental hygiene, concierge, porterage and other general services for private customers, mainly located in the Triveneto, Piedmont, Lombardy and Lazio regions. The business unit lease became effective from 1 January 2019 and will have a term of 4 years, subject to a call option which may be exercised from the 45th month from the effective date of the lease, at a price calculated as a multiple of the business unit value, net of lease rentals already paid.

Specifically, the business unit, which expressly excludes public contracts, is made up of sales contracts in place with private customers as at the date of execution and employment contracts with 1,142 people, as well as of procurement contracts relating to the leased business unit.

1. SUMMARY OF RESULTS OF THE FIRST QUARTER OF 2019

	For the quarter ended 31 March		
	2019	2018 Restated	%
Revenues	248,416	236,683	+5.0%
Adjusted EBITDA (*)	30,626	30,358	+0.9%
Adjusted EBITDA % of Revenues	12.3%	12.8%	
Normalized EBITDA (*)	32,166	32,087	+0.2%
Normalized EBITDA % of Normalized Revenues	13.1%	13.6%	
Adjusted EBIT (*)	20,411	20,751	-1.6%
Adjusted EBIT % of Revenues	8.2%	8,8%	
Consolidated net profit (loss)	2,445	8,632	

	31 March 2019	31 December 2018 Restated
Net Operating Working Capital (NWOC)	56,664	25,749
Net Financial Position (PFN)	(384,819)	(351,877)

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

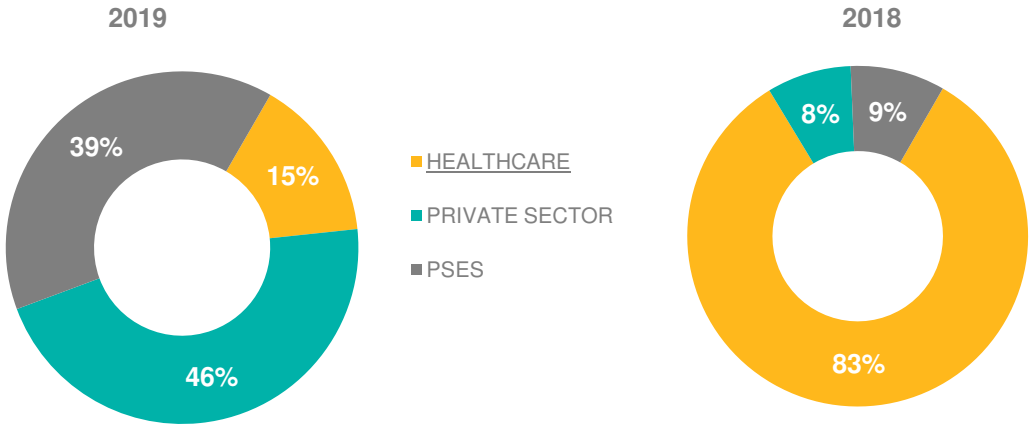
2. BUSINESS DEVELOPMENT

In the first three months of 2019 the Group brought orders for an overall multi-year amount of € 47.6 million, of which € 36.2 million relating to extensions and renewals of contracts already included in its sales portfolio.

As in the past, these data regard only long-term contracts obtained in the context of services for "traditional" facility management", for linen rental and for laundry services as well as for the sterilization of surgical instruments, as well as of "B2B" technology services of e-Digital Services S.r.l.. On the contrary, the figure does not include the commercial portfolio of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year. However, these companies have a not particularly significant impact on consolidated production volumes (less than 4% in the first three months of 2019).

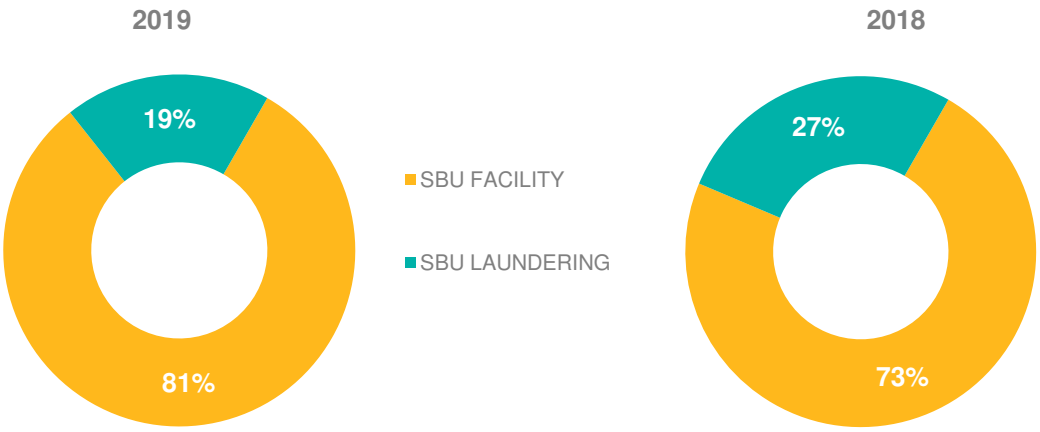
New contracts in the Healthcare sector amounted to € 6.9 million for the period, against orders gained for € 18.8 million in the Public sector and € 21.9 million in the sector of Private Customers.

CONTRACTS ACQUIRED BY MARKET AT 31 MARCH



In the Public sector the Group extended, through Rekeep RAIL S.p.A, the contract for on board train cleaning services for Campania 2, Molise and Lombardy lots. Furthermore, note the renewal of cleaning services in the network of Coop Alleanza 3.0 in Emilia Romagna, Puglia and Basilicata in the Private sector.

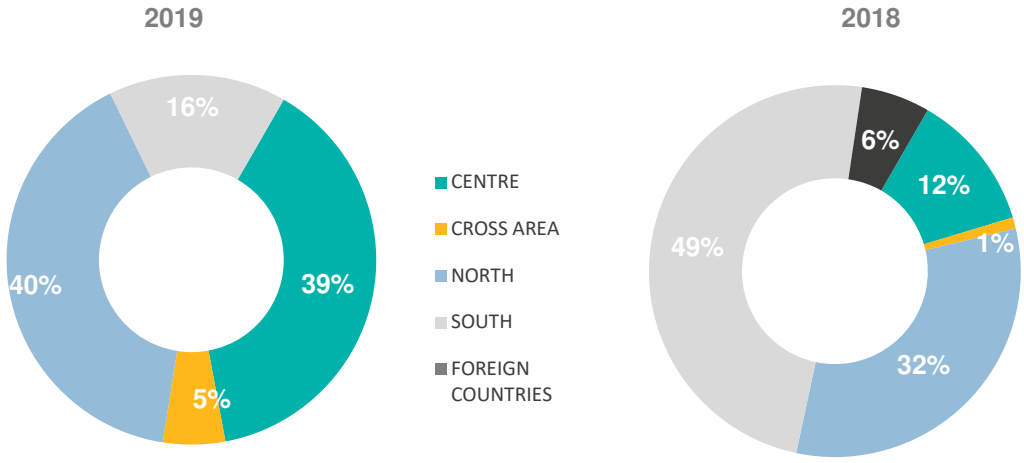
CONTRACTS ACQUIRED BY SBU AT 31 MARCH



Regarding the orders gained in the period in terms of Strategic Business Unit ("SBU"), Facility Management obtained contracts of € 43.9 million and Laundering & Sterilisation of € 3.7 million. Acquisitions in the Private sector were part of the Facility Management SBU. Furthermore, a geographical distribution of the commercial portfolio of new acquisitions in the period is provided below:

On 31 March 2019 the **Backlog** came to € 2,478 million, showing a slightly decrease compared to € 2,598 million at 31 December 2018. The LTM Backlog/Revenues ratio amounted to 2.6x at 31 March 2019 (2.7x at 31 Decembe2018).

CONTRACTS ACQUIRED BY GEOGRAPHICAL AREA AT 31 MARCH



3. GROUP'S PERFORMANCE OF OPERATIONS AND CONSOLIDATED FINANCIAL POSITION FOR THE THREE MONTHS ENDED 31 MARCH 2019

3.1 Consolidated performance of operations in the first three months of 2019

Below are reported the main income figures relating to the first three months of 2019 compared to the figures in the same period of 2018.

As already noted in the preamble, the Group has applied some newly-issued IFRS and specifically IFRS16 – Leases from the 2019 financial year. For the sake of clarity, comparative data have been restated to take account of the effects of the new accounting standard.

(in thousands of Euro)	For the 3 months ended 31 March		Change	%
	2019	2018 Restated		
Total Revenues	248,416	236,683	11,733	+5.0%
Total Costs of production	(218,562)	(206,791)	(11,771)	+5.7%
EBITDA	**29,854**	**29,892**	**(38)**	**-0.1%**
EBITDA %	**12.0%**	**12.6%**		
Amortization, depreciation, write-downs and write-backs of assets	(9,865)	(9,120)	(745)	
Accrual and reversal of provisions for risks and charges	(350)	(487)	137	
Operating Income (EBIT)	**19,639**	**20,285**	**(646)**	**-3.2%**
EBIT %	**7.9%**	**8.6%**		
Share of net profit of equity-accounted companies	85	843	(758)	
Net financial charges	(9,307)	(5,692)	(3,615)	
Profit before taxes (EBT)	**10,417**	**15,436**	**(5,019)**	**-32.5%**
EBT %	**4.2%**	**6.5%**		
Income taxes	(7,972)	(6,804)	(1,168)	
Profit from continuing operations	**2,445**	**8,632**	**(6,187)**	
Profit (loss) from discontinued operations	0	0	0	
CONSOLIDATED NET PROFIT (LOSS)	**2,445**	**8,632**	**(6,187)**	
CONSOLIDATED NET PROFIT (LOSS) %	**1.0%**	**3.6%**		
Minority interests	(13)	(66)	53	
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**2,432**	**8,566**	**(6,134)**	
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**1.0%**	**3.6%**	**11,733**	

NON-RECURRING EVENTS AND TRANSACTIONS

During the first 3 months of 2019 the Rekeep Group recognized, in the Statement of Profit/Loss for the year, some "non-recurring" financial items which impacted on the normal dynamics of the consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring or those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, results of operations and cash flows of Group companies.

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

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018
Legal advice on pending administrative disputes	164	64
Structural reorganisation consulting fees	594	372
Rebranding project	0	30
M&A and non-recurring transactions by Group companies	14	0
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA AND EBIT	**772**	**466**

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018 Restated
EBITDA	29,854	29,892
Non-recurring charges (income) impacting on EBITDA	772	466
Adjusted EBITDA	**30,626**	**30,358**
Adjusted EBITDA % on Revenues	**12.3%**	**12.8%**
EBIT	19,639	20,285
Non-recurring charges (income) impacting on EBITDA and on EBIT	772	466
Adjusted EBIT	**20,411**	**20,751**
Adjusted EBIT % on Revenues	**8.2%**	**8.8%**

As early as from 2016, the Group also undertook to diversify its target markets by establishing the sub-holding Rekeep World S.r.l. as a vehicle dedicated to business development on 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 the start-up phase and contribute negatively to the consolidated results for the year. However, the increase in the volumes achieved by the start-ups compared to the previous years is not sufficient to achieve the break-even point and to cover higher fixed costs to sustain growth.

Therefore, consolidated Normalized EBITDA and EBIT - which exclude the contribution given by said start-ups - are shown below:

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018 Restated
ADJUSTED EBITDA	**30,626**	**30,358**
Adjusted EBITDA related to start-up activities	1,541	1,729
NORMALIZED EBITDA	**32,166**	**32,087**
NORMALIZED EBITDA % on Normalized Revenues	**13.1%**	**13.6%**
ADJUSTED EBIT	**20,411**	**20,751**
Adjusted EBIT related to start-up activities	1,832	1,887
NORMALIZED EBIT	**22,243**	**22,639**
NORMALIZED EBIT % on Normalized Revenues	**9.1%**	**9.6%**

REVENUES

During the quarter ended 31 March 2019 the Group recorded ***Revenues*** of € 248.4 million against € 236.7 million for the same period of the previous year, with a positive change of € 11.7 million (+5%) which confirms the growth trend in volumes that characterized the 2018 financial year.

In particular, a contribution to growth, compared to the first quarter of 2018, was made by: the full operation of the services delivered under the MIES2 Agreement (+€ 9.1 million), the minor M&A operations carried out by the Group during 2018 (Medical Device S.p.A. on the part of Servizi Ospedalieri S.p.A.: + € 1.8 million) and in early 2019 (H2H Cleaning on the part of H2H Facility Solutions S.p.A.: + € 1.7 million), as well as the revenues achieved in the international market (+ € 2.2 million).

The breakdown of the consolidated Revenues in the first three months of 2019 is provided below, compared to the value posted in the same period of the previous year, broken down by Market.

REVENUES BY MARKET

(in thousands of Euro)	For the 3 months ended 31 March			
	2019	% of total Revenues	2018 Restated	% of total Revenues
PSEs	67,319	27.1%	69,433	29.3%
Healthcare	122,953	49.5%	114,452	48.4%
Private sector	58,144	23.4%	52,798	22.3%
CONSOLIDATED REVENUES	**248,416**		**236,683**	

The volume growth that marked the quarter was driven by the Healthcare sector, which increased by € 8.5 million up to € 123.0 million (+7.4%, with an increase in the relative impact from 48.4% to 49.5% of consolidated revenues), mainly benefitting from the regulation of volumes under the new MIES 2 agreement (+ € 9.1 million compared to the first quarter of 2018) that were more than offset by the conclusion of other contracts in the same market, and, to a lesser extent, from the volumes developed by Medical Device S.r.l. (+ € 1.9 million), a small-sized enterprise that specialises in the production and sale of procedure kits, in which Servizi Ospedalieri S.p.A. acquired the majority of quotas in July 2018.

The Private sector also grew by € 5.3 million (+10.1%, with an increase of the relative impact from 22.3% to 23.4% of consolidated revenues), mainly due to the minor M&A operation carried out by H2H Facility Solutions S.p.A. (H2H Cleaning: + € 1.7 million) and to the development of new customers by internal growth (+ € 2.1 million).

Revenues from Public Authorities, on the other hand, showed a slight decrease from € 69.4 million in the first quarter of 2018 to € 67.3 million in the quarter ended 31 March 2019 (- € 2.1 million).

Analysis of revenues by Segment

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

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

REVENUES BY SEGMENT

(in thousands of Euro)	For the 3 months ended 31 March			
	2019	% of total Revenues	2018 Restated	% of total Revenues
Facility Management	215,827	86.9%	205,948	87.0%
Laundering & Sterilization	33,164	13.4%	31,379	13.3%
Intra-group eliminations	(575)	-0.2%	(643)	-0.3%
CONSOLIDATED REVENUES	**248,416**		**236,683**	

The consolidated turnover growth trend was reported in both the SBUs in which the Group operates, with a proportional improvement in volume performance. For this reason, no appreciable deviation was reported in terms of the SBUs' relative weight over total consolidated Revenues compared to the same period in the previous year.

The Facility Management SBU increased its revenues of € 9.9 million in the first quarter of 2019 (+4.8%), also including the abovementioned positive changes relating to the MIES 2 agreement and to the development of H2H by internal growth and acquisitions.

On the other hand, the revenues of the Laundering&Sterilization SBU increased from Euro 31.4 million for the quarter ended 31 March 2018 to Euro 33.2 million for the quarter ended 31 March 2019, with an increase (+ € 1.8 million, equal to +5.7%), mainly attributable to the acquisition of Medical Device S.r.l. in July 2018 (+ € 1.9 million).

EBITDA

The Group's EBITDA amounted to € 29.9 million in the quarter ended 31 March 2019, unchanged compared to the first three months of 2018. However, EBITDA expensed non-recurring costs of € 0.8 million in the first quarter of 2019 against non-recurring items of € 0.4 million during the same period of the previous year. Therefore, Adjusted EBITDA excluding these non-recurring elements amounted to € 30.6 million at 31 March 2019, thus remaining substantially stable against Adjusted EBITDA of € 30.4 million at 31 March 2019 (+ € 0.2 million).

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

Below is provided a comparison of EBITDA by segment for the period ended 31 March 2019 and the period ended 31 March 2018:

EBITDA BY SEGMENT

(in thousands of Euro)	For the 3 months ended 31 March			
	2019	% of Revenues of the segment	2018 Restated	% of Revenues of the segment
Facility Management	21,625	10.0%	21,914	10.6%
Laundering&Sterilization	8,229	24.8%	7,977	25.4%
CONSOLIDATED EBITDA	**29,854**		**29,892**	**12.6%**

The Facility Management sector showed EBITDA of € 21.6 million in the quarter, remaining stable compared € 21.9 million (- € 0.3 million) in the same quarter of 2018. This stability in absolute values is even more evident once the abovementioned non-recurring items have been deducted from sector EBITDA, which affected the results recorded during the two comparative

periods (costs of € 0.7 million at 31 March 2019 against € 0.4 million at 31 March 2018). The segment also includes Yougenio's start-up activities and those launched in international markets, which recorded negative EBITDA of € 1.5 million in the quarter, recovering € 0.2 million compared to the same period of the previous year.

EBITDA in the Laundering & Sterilisation sector came to € 8.2 million in the three months ended 31 March 2019, showing the first albeit slight increase (+€ 0.2 million compared to the same period of 2018) after the decreasing trend observed in some quarters, due to higher revenues achieved in the sector referred to above (+5.7%).

No non-recurring charges impacting on EBITDA by segment were reported in both comparative quarters.

Costs of production

Costs of production, which amounted to € 218.6 million at 31 March 2019, showed an increase of € 11.8 million in absolute values compared to € 206.8 million at 31 March 2018 (+5.7%).

(in thousands of Euro)	For the 3 months ended 31 March			
	2019	% of total	2018 Restated	% of total
Costs of raw materials and consumables	48,334	22.1%	40,524	19.6%
Change in inventories of finished and semi-finished products	(397)	N.A.	0	N.A.
Costs for services and use of third-party assets	68,295	31.2%	69,789	33.7%
Personnel costs	101,799	46.6%	95,340	46.1%
Other operating costs	1,178	0.5%	1,137	0.5%
Lower costs for internal work capitalised	(647)	N.A.	0	N.A.
TOTAL COSTS OF PRODUCTION	**218,562**		**206,791**	

Costs of raw materials and consumables during the first three months of 2019 amounted to € 48.3 million, showing an increase of € 7.8 million compared to the value posted in the same period of 2018, which led to an increase in the impact on total Costs of Production (22.1% at 31 March 2019 compared to 19.6% at 31 March 2018). The increase mainly related to the consumption of fuel and electricity, linked to higher volumes of heat management and energy service following the start of operations under the MIES2 agreement, as well as to higher fuel costs in some areas of Italy, and, to a lesser extent, to the consumption of materials, the latter being mainly attributable to the costs of raw materials used in the production of procedure kits on the part of Medical Device S.r.l. (+ € 1.3 million), which was acquired by Servizi Ospedalieri S.p.A. in July 2018.

Costs for services and use of third-party assets showed a slight decrease in absolute values in the period ended 31 March 2019 (- € 1.5 million, -2.1%) compared to the period ended 31 March 2018 and a lower impact on total Costs of Production (31.2% against 33.7%). The reduction in these costs, in a range of 2%, mainly related to the services directly linked to

production operations (third-party and professional services, in addition to charges due to consortia), which are normally linked to the mix of services in progress, as well as to the consequent make or buy choices.

Personnel costs increased in absolute values by € 6.5 million (+6.7%, from € 95.3 million at 31 March 2018 to € 101.8 million at 31 March 2019), remaining substantially unchanged in terms of impact on total Costs of Production (46.6% at 31 March 2019 against 46.1% at 31 March 2018), consistently with the increase in revenues (+5.0%).

The average number of employees in service during the first three months of 2019 was equal to 17,444 units while it was 16,398 during the same period in the previous year (of which 16,141 against 15,110 manual workers).

As it was said for costs for services and for consumption of fuel and electricity, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress, as is the impact of related costs on total operating costs.

Other operating costs at 31 March 2019 amounted to € 1.2 million (€ 1.1 million at 31 March 2018). Specifically, note higher costs for donations, as well as entertainment and advertising expenses for € 0.3 million, against lower fines and penalties for € 0.1 million and lower costs for other levies (stamp and other local duties) for € 0.2 million.

Finally, *Lower costs for internal work capitalised* of € 0.6 million were recognised at 31 March 2019 (which had not been reported at 31 March 2018), in relation to some service concessions managed by Rekeep S.p.A., providing for the initial execution of long-term works, and in particular to the 15-year service concession with the Municipality of Casalecchio di Reno (Province of Bologna), which was started in 2018, for the integrated management of thermal energy and public lighting in the municipal district.

Operating income (EBIT)

In the first three months of 2019 consolidated Operating Income (**EBIT**) stood at € 19.6 million (7.9% of Revenues) against € 20.3 million (8.6% of Revenues) for the same period in 2018.

EBIT was affected by the above-mentioned consolidated performance in terms of EBITDA (which was in line for the two comparative periods), from which *amortization and depreciation* of € 9.1 million (€ 8.9 million at 31 March 2018), of which € 2.0 million relating to the amortization of the Rights of Use (in line in the two comparative quarters) and *accruals to provisions for risks and charges (net of reversals)* of € 0.3 million (€ 0.5 million at 31 March 2018), as well as *write-downs of receivables and reversals* of € 0.8 million (against € 0.2 million at 31 March 2018) must also be deducted.

Adjusted EBIT recognised the same elements impacting on Adjusted EBITDA and came to € 20.4 million and € 20.8 million at 31 March 2019 and 31 March 2018, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 8.0% and 8.8%, respectively, in the comparative periods.

Below is a comparison of Operating Income (EBIT) by segment in the period ended 31 March 2019 with the values relating to the same period in the previous year.

EBIT BY SEGMENT

(in thousands of Euro)	For the 3 months ended 31 March			
	2019	% of Revenues by segment	2018 Restated	% of Revenues by segment
Facility Management	16,141	7.5%	17,030	8.3%
Laundering&Sterilization	3,498	10.5%	3,256	10.4%
CONSOLIDATED EBIT	**19,639**	**7.9%**	**20,285**	**8.6%**

The EBIT in the *Facility Management* segment came to € 16.1 million (7.5% of related segment Revenues) at 31March 2019, against EBIT by segment of € 17.0 million (8.3% of related segment Revenues) at 31March 2018, thus showing a slight decrease compared to the same period in the previous year (- € 0.9 million). However, the adjusted values showed a more limited decline, with segment Adjusted EBIT decreasing from € 17.5 million at 31 March 2018 to € 16.9 million at 31 March 2019 and operating profit margins from 8.5% at 31 March 2018 to 7.8% at 31 March 2018.

In the comparison between the two quarters, the segment recorded lower amortisation and depreciation for € 0.1 million (specifically due to investments in hardware and software infrastructure) and higher write-downs of trade receivables for € 0.6 million at 31 March 2019. Furthermore lower net accruals to provisions for future risks and charges were recognized for € 0.1 million.

To the EBITDA performance in the *Laundering & Sterilization* segment for the first three months of 2019 (+ € 0.3 million compared to the same period in the previous year) must be added, at segment EBIT level, amortisation and depreciation of € 4.7 million (€ 4.5 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 for € 0.1 million (unchanged compared to 31 March 2018) and a net release of provisions for future risks and charges for € 0.1 million (an accrual of € 0.1 million at 31 March 2018), in connection with risk situations of an absolutely insignificant amount in both comparative periods. Profit margins by segment came to 10.5% of related segment Revenues in terms of EBIT (10.4% at 31 March 2018). No non-recurring charges impacting on segment EBIT were reported in both comparative quarters.

Profit before taxes

To the consolidated EBIT must be added net proceeds recorded by companies valued at equity, equal to € 0.1 million (€ 0.9 million at 31 March 2018). This change was due for € 0.2 million to some project finance companies leaving the Group's consolidation area and being disposed of in December 2018 to 3i European Operational Projects SCSp ("3i EOPF"), an investment fund managed by 3i Investments Plc.

Net financial charges of € 9.3 million (€ 5.7 million at 31 March 2018) were also recorded, thus obtaining a Profit before taxes of € 10.4 million at 31 March 2019 (€ 15.4 million at 31 March 2018).

Below is provided the breakdown by nature of net financial charges for the first three months of 2019 and for the same period of the previous year:

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018 Restated
Dividends, income (charges) from sale of equity investments	49	225
Financial income	2,200	830
Financial charges	(11,558)	(6,685)
Profit (loss) on exchange rate	2	(62)
NET FINANCIAL CHARGES	**(9,307)**	**(5,692)**

During the first three months of 2019 dividends were collected from non-consolidated companies for € 0.1 million (€ 0.2 million at 31 March 2018).

Financial income amounted to € 2.2 million in the first 3 months of 2019, showing an increase of € 1.4 million compared to € 0.8 million recorded in the same period of 2018. The main item recorded during the period related to a capital gain of € 1.6 million achieved by the Parent Company Rekeep S.p.A. during the quarter through the purchase of portions of its bond issue on the open market for a nominal total of € 10.3 million. Lower interest income on trade receivables for € 0.3 million was also recorded due to the reporting of some significant positions in 2018.

In the period the impact of *financial charges* on the consolidated results of operations was equal to € 11.6 million compared to € 6.7 million for the same period of 2018.

With respect to the two comparative periods, the financial debt structure reported significant changes. On 1 July 2018 the merger became effective for the incorporation into Rekeep S.p.A. of its direct parent company CMF S.p.A., which had been established by Manutencoop Società Cooperativa in 2017 for the purpose of launching the Senior Secured Notes bond issue. The consolidated income statement, therefore, was affected by higher financial costs arising from the transfer of the bond debt (equal to € 360 million) to Rekeep S.p.A. from the third quarter of 2018, following the above-mentioned merger and the consequent repayment of the Proceeds Loan granted by CMF within the refinancing transaction (equal to € 176.0 million at 31 March 2018 and € 174.2 million at the date of the merger itself).

The financial charges accrued on the Proceeds Loan came to € 4.0 million during the first quarter of 2018, against financial charges of € 7.8 million accrued by Rekeep S.p.A. on the Notes during the first quarter of 2019. The above-mentioned buy-back operations that were carried out during the first quarter of 2019 on the other hand ensured savings of € 0.3 million on the financial charges accrued on the repurchased portions for the time being.

Finally, the *upfront fees* relating to the issue of Senior Secured Notes were accounted for according to the amortised cost method, which entailed financial amortisation charges of € 1.2 million in the first quarter of 2019, of which € 0.4 million relating to the write-off of the portion relating to the repurchased Notes. On the contrary, financial amortisation charges of € 0.4 million had been accounted for during the first quarter of 2018, relating to additional issue costs, charged back to Rekeep S.p.A. in proportion to the earnings attributable to the company under the Proceeds Loan agreement (equal to 52.86% of total issue).

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. In 2017 CMF S.p.A. then charged all financing costs (initially equal to € 1.0 million) back to Rekeep S.p.A., which will also be amortised on a straight-line basis throughout the term of the credit facility (no drawdown had been requested on the reporting date). The cost relating to this line of credit amounted to € 0.2 million (including commitment fees charged by banks) in both comparative periods.

Finally, interest discount costs were recognised for € 0.8 million during the first quarter of 2019 in relation to the assignments of receivables without recourse carried out with Banca Farmafactoring, Banca UCF and Banca IFIS (€ 0.6 million at 31 March 2018).

Consolidated net result

From the Profit before taxes for the period (€ 11.4 million) must be deducted taxes of € 8.0 million, thus obtaining a Net Result of € 2.4 million (€ 8.7 million at 31 March 2018). The table below reports a breakdown of the consolidated tax rate:

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018 Restated
Profit before taxes	**10,417**	**15,436**
Current, prepaid and deferred IRES tax	(6,529)	(4,829)
Current, prepaid and deferred IRAP tax	(1,442)	(1,974)
Consolidated net result	**2,446**	**8,633**
Tax rate	**76.5%**	**44.1%**

Compared to the first three months of the previous year the Profit before taxes showed a decrease of € 5.0 million (€ 10.4 million at 31 March 2019 against € 15.4 million at 31 March 2018), against an increase of € 1.2 million in the overall tax burden. The overall tax rate amounted to 76.5% for the three months ended 31 March 2019 against 44.1% for the same period of the previous year, mainly due to a higher non-deductible amount of financial costs and substantial lack of changes in some tax components (especially IRAP tax), the impact of which increased against a reduction in the Profit before taxes.

3.2 Analysis of the Statement of financial position as at 31 March 2019

The statement of Sources and Uses is reported below, showing the accounting effects of the adoption of the new IFRS 16 on Net financial indebtedness:

(in thousands of Euro)	31 March 2019	31 December 2018 Restated
USES		
Trade receivables and advances to suppliers	448,777	417,930
Inventories	8,258	7,421
Trade payables and advances from customers	(400,371)	(399,602)
Net commercial working capital	**56,664**	**25,749**
Other elements of working capital	(58,703)	(61,284)
Net working capital	**(2,039)**	**(35,535)**
Property, plant and equipment and assets under finance leases	78,275	73,975
Rights of use for operating leases	48,471	49,472
Goodwill and other intangible assets	432,495	433,256
Investments accounted for under the equity method	19,207	19,207
Other elements of non-current assets	29,505	29,893
Fixed Assets	**607,953**	**605,803**
Non-current liabilities	(55,461)	(55,104)
NET INVESTED CAPITAL	**550,453**	**515,164**
SOURCES		
Equity attributable to non-controlling interests	659	659
Equity attributable to equity holders of the parent	164,975	162,627
Shareholders' equity	**165,634**	**163,286**
Net financial indebtedness	384,819	351,878
of which accounting effects of the adoption of IFRS 16	*52,084*	*53,090*
FINANCING SOURCES	**550,453**	**515,164**

Net working capital

At 31 March 2019 Consolidated Net Working Capital (**NWC**) posted a negative value of € 2.0 million with a change of € 33.5 million compared to 31 December 2018, when it posted a negative value of € 35.5 million.

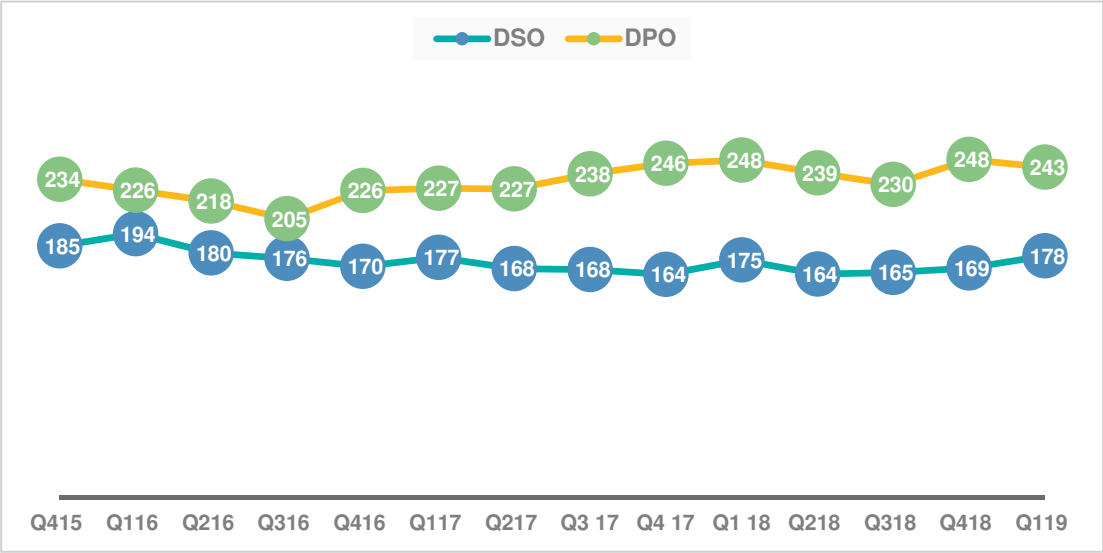
At 31 March 2019, the consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and advances from customers, was equal to € 56.7 million against € 25.7

million at 31 December 2018. Considering the balance of receivables assigned without recourse by the Group and not yet collected by the factoring agencies (equal to € 60.1 million at 31 March 2019 and € 60.3 million at 31 December 2018) the **Adjusted NWOC** stood at € 116.8 million and € 86.1 million, respectively.

First of all, the change in the last indicator (+ € 30.7 million) was due to a change in the balance of trade receivables during the quarter (+ € 30.7 million, while considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) against a stock of trade payables which remained substantially unchanged (€ 400.4 million at 31 March 2019 against € 400.0 million at 31 December 2018).

At 31 March 2019 average DSO was 178 days against 169 days at 31 December 2018 and 175 days at 31 March 2018. Furthermore at 31 March 2019 DPO was 243 days against 248 days at 31 December 2018 and 31 March 2018.

Within the overall management of cash flows, the figure of receipts was in line with the historical 1Q average levels of the measurements made in the previous years, while the schedule of payments to suppliers in financial terms contributed to limiting the DPO compared to the previous quarters, thus reflecting a greater benefit of the financial flows recorded compared to receipts on the payments.



The balance of the other elements in working capital at 31 March 2019 was a net liability of € 58.7 million, down by € 2.6 million compared to a net liability of € 61.3 million at 31 December 2018:

(in thousands of Euro)	31 March 2019	31 December 2018 Restated	Change
Current tax receivables	8,044	14,658	(6,614)
Other current assets	38,134	22,320	15,814

(in thousands of Euro)	31 March 2019	31 December 2018 Restated	Change
Provisions for risks and charges, current	(6,080)	(6,948)	868
Current tax payables	(1,852)	(954)	(898)
Other current liabilities	(96,949)	(90,360)	(6,589)
OTHER ELEMENTS IN WORKING CAPITAL	**(58,703)**	**(61,284)**	**2,581**

The change in net liability of other working capital elements compared to 31 December 2018 was due to a combination of factors, mainly including:

- an increase in the net credit balance for VAT of the Group companies, equal to € 12.0 million. These credit balances are systematically generated following the introduction of new regulations governing "Split payment" and "Reverse charge" as early as in 2015;
- the seasonal movements of withholding tax payables to/receivables from employees and the relative payables to/receivables from social security institutions and tax authorities, which entailed an increase in the net liability of € 8.7 million;
- the reduction in "Other current operating liabilities" of the payable related to the fine imposed by the Competition Authority during 2016, given the instalment payment thereof (€ 2.9 million at 31 March 2019 against € 4.4 million at 31 December 2018);
- the decrease of € 0.9 million in the short-term portion of provisions for future risks and charges.

Finally, net current tax receivables were recognised for € 6.2 million at 31 March 2019, against a net receivable of € 13.7 million at 31 December 2018, mainly following the recognition of € 8.0 million of taxes for the period.

Other long-term liabilities

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

- defined-contribution plans for employee benefits, mainly including the TFR (severance pay), equal to € 15.3 million and € 14.7 million at 31 March 2019 and 31 December 2018, respectively;
- the long-term portion of Provisions for risks and charges (€ 24.9 million at 31 March 2019 against € 25.2 million at 31 December 2018);
- deferred tax liabilities of € 14.6 million (€ 14.5 million at 31 December 2018).

Consolidated net financial indebtedness

Details of net financial indebtedness at 31 March 2019 are shown below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, compared to the figures at 31 December 2018 restated to take account of the effects of the amendments to the accounting standards.

(in thousands of Euro)	31 March 2019	31 December 2018 Restated
A. Cash	232	49
B. C/a, bank deposits and consortia, non-proprietary accounts	54,672	94,684
C. Securities held for trading		
D. Cash and cash equivalents (A) + (B) + (C)	**54,904**	**94,733**
E. Current financial assets	**4,439**	**5,532**
F. Current bank overdraft	824	5,247
G. Current portion of non-current debt	10,390	2,855
H. Other current financial liabilities	35,104	35,850
I. Current financial indebtedness (F)+(G)+(H)	**46,319**	**43,952**
J. Net current financial indebtedness (I) - (D) - (E)	**(13,024)**	**(56,313)**
K. Long-term bank debt and Senior Secured Notes	350,532	358,225
L. Other non-current financial liabilities	47,311	49,966
M. Derivatives		
N. Non-current financial indebtedness (K) + (L) + (M)	**397,843**	**408,191**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**384,819**	**351,878**

The first three months of 2019 saw a negative change in Consolidated net financial debt, which increased from € 351.9 million at 31 December 2018 to € 384.8 million at 31 March 2019. The adoption of the new IFRS16 – Leases entailed the recognition of the discounted value of future operating lease payments for an amount of € € 52.1 million and € 53.1 million at 31 March 2019 and 31 December 2018, respectively. Net of this accounting item, the Financial indebtedness came to € 332.7 million at 31 March 2019 against € 298.8 million at 31 December 2018.

On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 200 million. The new agreement replaces the previous contract, which was executed with Banca Farmafactoring

S.p.A. in 2016, which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only.

During the first quarter of 2019 assignments of receivables without recourse were made under this contract for € 38.0 million. On 27 June 2018 the Parent Company also signed a factoring uncommitted 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 € 2.9 million in the first quarter of 2019, in consideration of this new contract. Finally, on 18 December 2018 the Parent Company obtained an additional line for assignments without recourse up to € 20 million on a revolving basis with Unicredit Factoring S.p.A, which was also aimed at converting credit positions into cash specifically agreed with the factor. This line was used for the assignment of receivables from private individuals for a total amount € 5.1 million. All assignments without recourse were subject to derecognition according to IFRS9.

The consolidated net adjusted financial debt for the amount of receivables assigned without recourse to factoring companies that had not been collected at the reporting date (totalling € 60.1 million at 31 March 2019 against € 60.3 million at 31 December 2018) amounted to € 445,0 million (€ 392.9 million, eliminating the effects of the adoption of IFRS16) against € 412.2 million at 31 December 2018 (€ 359.1 million, eliminating the effects of the adoption of IFRS16).

At 31 March 2019 he balance of Cash and cash equivalents, net of short-term credit lines (Net Cash) amounted to € 35.0 million (€ 71.1 million at 31 December 2018):

(in thousands of Euro)	31 March 2019	31 December 2018
Cash and cash equivalents	54,904	94,733
Current bank overdraft, advance payments and hot money	(824)	(5,247)
Obligations arising from assignments of trade receivables with recourse	(19,117)	(18,379)
NET CASH	**34,963**	**71,106**

Below is a breakdown of the net financial exposure by bank credit lines and financial leases (Net Debt) compared to 31 December 2018:

(in thousands of Euro)	31 March 2019	31 December 2018
Senior Secured Notes due 2022 (nominal value)	349,700	360,000
Bank debts (nominal value)	13,743	12,454
Financial lease obligations	3,732	3,577
Current bank overdraft, advance payments and hot money	824	5,247
Obligations arising from assignments of receivables with recourse	19,117	18,379

(in thousands of Euro)	31 March 2019	31 December 2018
GROSS DEBT	**387,116**	**399,659**
Current financial assets	(4,439)	(5,532)
Cash and cash equivalents	(54,904)	(94,733)
NET DEBT	**327,773**	**299,394**

The "Net Debt" increased compared to 31 December 2018 (€ 327.8 million against € 299.4 million). Specifically, at the closing date of the first quarter of 2019 there was a lower drawdown of short-term credit lines for Current bank overdrafts, advance payments and hot money and Assignments of trade receivables with recourse (a total of - € 3.7 million).

Furthermore, in early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a nominal total of € 10.3 million. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. The Notes were not cancelled and are currently held in the portfolio. Furthermore, a new committed credit line agreement has been entered into by subsidiary Elene Project S.r.l. (holding a 15-year service concession for the integrated management of thermal energy and public lighting in the municipal district of Casalecchio di Reno (BO)) for an amount equal to € 1.5 million, expiring in 2030.

The change in Cash and cash equivalents is analysed in the table below: the cash flows for the first three months of 2019, are compared with the figures for the same period of the previous year. A reconciliation between the items in the table below and those in the statutory schedule of the Interim Report on Operations reported in the condensed Explanatory notes pursuant to IAS 7 is reported in the Annexes, to which reference should be made.

(in thousands of Euro)	2019	2018 Restated
At 1 January	**94,733**	**59,870**
Cash flow from current operations	20,889	23,631
Uses of provisions for risks and charges and for employee termination indemnity	(2,209)	(3,199)
Change in NWOC	(31,725)	(7,008)
Industrial Capex net of disposals	(10,537)	(6,439)
Financial Capex net of disposals	22	(2,336)
Change in net financial liabilities	(6,887)	3,653
Other changes	(9,381)	(8,279)
AT 31 MARCH	**54,904**	**59,893**

The overall cash flows mainly reflect:

- cash inflow from current operations for € 20.9 million (€ 23.6 million at 31 March 2018);

outflows from the use of provisions for future risks and charges and for employee termination indemnity for € 2.2 million (€ 3.2 million at 31 March 2018);

a cash flow of € 31.7 million (€ 7.0 million at 31 March 2018) used for changes in NWOC resulting from an outflow correlated to an increase in trade receivables for € 31.7 million (€ 8.7 million for the first 3 months of 2018) against inflows relating to a change in the balance of non-significant trade payables (+ € 0.8 million at 31 March 2019 and + € 1.6 million at 31 March 2018);

a cash flow of € 10.6 million used in investing activities (€ 6.7 million at 31 March 2018), net of disposals for € 0.1 million (€ 0.3 million at 31 March 2018);

a non-significant cash flow from financial investments and disinvestments for the first quarter of 2019 against net financial investments for € 2.3 million at 31 March 2018, mainly linked to the acquisition of the majority interest in the Turkish company EOS against a price of € 2 million, paid on the closing date;

a decrease in net financial liabilities for € 6.9 million, mainly linked to a reduction in the Senior Secured Notes debt for the repurchase of € 10.3 million of Notes on the open market, against new long-term credit lines for € 1.5 million entered into by subsidiary Elene Project S.r.l., in addition to other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices (- € 4.4 million) and to the liabilities recognised against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 3.2 million). Finally, note a higher rate relating to the coupons of the Notes due 15 June 2019 for € 7.9 million. On the other hand, in the first 3 months of 2018 an increase was recognised in net financial liabilities for € 3.7 million, mainly due to an increase in the balance used out of the committed line held with CCFS (€ 5 million in the period). Furthermore, other changes were recorded in the liability relating to factoring with recourse (- € 7.0 million), as was a higher use of short-term credit lines for hot money and advances on invoices (+ € 3.7 million);

- cash outflows arising from other changes occurred in the period for € 8.4 million, which included, among others, the flows used by the changes in other operating assets and liabilities (- € 8.6 million), mainly due to the net effect of: (i) an increase in the balance of payables to/receivables from employees and the related withholding tax payables to/receivables from social security institutions and Tax Authorities (+ € 8.7 million); (ii) the changes in the net VAT credit balance of the Group companies (+ € 12.0 million); (iii) a decrease in the debit balances for payments due to the members of the Temporary Business Grouping for € 1.5 million; (iv) a decrease in *Other current liabilities* of the payable relating to the fine imposed by the Competition Authority during 2016 (- € 1.5 million following the payment of 3 monthly instalments). Other changes reported in 2018, on the other hand, had absorbed total flows of € 8.3 million, which included, among others, the flows absorbed by the changes in other operating assets and liabilities (- € 8.6 million), mainly due to the net effect of: (i) a decrease in the balance of payables to/receivables from employees and related withholding tax payables to/receivables from social security institutions and Tax Authorities (- € 1.3 million); (ii) the trend in the net VAT credit balance of the Group companies (+ € 5.0 million); (iv) a decrease in “Other operating current liabilities” of the payable relating to the fine imposed by the Competition Authority during 2016, given the enforceability of the measure issued by the Authority for which the right to pay in 30 monthly instalments was granted (- € 1.5 million, as a result of the payment of 3 monthly instalments).

Industrial and financial Capex

In the first three months of 2019 the Group made gross capital expenditures which totalled € 10.7 million (€ 6.8 million at 31 March 2018), from which disinvestments of € 0.1 million (€ 0.3 million at 31 March2018) must be deducted:

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018
Acquisitions of fixed assets under finance lease	289	0
Purchases of properties	0	12
Purchase of plant and equipment	9,331	5,838
Other capital expenditures in intangible assets	1,060	910
INDUSTRIAL CAPEX	**10,679**	**6,760**

Acquisitions of plant and equipment include the purchase of linen on the part of Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, equal to € 7.0 million at 31 March 2019 against € 5.6 million at 31 March 2018, with a considerable increase due to new stocks for the start-up of some major contracts. No significant investments for projects on the international market were reported during the two quarters under comparison.

Investments in intangible assets amounted to € 1.1 million in the period (€ 0.9 million at 31 March 2018) and mainly related to ICT investments. Of these, an amount of € 0.2 million relates to investments in the technology platform of subsidiary Yougenio S.r.l. (against an equal amount at 31 March 2018).

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

(in thousands of Euro)	For the 3 months ended 31 March	
	2019	2018
Facility Management	1,860	1,017
Laundering & Sterilization	8,819	5,743
INDUSTRIAL CAPEX	**10,679**	**6,760**

Finally, the cash flow for financial investments was insignificant at 31 March 2019. On the other hand, the cash flow for financial investments was negative for € 2.3 million at 31 March 2018 and mainly related to the net cash flow used in the business combination involving the Turkish company EOS, which was carried out 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. Furthermore, the first quarter of 2018 saw the payment of the share capital in investee companies not included in the scope of consolidation for € 0.5 million.

Change in Net financial liabilities

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

(in thousands of Euro)	31 December 2018 Restated	New loans	Refunds/ Repayments / Buy-back	Other changes	31 March 2019
Senior Secured Notes	346,475		(10,300)	1,191	337,366
Bank loans	12,454	1,544	(250)	(127)	13,621
Current bank overdrafts, advance payments and hot money	5,247	824	(5,247)		824
Accrued and deferred expenses on loans	574			7,887	8,461
BANK DEBTS	**364,751**	**2,368**	**(15,797)**	**8,951**	**360,273**
Finance lease obligations	3,577			155	3,732
Operating lease liabilities	53,090	1,020	(2,027)		52,084
Obligations from assignments with recourse	18,379	16,125	(15,388)		19,117
Due to factoring agencies for assignments without recourse	9,934	6,713	(9,934)		6,713
Other financial liabilities	2,411	4		(171)	2,244
FINANCIAL LIABILITIES	**452,143**	**26,230**	**(43,146)**	**8,935**	**444,162**
Current financial assets	(5,532)			1,093	(4,439)
NET FINANCIAL LIABILTIES	**446,611**	**26,230**	**(43,146)**	**10,028**	**439,723**

The adoption of IFRS16 – Leases entailed the restatement of the accounting data at 31 December 2018 for the recognition of a financial liability equal to € 53.1 million, relating to the discounted value of future payments to be made on property leases and operating hires for which the book value of the Right of Use embedded in these contracts is stated among fixed assets. In consideration of these contracts payments as a reduction in the liability for € 2.0 million were made during the first quarter of the year, while new contracts were entered into for a present value of € 1.0 million upon recognition. These valuations were made on a provisional basis and based on an analysis conducted by the Group companies, which is still being completed to date.

In early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a nominal total of € 10.3 million. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. These transactions entailed the recognition of financial capital gains, net of related fees, equal to € 1.6 million through consolidated profit or loss in 2019.

The issue discount and the additional costs incurred for the launch of the bond issue were also accounted for according to the amortised cost method and generated financial amortisation charges of € 1.2 million in the quarter, of which € 0.4 million related to the write-off of the up-front fees in proportion to the buy-back made. The Notes were not cancelled and are held by Rekeep S.p.A. as securities in the portfolio, accounted for as a direct reduction in the value of the related debt.

On 12 March 2019 Cassa Centrale Banca Credito Cooperativo del Nord Est S.p.A. disbursed to subsidiary Elene Project S.r.l. a senior facility due March 2030 and a VAT line due December 2020 for a total amount of € 1.5 million. The loan provided for a pre-amortisation period until 31 December 2019, the repayment in 30 quarterly instalments and a pledge on the shares of the same company, holding a service concession with the Municipality of Casalecchio di Reno (Province of Bologna), concerning the integrated management of thermal energy and public lighting in the municipal district.

Furthermore, at 31 March 2019 there was the recognition of accrued expenses on loans in a total amount of € 9.4 million (of which € 9.3 million related to the amount accrued on the coupon due 15 June 2019) and prepaid financial expenses of € 1.0 million, of which an amount of € 0.6 million relating to the remaining amount of costs to be amortised for obtaining the Revolving Credit Facility ("RCF"). At the same time as the bond issue, CMF S.p.A. in fact 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. had charged all financing costs (equal to € 1.0 million) back to the Parent Company, which will be amortised on a straight-line basis throughout the 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 first quarter of 2019.

As at the closing date of the period short-term uncommitted credit lines had been used for hot money and advances on invoices for € 0.8 million (aimed at meeting peaks in temporary cash requirements linked to the natural performance of operations), against a balance of € 5.2 million at 31 December 2018. 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. During 2019 assignments were made in an overall nominal amount of € 16.1 million, while the outstanding balance amounted to € 19.1 million at 31 March 2019 (€ 18.4 million at 31 December 2018).

Furthermore, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. collected amounts of € 6.7 million at 31 March 2019 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 in the first days of the subsequent quarter.

Finally, the balance of short-term financial assets decreased by € 1.1 million during the first quarter of 2019, mainly as a result of the reduction in the balance of the current financial accounts held by the Turkish subsidiary Rekeep United with the local partners (- € 0.9 million), as well as of a change in the balances of pledged current accounts used within the scope of the aforementioned contracts for the assignment of trade receivables without recourse, for which the parent company Rekeep S.p.A. manages the collection service (- € 0.2 million).

4. UPDATES ON LEGAL PROCEEDINGS

The disputes continued pending, which have been described in the explanatory notes of the Consolidated Financial Statements (no. 15 and no. 17), to which reference should be made for more details. The most significant updates reported at the date of approval of the Interim Report on Operations are described below.

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

During 2019 administrative proceedings continued in relation to the fine levied by the Competition Authority ("AGCM") to Parent Company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) on 20 January 2016 due to the breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012.

On 23 December 2016, following a number of rulings handed down by the administrative court and by the Council of State, the Authority adopted a new order, recalculating the fine at € 14,700 thousand. This order was also challenged before the Lazio Regional Administrative Court and the Company is waiting for the hearing to be set. Therefore, the Company is regularly paying this fine, for which the payment in 30 monthly instalments has been obtained at the legal interest rate (currently 0.8%). The residual debt amounted to € 2,948 thousand at 31 March 2019 and was stated in "Other current liabilities"

In relation to the judgement of the Council of State no. 928/2017 filed on 1 March 2017 the Company filed an appeal with the Supreme Court for jurisdiction reasons. The Supreme Court has scheduled the hearing in chambers for 23 October 2018 and declared the appeal inadmissible on 18 January 2019.

Finally, on 23 March 2017 the Competition Authority notified Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) of the start of a preliminary investigation procedure against the Company, as well as 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., Romeo Gestioni S.p.A. and STI S.p.A and subsequently extended to Exitone S.p.A, Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a, Gestione Integrata S.r.l, Kuadra S.r.l in Liquidation, Esperia S.p.A, Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A, Finanziaria Bigotti S.p.A, Consorzio Stabile Energie Locali Scarl 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"). On 9 May 2018, after the completion of the abovementioned proceedings, the Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified; furthermore, since it is also sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender, it has already appointed its legal counsels to take any action and/or remedy, even of a jurisdictional nature, to protect its rights and interests. The Company will therefore challenge the Authority's order before the Lazio Regional Administrative Court (TAR) within the set time limit, while submitting a preliminary request for suspending the payment of the sanction.

To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Group's portfolio of new and renewed contracts (backlog).

A detailed report on the administrative proceedings in progress and further assessments made by the Directors upon reporting the Interim Condensed Consolidated Financial Statements at 31 March 2019 are included in the explanatory notes (note 15), to which reference is made.

5. BUSINESS OUTLOOK

The first quarter of 2019 confirmed the volume growth trend which had been already noted in the 2018 financial year, despite a business performance that on the contrary confirms the slowdown in the market of awards of tenders.

The trend of recovery in volumes is expected to continue in the 2019 financial year.

Profit margins, which remained stable during the quarter, are expected to remain substantially stable during 2019, thanks to the efficiency actions taken on an ongoing basis to counteract both price pressure and a probable increase in labour cost arising from the renewal of the multi-service National Collective Labour Agreement (CCNL) that is expected in the next months.

Finally, the quarter saw, in financial terms, a slowdown in the reduction of net financial debt, mainly linked to the trend in operating working capital.

Specifically, trade receivables reported an increase linked to both a statistical trend that had often seen, already in the past, a growth in the working capital during the first quarter and a volume growth trend, and, finally, to a change in the mix of services that entailed a higher weight of contracts under terms and conditions that tend to extend the cash cycle, and in particular invoicing times.

The Rekeep Group is already taking actions aimed at limiting trade receivables and the net working capital with the objective of being in line, as soon as possible, with the scheme envisaging the reduction in the net financial debt.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 March 2019	31 December 2018 Restated
ASSETS			
NON-CURRENT ASSESTS			
Property, plant and equipments	5	72,089	67,991
Property, plant and equipments under lease	6	54,657	55,456
Goodwill	7-8	407,622	407,622
Other intangible assets	7	24,873	25,634
Investments accounted for under the equity method	9	19,207	19,207
Other investments	10	4,908	4,905
Non-current financial assets	10	5,631	5,662
Other non-current assets	10	2,905	2,897
Deferred tax assets		16,061	16,429
TOTAL NON-CURRENT ASSETS		**607,953**	**605,803**
CURRENT ASSETS			
Inventories		8,258	7,421
Trade receivables and advances to suppliers	11	448,777	417,930
Current tax receivables		8,044	14,658
Other current assets	11	38,134	22,320
Current financial assets	13	4,439	5,532
Cash and cash equivalents	13	54,904	94,733
TOTAL CURRENT ASSETS		**562,556**	**562,594**
Assets classified as held for sale		0	0
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,170,509**	**1,168,397**

(in thousands of Euro)	NOTES	31 March 2019	31 December 2018 Restated
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		109,150	109,150
Reserves		2,940	2,832
Retained earnings		50,453	34,911
Profit attributable to equity holders of the Parent		2,432	15,734
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**164,975**	**162,627**
Share capital and reserves attributable to non-controlling interests		646	552
Profit attributable to non-controlling interests		13	107
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**659**	**659**
TOTAL SHAREHOLDERS' EQUITY	**12**	**165,634**	**163,286**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	15,323	14,730
Provisions for risks and charges, non-current	15	24,926	25,189
Long-term financial debt	13	397,843	408,191
Deferred tax liabilities		14,601	14,525
Other non-current liabilities		611	660
TOTAL NON-CURRENT LIABILITIES		**453,304**	**463,295**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	6,080	6,948
Trade payables and contract liabilities	16	400,371	399,602
Current tax payables		1,852	954
Other current liabilities	16	96,949	90,360
Bank borrowings, including current portion of long-term debt, and other financial liabilities	13	46,319	43,952
TOTAL CURRENT LIABILITIES		**551,571**	**541,816**
Liabilities directly associated with assets classified as held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,170,509**	**1,168,397**

CONSOLIDATED STATEMENT OF PROFIT (LOSS) FOR THE PERIOD

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2019	31 March 2018 Restated
REVENUES			
Revenue from contracts with customers		247,670	236,538
Other revenue		746	145
TOTAL REVENUE		**248,416**	**236,683**
OPERATING COSTS			
Costs of raw materials and consumables		(48,334)	(40,524)
Change in inventories of finished and semi-finished products		397	0
Costs for services and use of third-party assets		(68,295)	(69,790)
Personnel costs		(101,799)	(95,340)
Other operating costs		(1,178)	(1,137)
Lower costs for internal work capitalised		647	0
Amortization, depreciation, write-downs and write- backs of assets	5-6-7	(9,865)	(9,120)
Accrual of provisions for risks and charges	15	(350)	(487)
TOTAL OPERATING COSTS		**(228,777)**	**(216,398)**
OPERATING INCOME		**19,639**	**20,285**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	9	85	843
Dividend and net income/(loss) from sale of investments		49	225
Financial income		2,200	830
Financial expenses		(11,558)	(6,685)
Gains / (losses) on exchange rate		2	(62)
Profit/(loss) before taxes from continuing operations		**10,417**	**15,436**
Income taxes		(7,972)	(6,804)
Profit/(loss) from continuing operations		**2,445**	**8,632**
Profit/(loss) from discontinued operations		0	0
Net profit (loss)		**2,445**	**8,632**
Net profit (loss) attributable to non- controlling interests		(13)	(66)
NET PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**2,432**	**8,566**

	For the three months ended	
	31 March 2019	31 March 2018 Restated
Basic earnings/(losses) per share	0.022	0.078
Diluted earnings/(losses) per share	0.022	0.078
Basic earnings/(losses) per share from continuing operations	0.022	0.078
Diluted earnings/(losses) per share from continuing operations	0.022	0.078

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2019	31 March 2018 Restated
NET PROFIT/LOSS FOR THE PERIOD		**2,445**	**8,632**
Other components of the comprehensive income, which will be subsequently reclassified under profit/(loss) for the period:			
Differences arising from translation of financial statements in foreign currency		(5)	3
Share of other comprehensive income for the period of entities accounted for using the equity method, which will be subsequently reclassified under profit/(loss) for the period	9	(91)	(63)
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/(loss) for the period		**(96)**	**(60)**
TOTAL PROFIT/(LOSS) IN THE STATEMENT OF COMPREHENSIVE INCOME, NET OF TAXES		**(96)**	**(60)**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAXES		**2,349**	**8,572**
Equity holders of the Parent		2,348	8,506
Non-controlling interests		1	66

CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2019	31 March 2018 Restated
Net profit (loss) from continuing operations		**2,445**	**8,632**
Income taxes for the period		7,972	6,804
Profit (loss) before taxes from continuing operations		**10,417**	**15,436**
Amortization, depreciation, write-downs and (write-backs) of assets		9,866	9,119
Accrual (reversal) of provisions for risks and charges		350	487
Employee termination indemnity provision		371	233
Payments of employee termination indemnity		(728)	(630)
Utilization of provisions		(1,481)	(2,565)
Share of net profit of associates		(85)	(843)
Financial charges (income) for the period		9,356	5,917
Operating cash flows before movements in working capital		**28,066**	**27,154**
Decrease (increase) of inventories		(837)	84
Decrease (increase) of trade receivables and advances to suppliers		(31,657)	(8,689)
Decrease (increase) of other current assets		(14,119)	(9,881)
Increase (decrease) of trade payables and advances from customers		769	1,597
Increase (decrease) of other current liabilities		5,749	1,330
Change in Working Capital		**(40,095)**	**(15,559)**
Net interest received (paid) in the period		(1,372)	(1,260)
Income taxes paid in the period		(16)	(54)
Net cash flow from operating activities		**(13,417)**	**10,281**
Purchase of intangible assets, net of sales	7	(1,060)	(910)
Purchase of property, plant and equipment	5-6	(9,619)	(5,850)
Proceeds from sales of property, plant and equipment	5-6	142	321
Disposal (acquisition) of investments		(9)	(506)
Decrease (increase) of financial assets		852	27
Net cash used in business combinations		0	(1,718)
Net cash from assets held for sale		40	0
Net cash flow from (used in) investing activities		**(9,654)**	**(8,636)**

(in thousands of Euro)	NOTES	For the three months ended	
		31 March 2019	31 March 2018 Restated
Change in finance lease liabilities	13	155	(154)
Acquisition (payments) on operating leasing	13	(2,027)	(1,873)
Proceeds from non-current borrowings	13	1,544	5,000
Repayment of non-current borrowings	13	(10,300)	0
Proceeds from/(repayment of) current borrowings	13	(4,673)	3,672
Other change in financial debt	13	(1,452)	(8,267)
Translation differences		8	0
Net cash flow from / (used in) financing activities		**(16,745)**	**(1,622)**
Changes in cash and cash equivalents		**(39,816)**	**23**
Cash and cash equivalents at the beginning of the period		94,733	59,870
Changes in cash and cash equivalents		(39,816)	23
Differences on cash and cash equivalents in foreign currencies		(13)	0
Cash and cash equivalents at the end of the period		**54,904**	**59,893**
Details of cash and cash equivalents:			
Cash and bank current accounts		54,904	59,893
TOTAL CASH AND CASH EQUIVALENTS		**54,904**	**59,893**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the three months ended	
	31 March 2019	31 March 2018 Restated
Interest paid	(3,571)	(2,088)
Interest received	2,199	828
Dividends paid	0	0
Dividends received	50	239

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

The method used by the Group for transition to new IFRS 16 – Leases is the "Modified retrospective approach", which provides for the retrospective application to agreements previously classified as "operating" leases, accounting for the cumulative effect of this adoption, at the date of first-time adoption, as an adjustment to the balance of equity reserves at 1 January 2019.

	Share Capital	Reserves	Retained earnings	Result for the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total Shareholders' equity
1 January 2019	**109,150**	**5,029**	**34,911**	**15,734**	**164,824**	**668**	**165,492**
Effects of changes in accounting standards		(2,198)			**(2,198)**	(9)	**(2,206)**
1 January 2019 Restated	**109,150**	**2,832**	**34,911**	**15,734**	**162,627**	**659**	**163,286**
Allocation of from previous years' results		192	15,542	(15,734)	**0**		**0**
Comprehensive income (loss) for the period		(83)		2,432	**2,349**	1	**2,349**
31 March 2019	**109,150**	**2,940**	**50,453**	**2,432**	**164,975**	**659**	**165,634**

	Share Capital	Reserves	Retained earnings	Result for the period	Total Shareholders' equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total Shareholders' equity
1 January 2018	**109,150**	**144,854**	**43,755**	**642**	**298,401**	**381**	**298,782**
Allocation of previous years' results		73	569	(642)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries					**0**	305	**305**
Comprehensive income (loss) for the period		(60)		8.683	**307,024**	66	**8,689**

31 March 2018	**109,150**	**144,854**	**44,323**	**8,683**	**307,024**	**752**	**307,776**

1. GENERAL INFORMATION

The Interim Report on Operations of the Group controlled by Rekeep S.p.A. ("the Rekeep Group" or "the Group") for the period ended 31 March 2019 is made up of the Interim Report on Operations and of the interim condensed Consolidated Financial Statement at 31 March 2019, prepared in accordance with IAS 34 – Interim Financial Reporting. The publication of the Rekeep Group's Interim Report on Operations for the period ended 31 March 2019 was authorised by a resolution passed by the Board of Directors on 15 May 2019.

On 31 March 2019 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder Manutencoop Società Cooperativa, which carries out Management and Coordination activities.

2. ACCOUNTING STANDARD AND BASIS OF PRESENTATION

The interim condensed Consolidated Financial Statements at 31 March 2019 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss for the period, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related condensed Explanatory Notes.

The balance sheet values recognised in the Statements and Explanatory Notes are compared to those relating to 31 December 2018, while the income statement values, included in the Statement of other comprehensive income and those reported in the Statement of Cash Flows, are compared to those relating to the first three months of 2018. The interim condensed Consolidated Financial Statements at 31 March 2019 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

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

The interim condensed Consolidated Financial Statements at 31 March 2019 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 standard (IFRS)

The interim condensed Consolidated Financial Statements at 31 March 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed Consolidated Financial Statements do not include all information required for complete annual accounts prepared according to IAS 1: therefore, they must be read together with the Consolidated Financial Statements at 31 December 2018.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the interim condensed Consolidated Financial Statements at 31 March 2019 are consistent with those used to prepare the consolidated Financial Statements at 31 December 2018, 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 2019.

The Group has not proceeded with the early adoption of any standard, interpretation or improvement issued but not yet mandatorily in force.

New or revised IFRS and interpretations effective from 1st January 2019

In 2019 the following new accounting standards came into force:

- *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. 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. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the current IAS17. For the effects of the adoption of this standard, reference should be mate to note 3 above;
- *IFRIC 23 – Uncertainty over Income Tax treatments*. The interpretation clarifies the accounting for uncertainties in income taxes in the application of recognition and measurement requirements in IAS 12 – "Income taxes". The interpretation specifically concerns: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and (iv) how an entity considers changes in facts and circumstances. The interpretation does not add new disclosure requirements: however, it deals with the requirements laid down in IAS 1 relating to disclosures on judgments, information on the assumptions made and other estimates and information on contingent tax items under IAS 12 "Income taxes". An entity may elect to apply the interpretation either (i) retrospectively using IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*", if that is possible; or (2) retrospectively, with the cumulative effect of initially applying the Interpretation recognised at the date of initial application as an adjustment to equity and without any restatement of comparative information. The date of initial application is the

beginning of the annual reporting period in which an entity applies this interpretation for the first time. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements at 31 December 2019;

- *IFRS17 – Insurance Contracts*. 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. 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*. 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;
- *Amendments to IAS28 - Long-term interests in associates and joint ventures*. 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.

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. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

Improvements to IFRS

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 impacts have been assessed for the application of these improvements to the consolidated Financial Statements.

New or revised IFRS and interpretations applicable from subsequent years and not adopted by the Group in advance

In October 2018, the IASB issued amendments to *IAS 1 - Presentation of Financial Statements* and to *IAS 8 - Accounting Policies, Changes in Accounting Estimates* clarifying the definition of "materiality", in order to support the application of the standard. The amendments will become applicable from the financial years ending after 1 January 2020, with early adoption permitted. No significant impact is expected from the application of these amendments on the Consolidated Financial Statements.

2.3 Discretionary assessments and significant accounting assumptions

The preparation of the consolidated Financial Statements requires Directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the date of the financial statements. However, the uncertainty of these assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable

discount rate. At 31 March 2019 the carrying amount of the goodwill was equal to € 407,622 thousand (unchanged compared to 31 December 2018). See note 8 for more details.

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

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

Income taxes for the period

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

Other financial statement items

Management also needed to use estimates in determining:

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

Consolidation principles

The interim condensed Consolidated Financial Statements include the financial statements of Rekeep S.p.A. (the “Parent Company”, “Rekeep S.p.A.” or merely “Rekeep”) and of its subsidiaries, prepared as at 31 March 2019. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to joint control, are accounted for using

the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the acquiree starting from the date of acquisition until the end of the fiscal year.

Joint-ventures with other shareholders and associates are accounted for under equity method. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

Conversion of financial statements of foreign companies

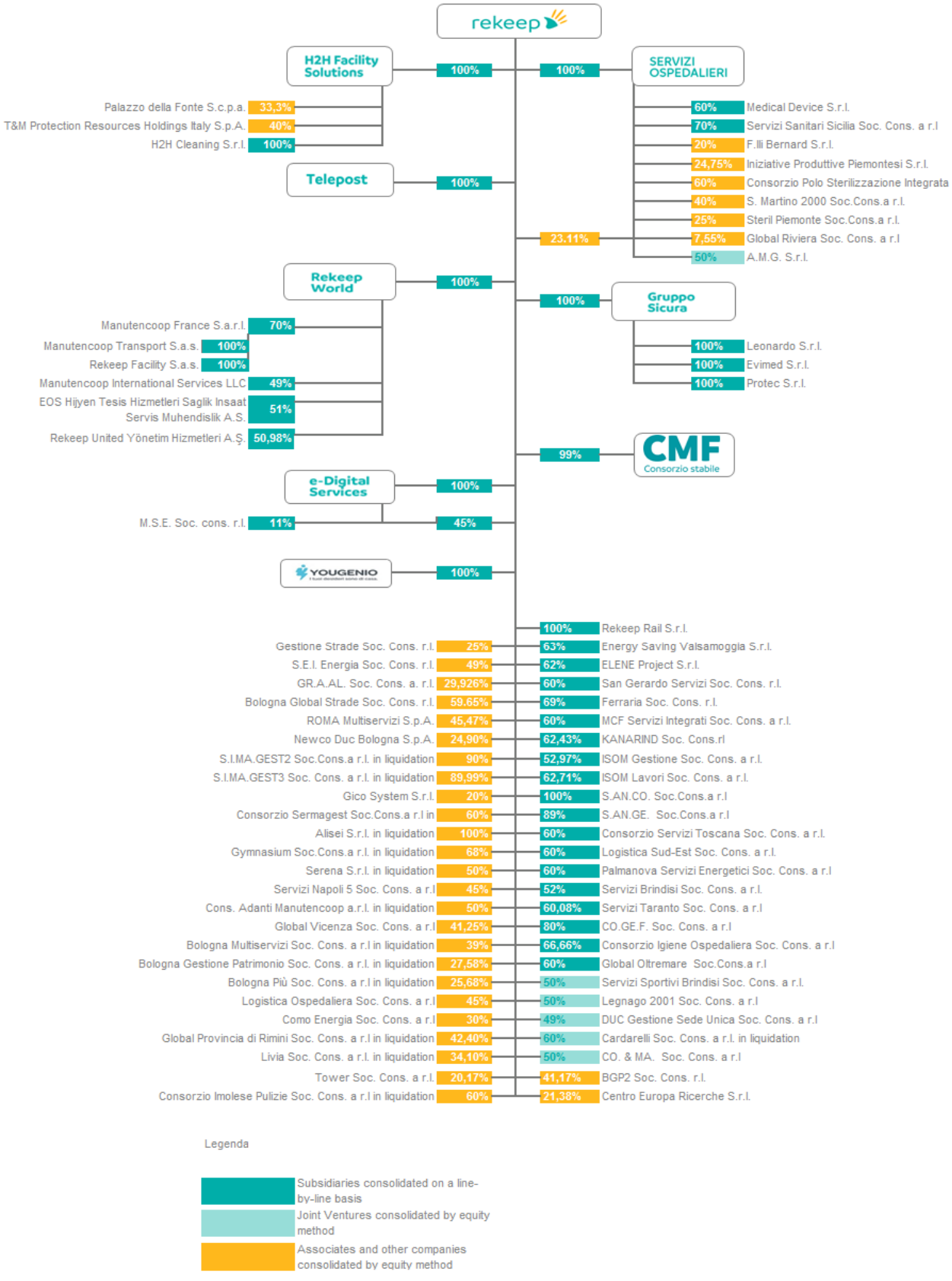
The financial statements are presented in Euro, the Group's functional and reporting currency. Statements of financial position and income statements stated in foreign currency are converted into Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for items in the Income Statement. Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at average exchange rate with respect to year-end exchange rates.

At the time of disposal of the economic entity from which translation differences emerged, the accumulated exchange differences reported in the statement of other comprehensive income are reclassified in the Consolidated Statement of Profit/ Loss for the period.

The table below shows the exchange rates used for the translation of financial statements expressed in currencies other than the Euro.

Currency		**Exchange rate at 31 March 2019**	**Average exchange rate for the 3 months ended 31 March 2019**
TRY	Lira - Turkey	6.2135	6.1633
QAR	Riyal - Qatar	4.0899	4.1192

The consolidation area as at 31 March 2019 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%
H2H Cleaning S.r.l. 100%
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
60% Medical Device 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
50% A.M.G. S.r.l.
100%
Gruppo Sicura
100% Leonardo S.r.l.
100% Evimed S.r.l.
100% Protec S.r.l.
99%
CMF
Consorzio stabile
100% Rekeep Rail S.r.l.
Gestione Strade Soc. Cons. r.l. 25% 63% Energy Saving Valsamoggia S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49% 62% ELENE Project S.r.l.
GR.A.AL. Soc. Cons. a. r.l. 29,926% 60% San Gerardo Servizi Soc. Cons. r.l.
Bologna Global Strade Soc. Cons. r.l. 59,65% 69% Ferraria Soc. Cons. r.l.
ROMA Multiservizi S.p.A. 45,47% 60% MCF Servizi Integrati Soc. Cons. a r.l.
Newco Duc Bologna S.p.A. 24,90% 62,43% KANARIND Soc. Cons.rl
S.I.MA.GEST2 Soc.Cons.a r.l. in liquidation 90% 52,97% ISOM Gestione Soc. Cons. a r.l.
S.I.MA.GEST3 Soc. Cons. a r.l. in liquidation 89,99% 62,71% ISOM Lavori Soc. Cons. a r.l.
Gico System S.r.l. 20% 100% S.AN.CO. Soc.Cons.a r.l
Consorzio Sermagest Soc.Cons.a r.l in 60% 89% S.AN.GE. Soc.Cons.a r.l
Alisei S.r.l. in liquidation 100% 60% Consorzio Servizi Toscana Soc. Cons. a r.l.
Gymnasium Soc.Cons.a r.l. in liquidation 68% 60% Logistica Sud-Est Soc. Cons. a r.l.
Serena S.r.l. in liquidation 50% 60% Palmanova Servizi Energetici Soc. Cons. a r.l
Servizi Napoli 5 Soc. Cons. a r.l 45% 52% Servizi Brindisi Soc. Cons. a r.l.
Cons. Adanti Manutencoop a.r.l. in liquidation 50% 60,08% Servizi Taranto Soc. Cons. a r.l
Global Vicenza Soc. Cons. a r.l 41,25% 80% CO.GE.F. Soc. Cons. a r.l
Bologna Multiservizi Soc. Cons. a r.l in liquidation 39% 66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l
Bologna Gestione Patrimonio Soc. Cons. a r.l. in liquidation 27,58% 60% Global Oltremare Soc.Cons.a r.l
Bologna Più Soc. Cons. a r.l in liquidation 25,68% 50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Logistica Ospedaliera Soc. Cons. a r.l 45% 50% Legnago 2001 Soc. Cons. a r.l
Como Energia Soc. Cons. a r.l 30% 49% DUC Gestione Sede Unica Soc. Cons. a r.l
Global Provincia di Rimini Soc. Cons. a r.l in liquidation 42,40% 60% Cardarelli Soc. Cons. a r.l. in liquidation
Livia Soc. Cons. a r.l. in liquidation 34,10% 50% CO. & MA. Soc. Cons. a r.l
Tower Soc. Cons. a r.l. 20,17% 41,17% BGP2 Soc. Cons. r.l.
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation 60% 21,38% Centro Europa Ricerche S.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 three months of 2019 note the following events:

- on 9 January 2019 Consorzio Stabile CMF was established, the consortium provision of which is 99% funded by Group companies (30% by Servizi Ospedalieri S.p.A., a further 30% by Sicura S.p.A., 20% by e-Digital Services S.r.l., 10% by Rekeep S.p.A. and 9% by Rekeep Rail S.r.l.).

3. EFFECTS OF CHANGES IN ACCOUNTING STANDARDS

Under Regulation (EU) No. 1986 of 31 October 2017 the European Union adopted IFRS 16 – Leases, as well as amended and renamed IFRS 1, IFRS 3, IFRS 4, IFRS 7, IFRS 9, IFRS 13, IFRS 15, in addition to the accounting standards IAS 1, IAS 2, IAS 7, IAS 12, IAS 16, IAS 21, IAS 23, IAS 32, IAS 37, IAS 38, IAS 39, IAS 40, IAS 41 and interpretations IFRIC 1, IFRIC 12, SIC 29 and SIC 32. The adoption of the accounting standard is effective for IAS-adopters from the financial periods commencing on or after 1 January 2019.

The first-time adoption of IFRS 16 – Leases made it necessary to carry out an in-depth analysis, which allowed the assessment of the potential impact on the financial position, results of operations, cash flows and disclosures reported in the Consolidated Financial Statements as from the 2019 financial year. Furthermore, a careful assessment was started in relation to the operational impact that this accounting transition would entail on the Group's administrative processes.

The main cases of operating leases identified by the analysis concern:

- property leases for the Group's offices throughout Italy held with parent company Manutencoop Società Cooperativa, which is the owner of these properties (including, in particular, the executive offices located in Zola Predosa (Province of Bologna), as well as the Mestre office (Province of Venice), the Vicenza office of Sicura S.p.A. and other minor offices);
- property leases for the Group's operating offices throughout Italy held with third parties;
- long-term hire for the corporate fleets of the Group companies;
- other forms of hiring of equipment used in the performance of some work contracts.

According to the previously applicable accounting rules, the "operating" lease cost for the period was accounted for in the Statement of Profit/Loss for the period, as "Cost for use of third-party assets", according to the matching principle and based on its accrual for the time being. The impact on the business cash flows was then accounted for as "Cash flow from current operations" in the Statement of Cash Flows. Furthermore, the accounting standard IAS 17 provided for the financial method to be adopted for "finance" leases only, thus recognising the asset among balance sheet assets (and recognising accordingly any related amortisation and depreciation) and the liability arising from future lease payments among balance sheet liabilities. Moreover, the related financial costs for the period were accounted for during the period of financial amortisation of this liability.

The new accounting standard IFRS 16 has introduced significant changes concerning the method to account for operating leases, providing for the recognition of the liability arising from leases that were previously classified as operating leases in

applying IAS 17. The lessee must measure the lease liability at the present value of the remaining payments due under the lease, as discounted using the lessee's marginal borrowing rate and recognise the right-of-use asset (ROU).

The analysis conducted upon first-time adoption in the Consolidated Financial Statements highlighted, first of all, the need for the evaluation of an appropriate marginal discount rate, which was adopted on a provisional basis at a 5% for any and all categories of operating lease in place. Additional analyses will be conducted during the year, which will be aimed at confirming or changing this rate by the date of publication of the Consolidated Financial Statements at 31 December 2019.

Finally, the Group companies have adopted some objections allowed by the accounting standards, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than USD 5,000) from the related scope of application.

Effects of the change in the accounting standard on the Equity and on the consolidated Statement of Financial Position at 1 January 2019

The accounting method applied to transition is the "Modified retrospective approach", which does not provide for the mandatory restatement of comparative information. The lessee must instead recognise the cumulative effect of the first-time adoption of the standard as an adjustment to the opening balance of profits carried forward as at 1 January 2019. The book value of ROU-assets has been calculated by the Group as if the standard had been applied from the effective date, as discounted by using the lessee's marginal borrowing rate upon first-time adoption.

However, for the sake of clarity, in the Explanatory Notes the balance sheet data at 31 March 2019 and at 31 December 2018, as well as the results of operations and cash flows for the first quarter of 2019 have been reported by showing the comparative data restated to take account of the changes in the accounting standard described.

Below is the reconciliation between the financial figures at 1 January 2019 and the financial figures at 1 January 2019 as restated to take account of the abovementioned adjustments:

	1 January 2019	Effects of the adoption of IFRS 16	1 January 2019 Restated
Assets			
Non-current assets			
Property, plant and equipments	67,991		67,991
Property, plant and equipments under lease	5,984	49,472	55,456
Goodwill	407,622		407,622
Other intangible assets	25,634		25,634
Investments accounted for under the equity method	19,207		19,207
Other investments	4,905		4,905

	1 January 2019	Effects of the adoption of IFRS 16	1 January 2019 Restated
Non-current financial assets	5,662		5,662
Other non-current assets	2,897		2,897
Deferred tax assets	15,017	1,412	16,429
Total non-current assets	**554,919**	**50,884**	**605,803**
Current assets			
Inventories	7,421		7,421
Trade receivables and advances to suppliers	417,930		417,930
Current tax receivables	14,658		14,658
Other current assets	22,320		22,320
Current financial assets	5,532		5,532
Cash and cash equivalents	94,733		94,733
Total current assets	**562594**	**0**	**562,594**
Assets held for sale	0		0
Total non-current assets held for sale	**0**	**0**	**0**
Total assets	**1,117,513**	**50,884**	**1,168,397**

	1 January 2019	Effects of the adoption of IFRS 16	1 January 2019 Restated
Shareholders' equity			
Share capital	109,150		109,150
Reserves	5,029	(2,198)	2,832
Retained earnings	34,911		34,911
Profit/(loss) for the period attributable to equity holders of the Parent	15,734		15,734
Equity attributable to equity holders of the parent	**164,824**	**(2,198)**	**162,627**
Capital and reserves attributable to non-controlling interests	559	(9)	550
Profit/(loss) for the period attributable to non-controlling interests	109		109
Equity attributable to non-controlling interests	**668**	**(9)**	**659**
Total shareholders' equity	**165,492**	**(2,206)**	**163,286**
Non-current liabilities			

	1 January 2019	Effects of the adoption of IFRS 16	1 January 2019 Restated
Employee termination indemnity	14,730		14,730
Provisions for risks and charges, non-current	25,189		25,189
Long-term financial debt	361,687	46,504	408,191
Deferred tax liabilities	14,525		14,525
Other non-current liabilities	660		660
Total non-current liabilities	**416,791**	**46,504**	**463,295**
Current liabilities			
Provisions for risks and charges, current	6,948		6,948
Trade payables and advances from customers	399,602		399,602
Current tax payables	954		954
Other current liabilities	90,360		90,360
Bank borrowings, including current portion of long-term debt, and other financial liabilities	37,366	6,586	43,952
Total current liabilities	**535,230**	**6,586**	**541,816**
Liabilities directly associated with assets held for sale	0		0
Total liabilities directly associated with assets held for sale	**0**		**0**
Total shareholders' equity and liabilities	**1,117,513**	**50,884**	**1,168,397**

Finally, the table below reports a reconciliation between the income statement balances recognised in the Interim Consolidated Financial Statements at 31 March 2018 and the corresponding balances at 31 March 2018 restated to take account of the effects that the adoption of the new accounting standard would have had on comparative data:

	31 March 2018	Effects of the adoption of IFRS 16	31 March 2018 Restated
Revenue			
Revenue from contracts with customers	236,538		236,538
Other revenue	145		145
Total revenue	**236,683**	**0**	**236,683**
Operating costs			
Costs of raw materials and consumables	(40,524)		(40,524)
Costs for services and use of third-party assets	(72,369)	2,579	(69,790)

	31 March 2018	Effects of the adoption of IFRS 16	31 March 2018 Restated
Personnel costs	(95,340)		(95,340)
Other operating costs	(1,137)		(1,137)
Amortization, depreciation, write-downs and write- backs of assets	(7,094)	(2,026)	(9,120)
Accrual (reversal) to provisions for risks and charges	(487)		(487)
Total operating costs	**(216,951)**	**553**	**(216,398)**
Operating income	**19,732**	**553**	**20,285**
Financial income and expenses			
Share of net profit of associates	843		843
Dividend and net income/(loss) from sale of investments	225		225
Financial income	830		830
Financial expenses	(5,975)	(710)	(6,685)
Gains / (losses) on exchange rate	(62)		(62)
Profit/(loss) before taxes from continuing operations	**15,593**	**(157)**	**15,436**
Income taxes	(6,844)	40	(6,804)
Profit/(loss) from continuing operations	**8,749**	**(117)**	**8,632**
Profit/(loss) from discontinued operations	0		0
Net profit (loss) for the period	**8,749**	**(117)**	**8,632**
Net profit (loss) attributable to non- controlling interests for the period	(66)		(66)
Net profit (loss) for the period	**8,683**	**(117)**	**8,566**

4. BUSINESS COMBINATIONS

4.1 Business unit lease at H2H Cleaning S.r.l.

On 18 December 2018 H2H Cleaning S.r.l., which was established by H2H Facility Solutions S.p.A. in November 2018, signed with Eraclya Società Cooperativa a business unit lease agreement concerning the provision of environmental hygiene, concierge, porterage and other general services for private customers, mainly located in the Triveneto, Piedmont, Lombardy and Lazio regions. The business unit lease became effective from 1 January 2019 and will have a term of 4 years, subject to a call option which may be exercised from the 45th month from the effective date of the lease, at a price calculated as a multiple of the business unit value, net of lease rentals already paid.

Accounting effects of the acquisition

Specifically, the business unit, which expressly excludes public contracts, is made up of sales contracts in place with private customers as at the date of execution and employment contracts with 1,142 people, as well as of procurement contracts relating to the leased business unit. Furthermore, any and all related references were transferred together with the business unit, as were any and all qualification and execution requirements, including permits, licences, authorisations, concessions, including of an administrative nature, required for the operation and management of the business unit, held and used by Eraclya, provided that they are transferrable.

The consideration for the business unit lease is equal to € 200,000 per year, which will be deducted from the consideration to be paid for any possible subsequent transfer of ownership.

The table below shows the value of the business unit's assets and liabilities at the effective date of the lease agreement, as calculated on a provisional basis at the reporting date of these condensed consolidated Financial Statements. The imbalance noted in the business unit's values consists of an amount that will be settled upon the expiry of the lease and therefore at the time of the closing inventory of the business unit's property.

	Book value
Assets	
Non-current assets	
Property, plant and equipments	66
Total non-current assets	**66**
Total assets	**66**
Liabilities	
Employee termination indemnity	943
Total non-current liabilities	**943**
Current liabilities	
Other current liabilities	821
Total current liabilities	**821**
Total liabilities	**1,764**
Receivables for settlement from business unit	**1,698**

5. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment in the period ended 31 March 2019.

	Property	Plant and equipment	Total
At 1 January 2019, net of accumulated depreciation and impairment	**12,897**	**55,094**	**67,991**
Additions from business combinations		66	66
Additions from acquisitions		9,331	9,331
Disposals		(142)	(142)
Depreciation	(84)	(5,039)	(5,123)
Others	0	(34)	(32)
At 31 March 2019	**12,813**	**59,275**	**72,089**
At 1 January 2019			
Historical cost	15,885	377,459	393,343
Accumulated depreciation and impairment losses	(2,989)	(322,365)	(325,354)
NET BOOK VALUE	**12,896**	**55,094**	**67,991**
At 31 March 2019			
Historical cost	15,885	386,680	402,565
Accumulated depreciation and impairment losses	(3,073)	(327,404)	(330,477)
NET BOOK VALUE	**12,813**	**59,276**	**72,089**

The additions from acquisitions recognised for the first 3 months of the year refer to the linen in the Laundering & Sterilization segment for € 7,037 thousand and to the purchases of other machinery and specific equipment for € 2,294 thousand. Furthermore, additions for business combinations were recorded in the period, related to the business unit lease, for which reference should be made to note no. 4.

Disposals were also made for € 142 thousand.

6. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under finance and operating leases in the period ended 31 March 2019.

	Property under finance lease	Plant and equipment under finance lease	Property under operating lease	Plant and equipment under operating lease	Total
At 1 January 2019, net of accumulated depreciation and impairment	**4,584**	**1,400**	**0**	**0**	**5,984**
Effect of changes in the accounting standards	0	0	40,903	8,569	49,472
At 1 January 2019 Restated, net of accumulated depreciation and impairment	**4,584**	**1,400**	**40,903**	**8,569**	**55,456**
Additions from acquisitions	0	289	218	802	1,309
Depreciation	(33)	(52)	(1,024)	(998)	(2,107)
Others	0	(2)	1	0	(1)
At 31 March 2019	**4,551**	**1,635**	**40,098**	**8,373**	**54,657**
At 1 January 2019 restated					
Historical cost	4,992	5,163	53,420	24,191	87,766
Accumulated depreciation and impairment losses	(408)	(3,763)	(12,517)	(15,621)	(32,310)
NET BOOK VALUE RESTATED	**4,584**	**1,400**	**40,903**	**8,569**	**55,456**
At 31 March 2019					
Historical cost	4,992	5,450	53,639	24,993	89,073
Accumulated depreciation and impairment losses	(441)	(3,815)	(13,541)	(16,619)	(34,417)
NET BOOK VALUE	**4,551**	**1,635**	**40,098**	**8,373**	**54,657**

"Property under operating lease" and "Plant and equipment under operating lease" include the book value of right-of-use assets recognised following the adoption of the new method to account for operating leases under IFRS16, applicable from 1 January 2019 (for more details, reference should be made to note 3 above). As noted above, the method used by the Group companies for transition is the "Modified retrospective approach"; however, for the sake of clarity, comparative data have been restated to take account of the effects of the new accounting standard.

The additions in the first 3 months of the year mainly related to the execution of new property lease agreements for € 218 thousand and to new long-term hire of vehicles that make up the corporate fleets and equipment for € 802 thousand, of which € 508 thousand attributable to Parent Company Rekeep.

7. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 31 March 2019:

	Other intangible assets	Goodwill	Total
At 1 January 2019, net of accumulated amortisation and impairment	**25,634**	**407,622**	**433,256**
Additions from acquisitions	1,060	0	1,060
Amortisation	(1,826)	0	(1,826)
Others	5	0	5
At 31 March 2019	**24,873**	**407,622**	**432,495**
At 1 January 2019			
Historical cost	117,480	410,015	527,495
Accumulated amortisation and impairment losses	(91,846)	(2,393)	(94,239)
NET BOOK VALUE	**25,634**	**407,622**	**433,256**
Al 31 March 2019			
Historical cost	118,545	410,015	528,560
Accumulated amortisation and impairment losses	(93,672)	(2,393)	(96,065)
NET BOOK VALUE	**24,873**	**407,622**	**432,495**

Goodwill is tested annually for impairment; see note 8 for details.

Other intangible assets, amounting to € 24,873 thousand at 31 March 2019, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. The additions from acquisitions for the period (€ 1,060 thousand) were mainly attributable to Parent Company Rekeep S.p.A. (€ 840 thousand) and relating to the implementation and upgrading of software platforms used by the Group. Furthermore, acquisitions of subsidiary Yougenio for € 151 thousand were recognised, which were aimed at developing and upgrading the e-commerce portal intended for the B2C market.

8. IMPAIRMENT TEST OF GOODWILL

The Group's Management believe that the SBU structure identified in corporate reporting (regardless of the legal personality 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 supplier of specialist services
- Telepost S.p.A., a specialist company for internal mailing services
- e-Digital Services S.r.l., which is active in the sector of high technology services to businesses
- Yougenio S.r.l., which is active in the facility management for the B2C market
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to commercial development in international markets
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and the sterilization of linen and surgical instruments
- Medical Device S.r.l., acquired during 2018 and specialising in the production of disposable kits containing all the devices needed to support the healthcare team in performing surgical procedures
- other minor investee companies active in the same segment in Italy.

The table below sets forth the carrying amounts of the goodwill recognized in the interim condensed Consolidated Financial Statements at 31 March 2019, broken down into the different CGUs.

	31 March 2019	31 December 2018 Restated
Goodwill allocated to Facility management CGU	393,813	393,813
Goodwill allocated to Laundering & Sterilization CGU	13,809	13,809
CONSOLIDATED GOODWILL	**407,622**	**407,622**

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

On 31 March 2019 the Management did not report any risk of impairment on the value of the cash generating units, including after considering the headroom noted, the sensitivity analyses and the stress tests conducted at the reporting date of the Consolidated Financial Statements at 31 December 2018, which ensure the recoverability of consolidated assets even in the presence of any possible risk of significant amount.

9. INVESTMENTS VALUED FOR UNDER THE EQUITY METHOD

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

At 31 March 2019 the net book value of investments valued at Equity reported a net amount of € 19,119 thousand, against a net amount of € 19,120 thousand at the end of the previous year.

	Net Assets 31 March 2019	Net Assets 31 December 2018 Restated
Investments valued at Equity	19,207	19,207
Provision for risks on investments	(87)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**19,120**	**19,120**

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

During the first three months of 2019 investments accounted for under the equity method recorded a positive result of € 85 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 87 thousand and write-downs of € 2 thousand. Furthermore, negative effects were recognized directly in the consolidated Equity to an overall amount of € 91 thousand.

10. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 March 2019 and at 31 December 2018 as restated:

	31 March 2019	31 December 2018 Restated
Other investments	4,908	4,905
Non-current financial assets	5,631	5,662
Other non-current assets	2,905	2,897
OTHER NON-CURRENT ASSETS	**13,444**	**13,464**

The financial assets accounted for as *Other investments* relate to investments in companies in which the Group has no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities such as industrial laundering services, performed by minor companies that may also act as sub-contractors.

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

Non-current financial assets, amounting to € 5,631 thousand at 31 March 2019 (€ 5,662 thousand at 31 December 2018), are composed of:

- € 1,641 thousand of non-current financial receivables due from associates, affiliates and joint ventures (€ 7,632 thousand at 31 December 2018). The face value of these receivables is € 1,683 thousand, while the provision for discounting amounts to € 42 thousand. Some of these are non-interest bearing since they were drawn down proportionally from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;
- € 3,889 thousand of non-current financial receivables from third parties, substantially in line with the balance at 31 December 2018 (€ 3,929 thousand);
- € 101 thousand of securities held to maturity, which remained unchanged compared to 31 December 2018.

At 31 March 2019 and 31 December 2018 the item also included the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018.

Other non-current assets, amounting to € 2,905 thousand at 31 March 2019 (€ 2,897 thousand at 31 December 2018) mainly consist of security deposits related to long-term manufacturing contracts (€ 1,880 thousand) and long-term prepaid expenses relating to certain job orders (€ 702 thousand).

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 March 2019 and 31 December 2018, as restated:

	31 March 2019	of which from related parties	31 December 2018 Restated	of which from related parties
Contractual **assets**	24,657		25,215	
Trade receivables, gross	434,260		404,894	
Allowance for doubtful accounts	(33,335)		(33,283)	
Trade receivables from third parties	**425,582**	**0**	**396,826**	**0**

	31 March 2019	of which from related parties	31 December 2018 Restated	of which from related parties
Trade receivables from Manutencoop Società Cooperativa	64	64	88	88
Trade receivables from Rekeep Group companies	11,636	11,636	11,796	11,796
Trade receivables from Affiliates and Joint Ventures	5,820	5,820	4,142	4,142
Trade receivables from the Group	**17,520**	**17,520**	**16,026**	**16,026**
Advances to suppliers	5,675	3	5,078	1
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**448,777**	**17,523**	**417,930**	**16,027**
Other tax receivables due within 12 months	24,944		12,845	
Other current receivables from third parties	8,079		5,845	
Short-term receivables from social security institutions	1,214		1,187	
Short-term receivables from employees	143		146	
Other current assets from third parties	**34,380**	**0**	**20,023**	**0**
Current assets from Manutencoop Società Cooperativa	14	14	10	10
Current assets from associates	104	104	103	103
Current assets from affiliates	0	0	23	23
Other current assets from the Group	**118**	**118**	**136**	**136**
Accrued income	0		0	
Prepaid expenses	3,636		2,161	
Accrued income and prepaid expenses	**3,636**	**0**	**2,161**	**0**
OTHER CURRENT ASSETS	**38,134**	**118**	**22,320**	**136**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 448,777 thousand at 31 March 2019, showing an increase of € 30,847 thousand compared to the amount at 31 December 2018 (€ 417,930 thousand).

The change in question was contributed to by both an increase of € 28,756 thousand in trade receivables from third parties and an increase of € 1,494 thousand in receivables from other Group companies; on the other hand, the value of the provision for bad debts and contract assets remained substantially unchanged.

In 2018 trade receivables from third parties were subject to assignments without recourse.

On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a new 3-year maturity factoring agreement with Bancafarmafactoring S.p.A (which replaces the previous one signed in 2016) concerning the assignment without recourse and on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Authorities, in an amount of up to € 200 million.

On 27 June 2018 the Parent Company also signed an uncommitted factoring agreement with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Finally, on 18 December 2018 the Parent Company obtained an additional credit line for assignments without recourse of up to Euro 20 million on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment of credit positions specifically agreed with the factor.

The assignments made during the year are summarised below:

	Amount of assignments made at 31 March 2019	Balance of trade receivables assigned without recourse and not yet collected by the Factor
Banca Farmafactoring S.p.A.	37,987	46,253
Banca Farmafactoring S.p.A. (spot assignments to Public Authorities)	0	4,218
Banca IFIS S.p.A.	2,906	3,143
Unicredit Factoring S.p.A	5,146	6,531
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**46,039**	**60,144**

In all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totalling € 794 thousand.

Finally, trade receivables from the Group amounted to € 17,520 thousand (€ 16,026 thousand at 31 December 2018), in addition to advances for € 3 thousand (€ 1 thousand at 31 December 2018). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recognized in connection with non-performing loans, which are difficult to fully recover, amounting to € 33,335 thousand at 31 March 2019 (€ 33,283 thousand at 31 December 2018). Below are the changes for the period:

	31 December 2018 Restated	Increases	Uses	Releases	Other changes	31 March 2019
Provision for bad debts	**33,283**	933	(420)	(123)	(338)	**33,335**

Other current assets, equal to € 38,134 thousand (€ 22,320 thousand at 31 December 2018), showed a total increase of € 15,814 thousand for the period.

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 (€ 22,942 thousand against € 11,358 thousand at 31 December 2018), which systematically 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.

Furthermore, this item includes a total amount of € 712 thousand recognised in 2018 as R&D tax credits achieved by Parent Company Rekeep S.p.A and by subsidiary H2H Facility Solutions S.p.A. within the scope of R&D projects launched by the same in order to improve their business and delivery of services. This credit had not yet been used during the first quarter of 2019.

Finally, the item included an amount of € 2,173 thousand of credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract entered into with the aforementioned authority. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*.

12. SHARE CAPITAL AND RESERVES

	31 March 2019	31 December 2018 Restated
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of Euro 1 each. Ordinary shares issued and fully paid up at 31 March 2019 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earning

The table below shows changes in Equity reserves in the year:

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

- the reserve originating from the recognition of joint operations, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between jointly-controlled entities, for a negative amount of € 244,186 thousand, for the recognition of the effects of the merger of CMF S.p.A. by incorporation into Rekeep S.p.A. during the 2018 financial year;
- the Parent Company's extraordinary reserve equal to € 36,961 thousand;
- the transition reserve originated following the adoption of the new IFRS 16 – Leases, accounted for according to the "Modified retrospective approach", providing for the retrospective application to the agreements previously classified as "operating leases", recognising the cumulative effects of this transition upon first-time adoption as an adjustment to the balance of equity reserves at 1 January 2019, equal to a negative amount of € 2,198 thousand.

	Share premium reserve	Legal reserve	SE reserves companies valued at equity	Reserve for translation	SORIE reserve	Other reserves	Total reserves
1 January 2018	**145,018**	**19,704**	**3,154**	**0**	**(5,233)**	**(17,789)**	**144,854**
Allocation of profits of previous years		420			74	7,989	8,483
Increase in Equity Reserves						49,700	49,700
Business combinations "Under Common Control"						(198,261)	(198,261)
Economic effects accounted for in equity			315	(309)	247		253
31 December 2018	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(158,361)**	**5,029**
Effects of the change in accounting standards						(2,198)	(2,198)
31 December 2018 Restated	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(160,559)**	**2,832**
Allocation of profits of previous years					192		192

	Share premium reserve	Legal reserve	SE reserves companies valued at equity	Reserve for translation	SORIE reserve	Other reserves	Total reserves
Economic effects accounted for in equity			(91)	8			(83)
31 March 2019	**145,018**	**20,124**	**3,378**	**(301)**	**(4,720)**	**(160,559)**	**2,940**

The table below shows changes in *Retained earnings*:

	Accumulated profits (losses) of the Parent Company	Consolidation reserve	Total retained earnings
1 January 2018	**3,809**	**39,946**	**43,755**
Allocation of profits of previous years	0	(8,844)	(8,844)
31 December 2018	**3,809**	**31,102**	**34,911**
Allocation of profits of previous years	0	15,542	15,542
31 March 2019	**3,809**	**46,644**	**50,453**

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

	31 March 2019	31 December 2018 Restated
Equity attributable to minority interests	**659**	**668**
of which:		
Subsidiaries of Rekeep World S.r.l.	206	267
Other subsidiaries and consortia	452	401

	31 March 2019	31 December 2018 Restated
Profit (loss) attributable to minority interests	**13**	**109**
of which:		

	31 March 2019	31 December 2018 Restated
Subsidiaries of Rekeep World S.r.l.	(48)	8
Other subsidiaries and consortia	62	101

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

Rekeep World S.r.l., the Group's sub-holding company dedicated to the development of the international market, holds a stake of 70% in the share capital of Manutencoop France S.a.r.l.. However, there is no recognition of equity attributable to minority interests since there is a put option in favour of the minority shareholders which is recognised as a financial liability in the Consolidated Financial Statements. During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners, and Rekeep United, a Turkish company which was jointly established with local partners holding 49.02% of the share capital, were consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase in the Shareholders' Equity of non-controlling interests for the period.

Finally, the Shareholders' Equity attributable to minority interests includes the shares pertaining to the non-controlling quotaholders of Medical Device S.r.l., which is 60% owned by Servizi Ospedalieri S.p.A. (the remaining 40% is held by a partner outside the Group).

13. NET FINANCIAL INDEBTEDNESS

Net financial indebtedness amounted to € 384,819 thousand at 31 March 2019, against € 351,879 thousand at 31 December 2018, as restated to take account of the effects of changes in accounting standards. Below is the breakdown by item of financial statements:

	31 March 2019	31 December 2018 Restated
Long-term financial debt	397,843	408,191
Bank borrowings, including current portion of long-term debt and other financial liabilities	46,319	43,952
Gross financial indebtedness	**444,162**	**452,143**
Medium/long-term derivatives	0	0
Total gross debt	**444,162**	**452,143**
Cash and cash equivalents	(54,904)	(94,733)
Current financial assets	(4,439)	(5,532)
Net financial indebtedness	**384,819**	**351,878**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 March 2019 and 31 December 2018, as restated to take account of the effects of changes in the accounting standard IFRS16.

	31 March 2019	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	337,366		337,366	
C.C.F.S. loan	10,000		10,000	
Artigiancassa loan	1,676		958	718
Other bank loans	1,945	455	64	1,426
Prepaid interest expenses	(971)	(678)	(293)	
Accrued interest expense	9,432	9,432		
Long-term bank borrowings and current portion of long-term bank borrowings	**359,448**	**9,209**	**348,095**	**2,144**
Current account overdrafts, advance payments and hot money	824	824		
Finance lease obligations	3,732	503	1,699	1,530
Financial liability for operating leases	52,084	8,654	4,443	38,987
Loans from syndicated shareholders	1,226	499	71	656
Loan from Parent Company Manutencoop Società Cooperativa	31	31		
Other financial liabilities	13	13		
Obligations from assignments of trade receivables with recourse	19,117	19,117		
Amounts collected on behalf of assignees of trade receivables	6,713	6,713		
Options on subsidiaries' minority shareholdings	218		218	
Debt for the acquisition of investments / business units	756	756	0	0
TOTAL FINANCIAL LIABILITIES	**444,162**	**46,319**	**354,526**	**43,317**

	31 December 2018 Restated	within 1 year	from 1 year to 5 years	after 5 years

	31 December 2018 Restated	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	346,475		346,475	
C.C.F.S. loan	10,000		10,000	
Artigiancassa loan	1,676		958	718
Other bank loans	778	704	74	
Prepaid interest expenses	(1,125)	(512)	(613)	
Accrued interest expense	1,700	1,700		
Long-term bank borrowings and current portion of long-term bank borrowings	**359,504**	**1,891**	**356,894**	**718**
Current account overdrafts, advance payments and hot money	5,247	5,247		
Finance lease obligations	3,577	451	1,604	1,523
Financial liability for operating leases	53,090	6,586	19,411	27,093
Loans from syndicated shareholders	1,217	483	87	647
Loan from Parent Company Manutencoop Società Cooperativa	216	216		
Other financial liabilities	7	7		
Obligations from assignments of trade receivables with recourse	18,379	18,379		
Amounts collected on behalf of assignees of trade receivables	9,934	9,934		
Options on subsidiaries' minority shareholdings	214		214	
Debt for the acquisition of investments / business units	756	756	0	0
TOTAL FINANCIAL LIABILITIES	**452,143**	**43,952**	**378,210**	**29,981**

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

On 6 July 2017 CMF S.p.A. launched a high-yield bond issue named "*€360,000,000 9.0% Senior Secured Notes due 2022*", which is not convertible and not subordinated, for a total amount on account of principal of € 360 million and due 15 June 2022. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. The terms and conditions referred to in the rules of the Bond Issue are laid down in the Indenture, which is governed by the law of the State of New York. This bond issue was initially deposited by Bank of New York in escrow account, until the release of the same on 13 October 2017.

As required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-*bis* (merger with debt), thus giving rise to the acquisition directly by Rekeep S.p.A. of the bond issue, together with any related obligations and guarantees described below in this paragraph and in note 17.

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfilment of some conditions or the application of a quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain period of time. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred and the financial parameters, which are not subject to periodic audits, had been in any case complied with at the reporting date of these Financial Statements.

Furthermore, in early 2019 Rekeep S.p.A. formalised the purchase of portions of its bond issue on the open market for a nominal total of € 10,300 thousand. The weighted average repurchase price was less than 85% against a price for the issue equal to 98% at 6 July 2017. These transactions entailed the recognition of financial capital gains equal to € 1,659 thousand through consolidated profit or loss in 2019.

Finally, the *upfront fees* relating to the issue of Senior Secured Notes were accounted for according to the amortised cost method, which entailed financial amortisation charges of € 1,191 thousand during the first quarter of 2019 in accordance with IFRS 9, of which € 387 thousand relating to the write-off of the portion relating to the repurchased Notes.

Super Senior Revolving Credit Facility (RCF)

At the same time as the bond issue, CMF S.p.A. had also entered, as the Parent Company, into a Super Senior Revolving loan agreement for € 50 million (RCF), to which Rekeep S.p.A. was 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.

After the merger of CMF S.p.A. by incorporation into subsidiary Rekeep S.p.A., Servizi Ospedalieri S.p.A. is authorised to 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.

Prepaid interest expenses

At 31 March 2019 the Group recognised prepaid interest expenses of € 971 thousand. The item mainly relates to the arrangement fees initially incurred by CMF S.p.A. for the execution of the Super Senior Revolving (RCF) loan agreement. In 2017 CMF S.p.A. charged back all the costs concerning the subscription of this credit line to Rekeep S.p.A. (initially equal to € 1.0 million). These costs will be amortised on a straight-line basis throughout the term of the credit line and showed a remaining balance of € 648 thousand at 31 March 2019.

Accrued interest expenses

At 31 March 2019 the Group also recognised accrued interest expense for € 9,432 thousand, of which € 9,272 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 15 June 2019.

C.C.F.S. loan (Rekeep S.p.A.)

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 on the shares of subsidiaryH2H Facility Solutions S.p.A..

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Parent Company obtained a soft loan from the “Energy and Mobility Fund” of the Marche Regional Government, aimed at supporting the development of energy efficiency of healthcare units. This soft loan is disbursed partly in the form of an 8-year financing on the part of Artigiancassa S.p.A. for an amount of € 1,676 thousand and a pre-amortisation period of 12 months. The 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.

Other bank loans

Other loans amounted to € 1,945 thousand at 31 March 2019, mainly relating to two lines of financing that were entered into by subsidiary Elene Project S.r.l. with Cassa Centrale Banca Credito Cooperativo del Nord Est S.p.A. at the end of 2018 for a total amount of € 3,240 thousand, an amount of € 1,544 thousand of which had been drawdown at 31 March 2019. In particular, the Senior line, at a fixed interest rate of 3.70%, has a term of 10 years and may be repaid in 40 deferred quarterly instalments with effect from 1 January 2020, while the VAT line, at a variable interest rate corresponding to the 3-month EURIBOR plus a spread of 1.70%, may be repaid in a single payment upon expiry, which is expected on 31 December 2020. The loan is backed by a pledge on the company's shares.

Among other loans is also the residual debt of the loan of € 1,000 thousand, which was entered into by Parent Company Rekeep S.p.A. with Deutsche Bank S.p.A. in August 2018, expiring in 1 year, and which may be repaid in 12 monthly instalments.

Current account overdraft, advance payments and hot money

At 31 MArch 2019 this item showed a balance of € 824 thousand, against an amount of € 5,247 thousand at the end of the previous year.

Bank overdrafts and advance payments are not backed by guarantees. Their management is linked to temporary cash requirements within inflows and outflows on the reporting date .

Obligations arising from finance lease

The lease agreements entered into are not secured and refer to the companies Servizi Ospedalieri S.p.A., Sicura S.p.A., the Turkish subsidiary EOS and Medical Device S.r.l.. They refer to motor vehicles and plant and machinery, mainly relating to Servizi Ospedalieri S.p.A. that uses them in the laundering and sterilization production processes. No new finance lease agreements were signed during the first quarter of 2019.

Financial liability for operating leases

Following the adoption of the new accounting standard IFSR16 – Leases, the Group recognised a financial liability of € 52,084 thousand at 31 March 2019. This liability consists of the present value of all the future payments to be made under agreements previously classified as "operating leases". The main cases of operating leases reported within the Group concern: (i) property leases for the Group's offices throughout Italy, (ii) long-term hire for the corporate fleets of the Group companies, (iii) other forms of hiring of equipment used in the performance of some work contracts. Compared to the value restated at 31 December 2018, when it totalled € 53,090 thousand, the liability recorded a net reduction of € 1,006 thousand, generated by the payment of lease and hire rentals, which was partially offset by the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 1,020 thousand.

The analysis conducted upon first-time adoption in the Consolidated Financial Statements highlighted, first of all, the need for the evaluation of an appropriate marginal discount rate, which was adopted on a provisional basis at a 5% for any and all categories of operating lease in place. Additional analyses will be conducted during the year, which will be aimed at confirming or changing this rate by the date of publication of the Consolidated Financial Statements at 31 December 2019.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 31 March 2019 the overall balance of these loans amounted to € 1,226 thousand, substantially in line with the balance at the end of the previous year.

Due to factoring agencies

This item includes receipts from customers on receivables assigned within the factoring of trade receivables without recourse, in relation to which Parent Company Rekeep performs the collection service. The amounts collected (equal to € 6,713 thousand at 31 March 2019) were transferred to the factor in the first days of the month after the end of the financial year.

Obligations from assignments of receivables with recourse

The Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities, in 2015. During 2019 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 16,125 thousand. At 31 March 2019 the Group showed obligations arising from assignments with recourse of receivables equal to € 19,117 thousand (€ 18,379 thousand at 31 December 2018).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognised for an amount of € 218 thousand at 31 March 2019 and relate to the estimated liability concerning the Put option held by the minorities of Manutencoop France S.a.r.l. (whose quota of 30% was transferred to third parties on 15 January 2018, under an Investment Agreement signed in 2017). This option may be exercised between 30 June 2021 and 30 June 2023.

Debts for the acquisition of investments/business units

This item amounted to € 756 thousand at 31 March 2019, unchanged compared to 31 December 2018, and mainly related to the remaining amount of the consideration that Sicura S.p.A. paid the third-party shareholder for the purchase of the residual minority interest in subsidiary Evimed S.r.l. (€ 690 thousand).

Current and other financial assets

At 31 March 2019 *Current and other financial assets* amounted to € 4,439 thousand (equal to € 5,532 thousand at 31 December 2018). At the end of the year under examination the following items were mainly recognised:

- the short-term share, equal to € 2,650 thousand, of the deferred price referring to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i European Operational Projects SCSp, which took place in December 2018;
- the balance of pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 1,344 thousand (€ 1,576 thousand at 31 December 2018);
- an overall amount of € 181 thousand of receivables for short-term loans and financial accounts held with non-consolidated Group companies (unchanged compared to 31 December 2018).

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in the first three months of 2019, compared with changes in the same period of the previous year.

	For the 3 months ended	
	31 March 2019	31 March 2018 Restated
AT 1 JANUARY	**14,730**	**15,519**
Additions for business combinations	943	0
Current service cost	309	172
Interest costs on benefit obligations	63	61
Benefits paid	(728)	(635)
Net actuarial (gains)/ losses from benefit obligations	0	0
Other changes	7	1
AT 31 MARCH	**15,323**	**15,118**

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

	For the 3 months ended	
	31 March 2019	31 March 2018 Restated
Current service cost	309	172
Interest costs on benefit obligations	63	61
Net cost of the benefits recognized through profit or loss	**372**	**233**
Net actuarial (gains)/ losses recognized in equity	0	0

	For the 3 months ended	
	31 March 2019	31 March 2018 Restated
TOTAL NET BENEFIT COSTS	**372**	**233**

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 3 months ended	
	31 March 2019	31 March 2018 Restated
Executives	56	53
Office workers	1,247	1,235
Manual workers	16,141	15,110
AVERAGE STAFF	**17,444**	**16,398**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 405 units at 31 March 2019 (restated at 31 March 2018: no. 430 units).

15. PROVISIONS FOR RISKS AND CHARGES

The breakdown and changes in the provisions for risks and charges for the period ended 31 March 2019 are shown below:

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Termination employee benefits	Other provisions	Total
At 1 January 2019 Restated	**87**	**4,630**	**23,525**	**1,160**	**244**	**394**	**2,098**	**32,137**
Accruals		8	407				6	**421**
Uses		(109)	(581)	(51)		0	(741)	**(1,481)**
Reversal			(69)				(3)	**(71)**
At 31 March 2019	**87**	**4,530**	**23,282**	**1,109**	**244**	**394**	**1,360**	**31,006**
At 31 March 2019:								
Current	87	4,431	88	883	0	394	198	**6,080**
Non-current	0	99	23,195	227	244	0	1,163	**24,926**

	Risks on investments	Risks on job orders	Pending legal disputes	Tax litigation	Agents' indemnity leave	Termination employee benefits	Other provisions	Total
At 31 December 2018:								
Current	87	4,529	91	914	0	394	933	**6,948**
Non-current	0	101	23,434	246	244	0	1,165	**25,189**

Provision for risks on investments

The item, amounting to € 87 thousand at 31 March 2019, includes the provision for unrecoverable future losses of Group companies and related to the subsidiary Alisei S.r.l. in liquidation..

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance at the end of the period amounted to € 4,530 thousand, against accruals of € 8 thousand, in addition to uses, releases and other changes that led to an overall decrease of € 109 thousand in the provision.

Provision for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 March 2019 the provision, totalling € 23,282 thousand, reported increases for accruals for € 407 thousand and decreases for uses, releases and other changes totalling € 649 thousand.

Accruals were mainly recognised to cover risks of Parent Company Rekeep S.p.A. for € 363 thousand. Uses and releases in the period (€ 649 thousand) refer to the use of provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties.

On 20 January 2016 AGCM considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine of € 48,510 thousand against parent company Rekeep S.p.A. (formerly: Manutencoop Facility Management S.p.A.), which rejected the arguments on which the charge was based and lodged an appeal against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale*, TAR). On 14 October 2016 it ruled by partially granting the appeal filed by Rekeep S.p.A. and referring the papers to the Authority for a new calculation of the fine, with the recommendation to reduce both the related taxable base, thus limiting it to the contracted tender amount, and the percentage

to be applied to the abovementioned amount, from 15% to 5%. Rekeep S.p.A. challenged the trial judgment before the Council of State; on 28 February 2017 the latter handed down its ruling, confirming the judgment issued by the Lazio Regional Administrative Court. However, Rekeep S.p.A. has also challenged the Council of State's ruling, filing an appeal with the Supreme Court on 21 May 2017. The Supreme Court has set the hearing in chambers on 23 October 2018, while it declared the appeal inadmissible on 18 January 2019. Finally, on 23 December 2016, the Authority executed the Lazio Regional Administrative Court's ruling and adopted a new order, recalculating the fine at € 14,700 thousand. This order was also challenged before the Lazio Regional Administrative Court and the Company is waiting for the hearing to be set.

When closing the Financial Statements at 31 December 2016, in the light, among other things, of the appeals lodged by the parties, on which the competent courts had already ruled, the Directors recalculated the risk of outflows related to the fine as a maximum amount of € 14.7 million. Therefore, the Company is regularly paying this fine, for which the payment was obtained in 30 monthly instalments at the legal interest rate (currently 0.8%). The residual debt amounted to € 2,948 thousand at 31 March 2019 and was recorded in "Other current liabilities".

As a result of the Competition Authority's fine ruling, on 4 February 2016 Consip S.p.A. initiated a procedure to terminate the Agreements entered into within the tender in question, also informing the Company that it would consider the possibility of excluding it from future tenders for "work of the same type", including pursuant to article 38, paragraph 1, letter f) of Legislative Decree 163/06. On 23 November 2016 Consip S.p.A. also gave Rekeep S.p.A. notice of the final termination of the agreements, expressly stating that it would confiscate the part of the final guarantee deposit (performance bond) which remained after the deposit had been partially released considering the work done normally up to the termination date. It also notified the intention to report the facts to the Italian Anti-Corruption Authority (*Autorità Nazionale Anti-Corruzione*, ANAC) and to the Public Prosecutor's Office.

On the other hand, on 24 April 2017 Italian Law Decree no. 50 was published on the O.G.: Article 64 (Services in school) of this law decree envisaged, for the regions in which the Consip framework agreements "*for cleaning and other services provided in order to keep school buildings and Public Administration training establishments clean and in working order*" (c.d. "Consip Scuole") have been terminated, the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017. In the subsequent Decree Law no. 91 of 20 June 2017, converted with amendments into Law on 3 August 2017 and published on the O.G on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law no. 205 of 27 December 2017 ("2018 Budget Law") provided for these agreements to continue until 30 June 2019, in order to allow the regular performance of educational activities for the 2018-2019 school year.

Finally, on 2 December 2016 Consip S.p.A. formally notified the Italian Anti-Corruption Authority (*Autorità Nazionale Anti-Corruzione*, ANAC) of its accusations against Rekeep S.p.A., as notified in the notice of termination of the Agreements, together with the intention to make a report to the Public Prosecutor's Office. On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. The next hearing for specifying conclusions has been scheduled on 27 October 2020.

The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. After the Regional Administrative Court's judgment of 14 October 2016, which was confirmed by the Council of State's judgment of 1 March 2017, and which substantially reduced the fine that had previously been imposed while not accepting the Company's argument that it was completely extraneous to the accusations, the Directors decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bond in court. ANAC has proceeded with the entry of the contract termination, as well as of the challenge against the same on the part of Rekeep S.p.A. before the Civil Court of Rome and of the filing of an appeal with the Supreme Court against the Council of State's judgment no. 928/2017 in its computerised records.

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 also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). However, on 13 July 2017 and on 14 September 2017, respectively, the Lazio Regional Administrative Court ordered the suspension of the measures of exclusion, deferring the decision on the merits of the appeal to the hearing of 21 February 2018. In this venue the Company had its appeal rejected and on 10 March 2018 the appeal was served before the Council of State, while submitting a request for precautionary decree from a single-member court and for suspension of the enforcement of the challenged order.

Furthermore, on 30 March 2018 Consip informed 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.

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

With reference to the events referred to above, the Directors also point out that, despite a context that is significantly affected by new regulations and more restrictive approaches with respect to the previous ones, the Company believes that a risk may actually arise mainly with regard to delays in awarding some tenders attributable to situations of further worsening of the

disputes connected with the participation in or the awarding of said tenders. To date the risk of the Company being temporarily excluded from public tenders as a result of an order issued by the ANAC can be reasonably regarded as not probable, in consideration of the defence arguments discussed with the Company's legal counsels, which may be submitted both upon participation in the ANAC procedure and at the time of any possible appeal filed with administrative courts, as well as based on the rulings recently handed down by the latter, which has suspended the abovementioned exclusion measures already enacted.

The aforesaid decisions do not imply in any case any impediment for Rekeep S.p.A. to the participation and awarding of new calls for tenders by Consip and, more in general, by the Public Administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, Rekeep S.p.A. received official communication from Consip to sign the agreements for the two batches of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations": these agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started. The Consip Sanità and Consip Caserme tenders did not generate consolidated Revenues until 31 December 2019 and are not included in the Group's backlog at 31 March 2019.

Finally, on 23 March 2017 AGCM notified Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) of the initiation of a preliminary investigation procedure against the Company itself, as well as 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., Romeo Gestioni S.p.A. and STI S.p.A. and subsequently extended to Exitone S.p.A, Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a, Gestione Integrata S.r.l, Kuadra S.r.l in Liquidation, Esperia S.p.A, Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A, Finanziaria Bigotti S.p.A, Consorzio Stabile Energie Locali Scarl in order to establish whether these companies implemented any possible understanding restricting competition, concerning the coordination of the procedures to participate in the tender launched by Consip in 2014 for awarding the Facility Management services to be rendered to the properties that are mainly intended for office use on the part of the Public Authorities ("FM4 Tender"). On 9 May 2018, after the completion of the abovementioned proceedings, the Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified; furthermore, since it is also sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender, it has already appointed its legal counsels to take any action and/or remedy, even of a jurisdictional nature, to protect its rights and interests. The Company will therefore challenge the Authority's Order before the Lazio Regional Administrative Court (TAR) within the set time limit, while submitting a preliminary request for suspending the payment of the sanction.

To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Group's portfolio of new and renewed contracts (backlog).

Based on the analysis still in progress, the Directors believe that the requirements in terms of probability, as well as of reliable estimate, required by the international accounting standards to set aside a provision for risks are not met.

Finally, the Directors believe that there are no significant uncertainties for the purposes of assessing whether the Company meets the going-concern principle, as they fully rely on the arguments discussed with its own legal counsels.

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

The table below sets forth the breakdown of the item at 31 March 2019 and 31 December 2018:

	31 March 2019	of which to related parties	31 December 2018 Restated	of which to related parties
Trade payables	357,355		360,959	
Trade payables to third parties	357,355		360,959	
Trade payables to Manutencoop Società Cooperativa	10,046	10,046	9,026	9,026
Trade payables to Group companies within 12 months	13,049	13,049	11,603	11,603
Trade payables to Manutencoop Group	**23,095**	**23,095**	**20,629**	**20,629**
Advances from customers including contract liabilities	19,921	2	18,014	98
Trade payables and advances from customers	**400,371**	**23,097**	**399,602**	**20,727**
Fees due to directors and statutory auditors	279		306	
Tax payables	8,083		9,925	
Payables to social security institutions within 12 months	9,505		9,895	
Other payables to TJA	9,584		10,019	
Payables to employees within 12 months	58,810		47,820	
Other payables within 12 months	7,321		9,054	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**95,758**	**0**	**89,195**	**0**
Other current payables to Manutencoop Società Cooperativa	57	57	28	28
Other payables to Group subsidiaries	2	2	2	2
Other current operating payables to	**59**	**59**	**30**	**30**

	31 March 2019	of which to related parties	31 December 2018 Restated	of which to related parties
Manutencoop Group				
Accrued expenses	12		9	
Deferred income	1,120		1,126	
Accrued expenses and deferred income	**1,132**	**0**	**1,135**	**0**
Other current liabilities	**96,949**	**59**	**90,360**	**30**

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

Trade payables and advances from customers at 31 March 2019 amounted to € 400,371 thousand, against a balance of € 399,602 thousand at 31 December 2018.

Other current liabilities showed a balance of € 96,949 thousand at 31 March 2019 (€ 90,360 thousand at 31 December 2018) and are mainly made up of the following items:

- payables to employees of € 58,810 thousand (€ 47,820 thousand at 31 December 2018) including the current monthly salaries to be paid in the months after the closing of the period, as well as payables for additional monthly salaries to be paid (a portion of the 14th salary, to be paid in the month of July, and the 13th salary, to be paid each year in the month of December). Furthermore, the corresponding payables to social security institutions were recognized for € 9,505 thousand (€ 9,895 thousand at 31 December 2018)
- payables to tax authorities for € 8,083 thousand, mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF tax payable for employees (€ 9,925 thousand at 31 December 2018);
- receipts on behalf of Temporary Associations of Companies (ATI) for € 9,584 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mostly relating to job orders under "CONSIP" agreements (€ 10,019 thousand at 31 December 2018).

"Other payables within 12 months" equal to € 7,321 thousand mainly include the payable relating to the AGCM sanction of € 2,948 thousand following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment submitted by Rekeep S.p.A. (for further details, refer to the previous note 15). 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.

17. COMMITMENTS AND CONTINGENT LIABILITIES

The Group signed financial lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU and for motor vehicles. During 2017 a property lease agreement was also signed by subsidiary Servizi Ospedalieri S.p.A. for the acquisition of the factory located in Lucca, while in 2018 the acquisitions of EOS and Medical Device S.r.l. contributed additional leases for capital goods and for the use of a property.

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

	31 March 2019		31 December 2018 Restated	
	Rental fees	Present value of rental fees	Rental fees	Present value of rental fees
Within one year	539	503	497	387
From one year to five years	1,827	1,699	1,735	1,668
After five years	2,130	1,530	2,132	1,523
TOTAL FINANCIAL LEASE FEES	**4,496**	**3,732**	**4,364**	**3,577**
Financial costs	(763)		(786)	
PRESENT VALUE OF LEASE FEES	**3,732**	**3,732**	**3,577**	**3,577**

At 31 March 2019 the Group also granted sureties to third parties for:

- guarantees against financial obligations amounting to € 12,742 thousand (€ 18,909 thousand compared to 31 December 2018), of which € 3,483 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 3,504 thousand at 31 December 2018);
- sureties granted to third parties to ensure the correct fulfilment of contract obligations in place with customers, amounting to € 286,291 thousand (31 December 2018: € 281,594 thousand), of which € 1,136 thousand issued in the interest of associates;
- other guarantees granted by third parties in favour of associates, joint ventures and other equity investments for € 12,272 thousand (€ 12,305 thousand at 31 December 2018);
- other guarantees granted to third parties to replace security deposits required to activate utilities or to execute lease agreements, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 31,964 thousand (€ 25,551 thousand at 31 December 2018).

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

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.

CMF S.p.A. was merged by incorporation into Rekeep S.p.A. with statutory, accounting and tax effects from 1 July 2018, applying the provisions laid down in the Indenture signed on 13 October 2017. After the merger, the indirect subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, having provided a specific personal security.

The payment obligations connected to both the Bond Issue and the Super Senior Revolving (RCF) facility are backed, following the above-mentioned merger, by the following collateral provided:

- a first-degree pledge over the total shares of Rekeep S.p.A., paid by the controlling company Manutencoop Società Cooperativa;
- 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 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.

The guarantees listed above may be called by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 31 March 2019 no events of default had occurred.

Contingent liabilities

As at the date of approval of the Interim Report on Operations at 31 March 2019 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)

In relation to the accident caused by the fire that occurred on 19 March 2013 in the former Olivetti area at Scarmagno (Turin) which also involved, as potential indirectly liable persons, three former employees of S.p.A., the insurance companies have paid the injured parties damages for more than € 38 million, for which they have subsequently formalised recourse actions against the natural persons concerned and their employers, including Rekeep S.p.A.. The overall claim for damages was equal to over € 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 Rekeep S.p.A. and the other persons involved were served a summons by AIG Europe Limited (one of the insurance companies party to the action) in order to obtain, by way of subrogation, what had been already paid to Telesystem Electronics S.r.l (owner of the goods stored at the

factory of Scarmagno) for a value of € 187 thousand. As part of the above proceedings, Generali Assicurazioni voluntarily appeared before the court as well by making a similar claim for more than € 33 million on account of recourse for indemnities it had paid in favour of Celltel S.p.A (now Fallimento Telis S.r.l), Innovis S.p.A, Gruppo Telecom, RTI S.p.A in addition to costs for technical assessments ordered by Generali prior to the case. In the meanwhile, a settlement agreement has been entered into between Rekeep S.p.A. and Generali Assicurazioni, under which Rekeep S.p.A. undertakes (using funds provided to it by UnipolSai Assicurazioni S.p.A. as the insurance company for Liability, which has declared its willingness to enter into the agreement by signing a binding commitment) to pay Generali an overall amount of € 3,366 thousand, equal to 10% of the total sum paid by Generali to its insured parties, on account of full payment, write-off and settlement. This amount was paid by UnipolSai on behalf of Rekeep S.p.A. in three equal instalments between December 2018 and February 2019. The agreement also provides that, as regards the position of Prelios SGR, since it is not a party to the agreement and since its liability is covered by an insurance policy taken out with Generali, Rekeep S.p.A. undertakes to hold harmless Generali Assicurazioni, until Prelios SGR's claim against Generali Assicurazioni becomes statute barred and up to an amount equal to the limit of Liability equal to € 2,600 thousand, from and against any expenditure which Generali should be required to sustain by virtue of a provisionally enforceable judgment. The proceedings before the Court of Milan are still pending, with an additional hearing scheduled on 14 May 2019, at whih the parties are likely to discontinue the proceedings.

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 ("ANAC's Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holder in the documentation submitted for the same tender in 2013. On the other hand, this proxy holder met the legal requirements in full. In addition to a fine of € 10 thousand, the ANAC's Order provided for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerised records of economic operators in public contracts. 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 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's Order were suspended. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the ANAC's Order. Subsequently, the latter 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 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.

By a judgment published on 27 December 2018 the Council of State granted the appeal filed by ANAC against the Lazio Regional Administrative Court's ruling of 21 December 2017, which had annulled the ANAC's Order.

The Company, also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that this judgment, as well as the ANAC's order, are based on erroneous and non-existent factual and legal assumptions and that the said order is not proportional to the alleged infringement. The Council of State's ruling was therefore challenged by the Company on 9 January 2019 before the Supreme Court in order to obtain its full annulment due to excessive jurisdictional powers, since the Council of State applied a non-existent rule (thus actually creating a new one), given that Article 38, paragraph 1-*ter* of Legislative Decree no. 163/2006, to which reference is made, regulates only the case of "submission of false declarations or false documentation in tender procedures", while disregarding the different case of failure to submit the required declarations in tender procedures. It should also be noted that according to the subsequent and current regulations on tendering, the failure to submit similar administrative documentation would not even constitute a possible infringement but would be remedied merely through the "preliminary relief ", or merely through a request by the Public Administration for additions to the incomplete documentation.

On 9 January 2019 a request for precautionary measure from a single-member court was submitted to the Council of State for it to suspend the judgment of 27 December 2018 pursuant to Article 111 of the Italian Code of Administrative Procedure. The President of the competent division accepted the request made by the Company by a specific Decree, whereby it suspended the effects of the judgment and of the ANAC's Order until the hearing of the Council of State that was held on 24 January 2019, in which it confirmed the decision made by the President until the ruling of the Supreme Court. To date, the hearing before the Supreme Court has not yet been set.

The judgment was also challenged by the Company before the Council of State on 6 February 2019 by means of an appeal for revocation, complaining about a "factual error entailing the revocation" and claiming that: (i) the Company did not submit any false declaration, but merely failed to submit a declaration (Article 38, paragraph 1.c) on the part of one of its proxies who, moreover, met the legal requirements in full, as she had no criminal record; (ii) the Company was never accused of failing to meet the requirement.

Finally, the Company is considering with its lawyers to bring further defence actions before the competent European jurisdictional Authorities (the European Court of Human Rights and the European Court of Justice).

It should be noted that the measure for exclusion would have no effect on Rekeep S.p.A.'s ability to participate in tenders launched by private parties, nor on the performance of the contracts in its portfolio.

18. MANAGEMENT OF FINANCIAL RISKS

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

During the last quarter of the 2017 financial year 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 Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which is now the direct Parent Company of Rekeep S.p.A. itself. Specifically, CMF S.p.A. was established for the launch of a Senior Secured bond issue aimed at repurchasing the Notes already issued by the Parent Company Rekeep S.p.A. in 2013, as well as at purchasing the shares held by the minority interests in the share capital of Parent Company Rekeep S.p.A. and repaying the other financial debt of the entire Group controlled by Manutencoop Società Cooperativa.

Furthermore, on 6 July 2017, CMF S.p.A. launched a high-yield bond issue named "*€360,000,000 9.0% Senior Secured Notes due 2022*", which is not convertible and not subordinated, for a total amount on account of principal of € 360 million and due 15 June 2022. The Notes, which were reserved for institutional investors and were listed on the Euro MTF segment managed by the Luxembourg Stock Exchange, as well as on the Extra MOT, Pro Segment, of Borsa Italiana, were issued at a price equal to 98% and a coupon at a fixed rate of 9.0% p.a., payable on a six-monthly basis. The terms and conditions referred to in the rules of the Bond Issue are laid down in the Indenture, which is governed by the law of the State of New York. On the same date Rekeep S.p.A. received from CMF S.p.A. a Proceeds Loan amounting to € 190,300 thousand, subsequently partially repaid, which allowed it, at the same time as the use of a portion of its own Cash and cash equivalents, to have sufficient liquidity to proceed with an early redemption of the Notes issued in 2013.

At the same time, using the remaining portion of cash acquired through the subscription of the Notes, CMF S.p.A. completed the acquisition of the shares held by Institutional Investors in the share capital of Rekeep S.p.A. (equal to 33.2%), thus becoming the sole shareholder of Rekeep S.p.A..

After having attained the set objectives, as required by the Offering Memorandum for the bond issue, on 1 July 2018 the Group completed the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A., according to Article 2501-*bis* (merger with debt). The merger entailed the acquisition, directly by Rekeep S.p.A., of the high-yield bond issue named "*€360,000,000 9.0% Senior Secured Notes due 2022*", which is not convertible and not subordinated, for an overall amount of principal of € 360 million, due 15 June 2022. At the same time, the Proceeds Loan granted by CMF S.p.A. to Rekeep S.p.A. was terminated.

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

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

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

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

- Level 1: corresponds to prices of similar liabilities and assets listed on active markets;

- Level 2: corresponds to prices calculated through features taken from observable market data;
- Level 3: corresponds to prices calculated through other features that are different from observable market data.

The table below shows the hierarchy for each class of financial asset measured at fair value at 31 March 2019 and restated at 31 December 2018.

		Hierarchy				Hierarchy		
	31 March 2019	**Level 1**	**Level 2**	**Level 3**	**31 December 2018 Restated**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss								
Financial receivables, securities and other non-current financial assets	101	101			**101**	101		
- of which securities	101	101			**101**	101		
Available-for-sale financial assets								
Financial receivables and other current financial assets	166	166			**179**	179		
- of which securities	166	166			**179**	179		
- of which hedging derivatives	0	0			**0**	0		
- of which non-hedging derivatives	0	0			**0**	0		
TOTAL FINANCIAL ASSETS	**267**	**267**			**280**	**280**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group had no financial liabilities measured at fair value at 31 March 2019 and 31 December 2018.

During the period under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximise value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

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

	31 March 2019	31 December 2018 Restated
Employee termination indemnity	15,323	14,730
Interest-bearing loans	387,892	394,971
Trade payables and advances from customers	400,371	399,602
Other current payables	96,949	90,360
Other current financial payables	56,270	57,172
Cash and cash equivalents	(54,904)	(94,733)
Other current financial assets	(4,439)	(5,532)
Total Net Debt	**897,462**	**856,570**
Group shareholders' equity	164,975	162,627
Undistributed net profit (loss)	(2,432)	(15,734)
Total Capital	**162,543**	**146,893**
EQUITY AND NET DEBT	**1.060,005**	**1,003,463**
Indebtedness ratio	84.7%	85.4%

A slight increase was recognised in the debt ratio compared to the value restated at 31 December 2018, as adjusted to take account of the adoption of IFRS16, following a simultaneous increase in net debt referred to in the paragraphs above and in the capital, following the Group's positve result for the first quarter of 2019.

19. 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.

Facility Management SBU

Facility Management offers a range of logistic and organisational support services targeted at users of properties and aimed at optimising the management of property-related activities.

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

- Cleaning;
- Technical Services;
- Landscaping.

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

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

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

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

Finally, energy management activities are developed, i.e. technical design, construction and operation of cogeneration plants and operation and maintenance of the same plants to provide customers with energy efficiency solutions.

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

- services related to the security of buildings;
- mailing services;
- document management.

Finally, with the incorporation of e-Digital Services S.r.l. at the end of 2015 and of Yougenio S.r.l. during 2016, the Group embarked on a path to growth in the markets of "business to business" (B2B) and "business to consumer" (B2C) services. The B2B business sector in particular is based on the utilisation of expertise which has been built up and developed in the spheres of applications, management and sourcing. On the other hand the objective of the B2C business sector is to enter the Consumer market for household and personal services, taking advantage of the creation of a digital platform easily accessible to a broad range of potential customers.

Laundering & Sterilization SBU

Laundering & 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 mattress provider (linen rental and industrial laundering), (ii) sterilization of linen and (iii) sterilization of surgical equipment.

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

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

The economic results by segment for the periods ended 31 March 2019 and 31 March 2018, as restated to take account of the effects of the change in the accounting standard, are shown below:

	Facility management	Laundering & Sterilization	Eliminations	Total
Segment revenues	215,827	33,164	(575)	248,416
Segment costs	(199,686)	(29,666)	575	(228,777)
Operating income (loss) by segment	**16,141**	**3,498**	**0**	**19,639**
Share of net profit of associates	38	48		85
Net financial income (costs)				(9,307)
Profit (loss) before taxes				**10,417**
Income taxes				(7,972)
NET PROFIT (LOSS) FOR THE PERIOD ENDED 31 MARCH 2019				**2,445**

	Facility Management	Laundering & Sterilization	Eliminations	Total Restated
Segment revenues	205.948	31.379	(643)	236.683

	Facility Management	Laundering & Sterilization	Eliminations	Total Restated
Segment costs	(188,917)	(28,123)	643	(216,398)
Operating income (loss) by segment	**205,948**	**31,379**	**0**	**20,285**
Share of net profit of associates	697	146		843
Net financial income (costs)				(5,692)
Profit (loss) before taxes				**15,436**
Income taxes				(6,804)
NET PROFIT (LOSS) FOR THE PERIOD ENDED 31 MARCH 2018 RESTATED				**8,632**

Below are the assets and liabilities by operating segments of the Group at 31 March 2019 and 31 December 2018, as restated to take account of the effects of change in the accounting standard:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	522,325	125,985	(1,522)	646,788
Goodwill	393,812	13,810		407,622
Investments	18,421	5,694		24,115
Other assets not allocated and related taxes				91,985
SEGMENT ASSETS AT 31 MARCH 2019	**934,558**	**145,489**	**(1,522)**	**1,170,509**
Liabilities allocated to the segment	481,172	63,998	(1,522)	543,648
Other liabilities not allocated and related taxes				461,226
SEGMENT LIABILITIES AT 31 MARCH 2019	**481,172**	**63,998**	**(1,522)**	**1,004,875**

	Facility Management	Laundering & Sterilization	Eliminations	Total Restated
Assets allocated to the segment	482,979	115,158	(1,385)	596,752
Goodwill	393,812	13,810		407,622
Investments	18,465	5,647		24,112
Other assets not allocated and related taxes				139,912
SEGMENT ASSETS AT 31 DECEMBER 2018 RESTATED	**895,256**	**134,614**	**(1,385)**	**1,168,397**
Liabilities allocated to the segment	480,478	57,737	(1,385)	536,293

	Facility Management	Laundering & Sterilization	Eliminations	Total Restated
Other liabilities not allocated and related taxes				468,281
SEGMENT LIABILITIES AT 31 DECEMBER 2018 RESTATED	**480,478**	**57,737**	**(1,385)**	**1,005,111**

20. TRANSACTIONS WITH RELATED PARTIES

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

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

- 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 expected to be € 1,333 thousand to be paid in monthly instalments;
- the affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.r.l. the property located in Vicenza (VI), at via Zamenhof no. 363, for use as offices/warehouse. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 372 thousand, to be paid in 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 expected to be € 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 Società Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Società 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 legislative contract that does not grant rights to third parties, Rekeep S.p.A. and parent company Manutencoop Società

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

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

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

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

Zola Predosa, 15 May 2019

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli n. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Consorzio Stabile CMF	Via Ubaldo Poli no. 4	Zola Predosa (BO)	99%	Euro
Evimed S.r.l.	Via Zamenhof o. 363	Vicenza	100%	Euro
e-Digital Services S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Elene Project S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62%	Euro
Energy Saving Valsamoggia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	63%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Leonardo S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Manutencoop France S.a.r.l.	4 place Louis Armand-Tour de l'Horloge	Paris	70%	Euro
Manutencoop International Services	Qatar Tower, building 35, street	Doha (Qatar)	49%	QAR

Name	Registered Office	City	% Held	Currency
LLC	920, zone 63			
Manutencoop Transport S.a.S.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no.52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk. 4	Istanbul	50,98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi, no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Building 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60,08%	Euro
Sicura S.p.A.	Via Zamenhof 363	Vicenza	100%	Euro
Telepost S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Yougenio S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord	Carinaro (CE)	60%	Euro
CO. & MA. Soc. Cons. a r.l.	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila no. 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Multiservizi Soc.Cons. r.l. in liquidation	Via San Silvestro no. 56	Faenza (RA)	39%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano no. 22	Imola (BO)	60%	Euro
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi no. 2	Como	30%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padova	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
F.lli Bernard S.r.l.	Stradella Aquedotto no. 21	Bari	20%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli no. 8	Calderara di Reno (BO)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Livia Soc.Cons. a r.l. in liquidation	Via Roma no. 57/B	Zola Predosa (BO)	34.10%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Euro
Palazzo della Fonte S.c.p.a.	Via Calamandrei, 255	Arezzo (AR)	33.30%	Euro
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia 65	Palermo (PA)	49%	Euro

Name	Registered Office	City	% Held	Currency
Società Consortile Adanti Manutencoop a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	fraz. Castellina - Soragna (PR)	25%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	89.99%	Euro
Synchron Nuovo San Gerardo S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	35.82%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi 18	Turin	25%	Euro
T&M Protection Resources Holdings Italy S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	40%	Euro
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi 372	Bologna	20.17%	Euro

ANNEX II

VALUATION OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	%	Net Assets, 31 December 2018	Changes in the period					Net Assets, 31 March 2019	Investment value	Provision for risks
			Effects on financial positions	Dividends	Revaluations/Write-downs	Provision for risks	Effects on SE			
Alisei S.r.l. in liquidation	100%	(87)						(87)	0	(87)
A.M.G. S.r.l.	50%	2,428			14			2,442	2,442	
BGP2 Soc.Cons. r.l.	41.47%	24						24	24	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			(1)			(1)	(1)	
Bologna Global Strade Soc. Cons. a. r.l.	60%	56	4					60	60	
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%	61						61	61	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	11						11	11	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Polo sterilizzazione Integrata	60%	1						1	1	
Consorzio Sermagest in liquidation	60%	0						0	0	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,483			30			1,513	1,513	

	%	Net Assets, 31 December 2018	Changes in the period					Net Assets, 31 March 2019	Investment value	Provision for risks
			Effects on financial positions	Dividends	Revaluations/Write-downs	Provision for risks	Effects on SE			
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	
GICO Systems S.r.l.	20%	163			5			168	168	
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.	29.93%	3						3	3	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7						7	7	
IPP S.r.l.	24.75%	465			4			469	469	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
LIVIA Soc. Cons. a r.l	34.10%	3	2					5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Newco DUC Bologna S.p.A.	24.90%	1,275			29		(91)	1,213	1,213	
Palazzo della Fonte S.c.p.a.	33.3%	8,000						8,000	8,000	
ROMA Multiservizi S.p.A.	45.47%	3,396			5			3,401	3,401	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	0						0	0	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Società - Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
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) in	40%	8						8	8	

	%	Net Assets, 31 December 2018	Changes in the period					Net Assets, 31 March 2019	Investment value	Provision for risks
			Effects on financial positions	Dividends	Revaluations/Write-downs	Provision for risks	Effects on SE			
liquidation										
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000						1.000	1.000	
T&M Protection Resources Holdings Italy S.p.A.	40%	600						600	600	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**19,120**	**6**	**-**	**85**	**-**	**(91)**	**19,120**	**19,207**	**(87)**

ANNEX III

RELATED-PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
CMF S.p.A.	31 mar 18				4,325	31-Dec-18				
	31 mar 19					31 mar 19				
Manutencoop Società Cooperativa	31 mar 18	42	6,809		26	31-dec-18	88	15,285	9,042	507
	31 mar 19	37	7,090		295	31 mar 19	64	14,909	10,066	27,776

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
Alisei s.r.l. in liquidation	31 mar 18					31-dec-18	3			1
	31 mar 19					31 mar 19	3			1
AMG S.r.l.	31 mar 18		68			31-dec-18			242	
	31 mar 19		73			31 mar 19			234	
BGP2 Soc.Cons. r.l.	31 mar 18					31-dec-18			89	
	31 mar 19					31 mar 19			89	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31 mar 18	106	38			31-dec-18	525		623	
	31 mar 19	15	43			31 mar 19	544		666	
Bologna Multiservizi Soc.Cons. a r.l.	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Bologna Più Soc.Cons.a r.l. in liquidation	31 mar 18					31-dec-18		3	3	2
	31 mar 19					31 mar 19		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31 mar 18	522	1,600			31-dec-18	2,597	336	3,796	
	31 mar 19	435	1,202			31 mar 19	1,502	336	2,870	
Cardarelli	31 mar 18					31-dec-18			40	

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
Soc. Cons. a r.l.	31 mar 19					31 mar 19			(7)	
Centro Europa Ricerche S.r.l.	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Como Energia Soc.Cons.a r.l.	31 mar 18					31-dec-18			102	
	31 mar 19					31 mar 19			102	
Consorzio Imolese Pulizie soc.Cons. in liquidation	31 mar 18					31-dec-18		36	12	
	31 mar 19					31 mar 19		36	12	
Consorzio Polo Sterilizzazione Integrata a r.l.	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
CO.& MA. Soc. Cons. a r.l	31 mar 18	90	291			31-dec-18	300	20	929	
	31 mar 19	60	251			31 mar 19	60	20	1,069	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31 mar 18	1,814	871			31-dec-18	3,666		773	
	31 mar 19	1,786	805			31 mar 19	5,571		1,639	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Fr.lli Bernard s.r.l.	31 mar 18	(14)	19			31-dec-18	29	50	46	
	31 mar 19	3	6			31 mar 19	32	50	55	
Gico Systems S.r.l.	31 mar 18					31-dec-18			95	
	31 mar 19		277			31 mar 19			311	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31 mar 18	3	320			31-dec-18	9		986	
	31 mar 19	2	318			31 mar 19	6		840	
Global Riviera Soc.Cons.a r.l.	31 mar 18					31-dec-18		70	13	
	31 mar 19					31 mar 19		70	13	
Global	31 mar 18		3			31-dec-18			(31)	

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
Vicenza Soc.Cons. a r.l.	31 mar 19		2			31 mar 19			(29)	
Grid Modena S.r.l.	31 mar 18		2			31-dec-18		10	17	
	31 mar 19		(13)			31 mar 19		10	5	
Gymnasium Soc. cons. a r.l in liquidation	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
IPP S.r.l.	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Legnago 2001 Soc. Cons. r.l.	31 mar 18					31-dec-18	1	8	33	
	31 mar 19					31 mar 19	1	8	33	
Livia Soc. cons. a r.l.	31 mar 18	36				31-dec-18	126	60		
	31 mar 19	20				31 mar 19	71	59		
Logistica Ospedaliera Soc. Cons. a r.l.	31 mar 18		1			31-dec-18	158		50	
	31 mar 19		1			31 mar 19	158		51	
Newco DUC Bologna S.p.A	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Palazzo della Fonte S.c.p.a.	31 mar 18					31-dec-18			15	
	31 mar 19					31 mar 19			15	
Progetto ISOM S.p.A.	31 mar 18					31-dec-18			37	
	31 mar 19					31 mar 19			37	
Roma Multiservizi S.p.A.	31 mar 18	1,161				31-dec-18	2,154			
	31 mar 19	974				31 mar 19	2,015			
San Martino 2000 Soc.Cons. r.l.	31 mar 18	82	49	30		31-dec-18				
	31 mar 19					31 mar 19				
Savia Soc. Cons. a r.l	31 mar 18	981	278			31-dec-18	3,261		615	
	31 mar 19	209	334			31 mar 19	3,470		953	
Serena S.r.l. - in liquidation	31 mar 18	306	679			31-dec-18	236		880	
	31 mar 19	398	610			31 mar 19	723		1,530	
Servizi Napoli 5 Soc.Cons. a r.l.	31 mar 18					31-dec-18			36	
	31 mar 19					31 mar 19				
Se.Sa.Mo. S.p.A.	31 mar 18					31-dec-18		3		
	31 mar 19					31 mar 19		3		
S.E.I. Energia Soc. Cons. a r.l.	31 mar 18	333	318			31-dec-18	2,710		1,820	
	31 mar 19	334	322			31 mar 19	3,120		2,142	

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
SESATRE S.cons. a r.l.	31 mar 18	1.264				31-dec-18				
	31 mar 19					31 mar 19				
Se.Ste.Ro S.r.l.	31 mar 18					31-dec-18	63	735		
	31 mar 19	12				31 mar 19	78	735		
S.I.MA.GEST 2 Soc. Cons. r.l. in liquidation	31 mar 18	3	145			31-dec-18			18	
	31 mar 19					31 mar 19			18	
S.I.MA.GEST 3 Soc. Cons. r.l in liquidation	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				
Società Consortile Adanti Manutencoop in liquidation	31 mar 18					31-dec-18		75	13	2
	31 mar 19					31 mar 19		75	13	2
Steril Piemonte Soc. cons. a.r.l	31 mar 18					31-dec-18		3	3	
	31 mar 19					31 mar 19		3	3	
Synchron Nuovo San Gerardo S.p.A.	31 mar 18					31-dec-18			53	
	31 mar 19					31 mar 19			53	
T&M Protection Resources Holdings Italy S.p.A.	31 mar 18		195			31-dec-18	7	75	346	
	31 mar 19		177			31 mar 19	7	75	349	
Tower Soc.Cons. a r.l. in liquidation	31 mar 18	1,291	38	50		31-dec-18				
	31 mar 19					31 mar 19				

SUBSIDIARIES OF MANUTENCOOP SOCIETA' COOPERATIVA

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
Cerpac S.r.l. in liquidation	31 mar 18					31-dec-18	1			
	31 mar 19					31 mar 19	1			
Manutencoop Immobiliare S.p.A.	31 mar 18	3	258			31-dec-18	3	173		
	31 mar 19					31 mar 19	3	173		
Nugareto Società Agricola Vinicola S.r.l.	31 mar 18	12	1			31-dec-18	1		5	
	31 mar 19					31 mar 19	1			

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
Sacoa S.r.l.	31 mar 18	15	19			31-dec-18	25	23	22	
	31 mar 19	13	1			31 mar 19	29		4	
Segesta servizi per l'Ambiente S.r.l.	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				

ASSOCIATES OF MANUTENCOOP SOCIETA' COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
Consorzio Karabak Società Cooperativa	31 mar 18	22				31-dec-18	21			
	31 mar 19	21				31 mar 19	21			
Consorzio Karabak 2 Società Cooperativa	31 mar 18	1				31-dec-18	1		1	
	31 mar 19	1				31 mar 19	1		1	
Consorzio Karabak 4 Società Cooperativa	31 mar 18					31-dec-18			2	
	31 mar 19					31 mar 19			1	
Consorzio Karabak 5 Società Cooperativa	31 mar 18					31-dec-18			1	
	31 mar 19					31 mar 19			1	
Consorzio Karabak 6 Società Cooperativa	31 mar 18					31-dec-18				
	31 mar 19					31 mar 19				

		Revenues	Costs	Financial income	Financial expenses		Trade Receivables	Financial assets and other	Trade payables	Financial liabilities and other
GRAND-TOTAL	**31 mar 18**	**8,074**	**12,002**	**80**	**4,351**	**31-dec-18**	**16,027**	**16,994**	**20,727**	**512**
	31 mar 19	**4,366**	**11,499**	**0**	**295**	**31 mar 19**	**17,523**	**16,594**	**23,097**	**27,781**

ANNEX IV

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

	For the three months ended 31 March			
	2019		2018 Restated	
Cash and cash equivalents at the beginning of the period		**94,733**		**59,870**
Cash flow from current operations:		**20,889**		**23,631**
Profit before taxes for the period	10,417		15,436	
Amortization, depreciation, write-downs and (write-backs) of assets	9,866		9,119	
Accrual (reversal) of provisions for risks and charges	350		487	
Employee termination indemnity provision	371		233	
Share of net profit of associates, net of dividends collected	(85)		(843)	
Financial charges (income) in the period	9,356		5,917	
Net interest received (paid) in the period	(1,372)		(1,260)	
Income tax paid in the period	(16)		(54)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*(7,998)*		*(5,404)*	
Uses of provisions for risks and charges and payments of the employee termination indemnity:		**(2,209)**		**(3,195)**
Payments of Employee termination indemnity	(728)		(630)	
Utilization of provisions	(1,481)		(2,565)	
Change in NWOC:		**(31,725)**		**(7,008)**
Decrease (increase) of inventories	(837)		84	
Decrease (increase) of trade receivables	(31,657)		(8,689)	

	For the three months ended 31 March			
		2019		2018 Restated
Change in trade payables **Change in trade payables**	769		1,597	
INDUSTRIAL AND FINANCIAL CAPEX:		**(10,515)**		**(8,775)**
(Purchase of intangible assets, net of sales)	(1,060)		(910)	
(Purchase of property, plant and equipment)	(9,619)		(5,850)	
Proceeds from sales of property, plant and equipment	142		321	
(Acquisition of investments)	(9)		(506)	
Decrease (increase) of financial assets	852		27	
Financial effects of Business combinations	0		(1,718)	
Net cash from assets held for sale	40		0	
Reclassifications:				
Net change in the balance of short-term financial assets, to be included in the balance of net financial liabilities	*(861)*		*(139)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**(6,888)**		**3,649**
Change in finance lease debt	155		(154)	
Proceeds from/(repayment of) debt for operating leases	(2,027)		(1,873)	
Acquisition of non-current borrowings	1,544		5,000	
Repayment of non-current borrowings	(10,300)		0	
Proceeds from/(repayment of) short term bank debt	(4,673)		3,672	
Other changes in financial debt	(1,452)		(8,267)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*7.998*		*5,404*	
Net change in the balance of short-term financial assets, to be included in the balance of net financial liabilities	*861*		*139*	
Financial effects of Business combinations	*0*		*(272)*	
Change in operating lease debt	*1,007*		*0*	
OTHER CHANGES:		**(9,381)**		**(8,279)**
Decrease (increase) of other current assets	(14,119)		(9,881)	
Increase (decrease) of other current liabilities	5,749		1,330	

	For the three months ended 31 March			
	2019		2018 Restated	
Differences arising from translation of financial statements in foreign currency	(5)		0	
Reclassifications:				
Financial effects of Business combinations			*272*	
Change in operating lease debt	*(1,007)*		*0*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**54,904**		**59,893**

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