

CONSOLIDATED HALF YEAR FINANCIAL REPORT

at 30 june 2019

rekeep

minds that work

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting held on 13 October 2017

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Giuseppe Pinna

DIRECTORS
Laura Duò
Rossella Fornasari
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting held on 13 October 2017

CHAIRMAN
Germano Camellini

STATUTORY AUDITORS
Marco Benni
Monica Mastropaolo (ceased to hold office on 5 June 2019)

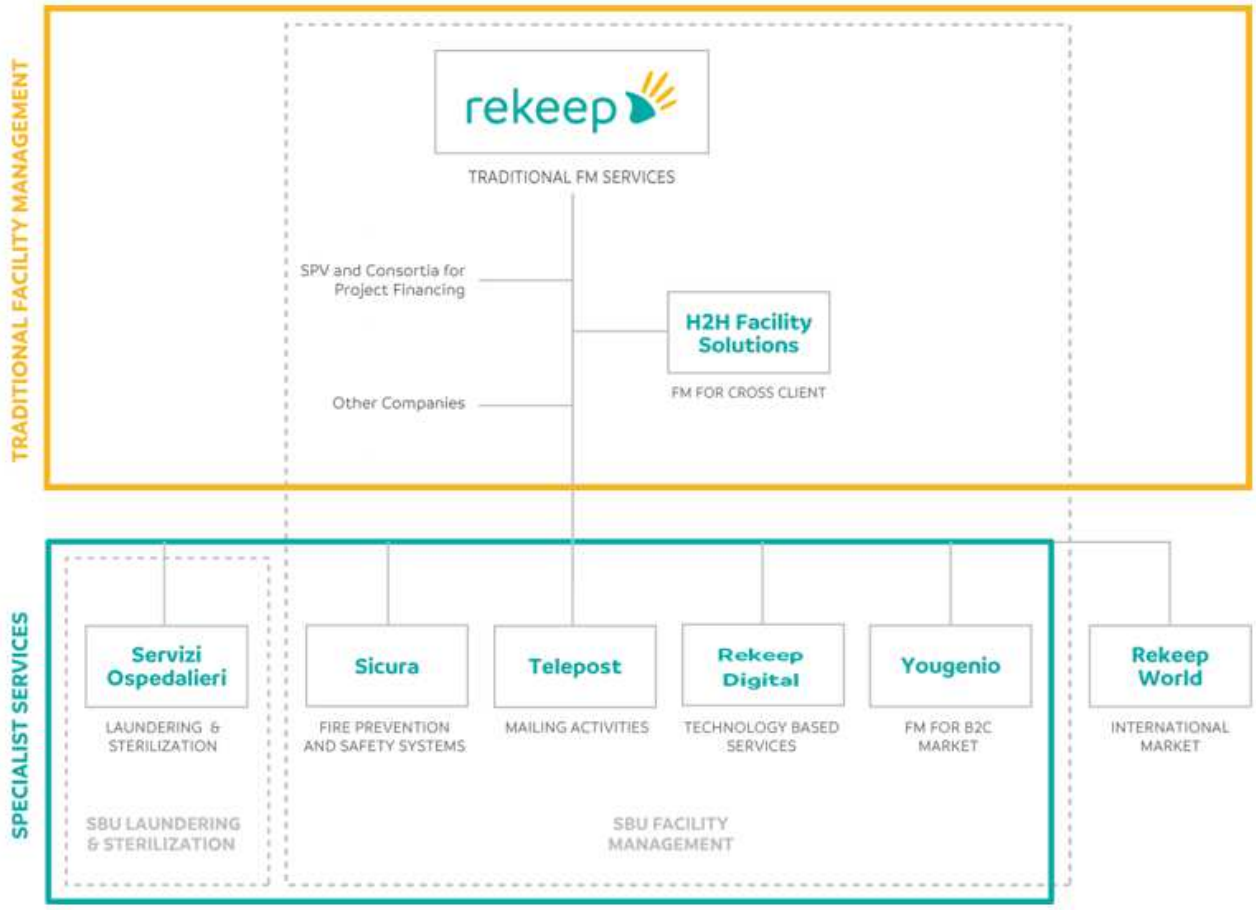
ALTERNATE AUDITORS
Michele Colliva (acting as statutory auditor starting from 5 June 2019)
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

At 30 June 2019 the Group controlled by Rekeep S.p.A. was made up as follows:



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

Today, the Rekeep brand develops at a single operating holding company that combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. Around the central part of the holding, already in the previous financial years a diversification strategy was pursued: (i) of the activities, also through a series of acquisitions, by placing some “specialist” facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), involving fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilisation at healthcare facilities and high technology

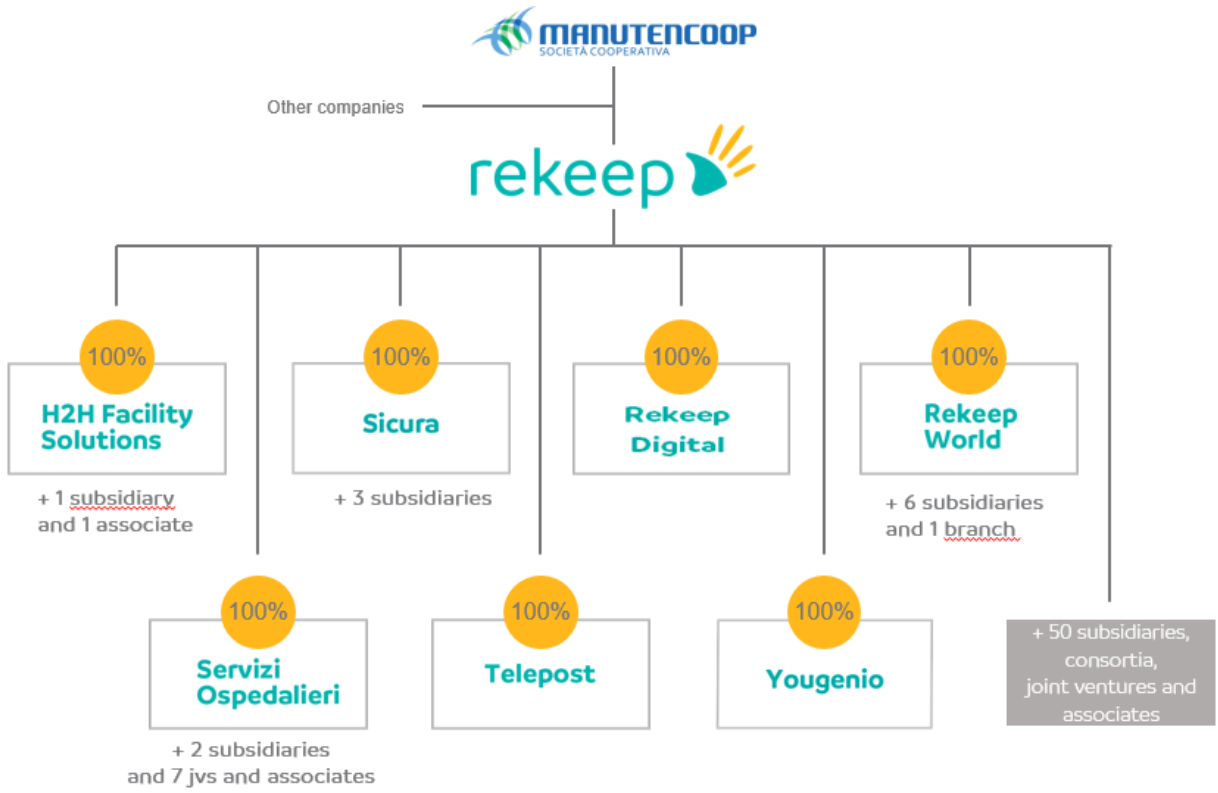
"business to business" (B2B) services, (ii) of markets, by means of the sub-holding Rekeep World S.r.l., established at the end of 2015 to start business development in international markets .

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

Shareholding structure

Ordinary shares issued by Rekeep S.p.A. and fully paid up at 30 June 2019 amounted to 109,149,600, with a par value of € 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.

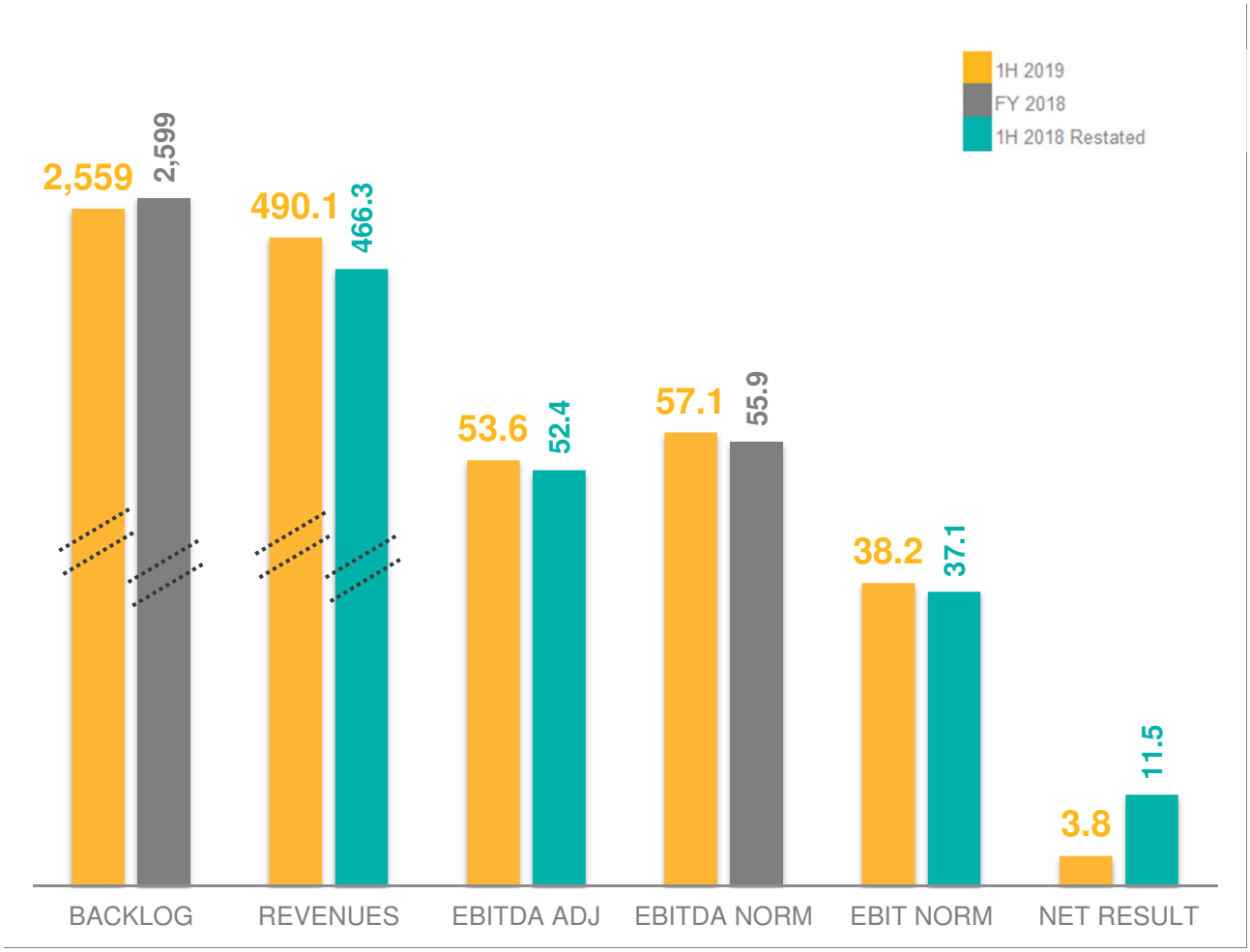


NON-GAAP FINANCIAL MEASURES

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

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

	Definition
	Dividends and income (loss) from sale of investments; iv) Income (charges) from investments accounted for under the equity method; v) Profit / (loss) on exchange rate. The Statement of Profit or Loss for the period shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before "Accrual (reversal) of provisions for risks and charges" and "Amortisation/depreciation, write-downs and write-backs of assets". EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable to those applied by others.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the period, as described in paragraph "Non-recurring events and transactions".
Revenues, Normalized EBITDA or EBIT	The Normalized measures represent Adjusted measures that also exclude the contribution to the consolidated results of the start-up activities relating to the subsidiary Yougenio S.r.l. and to the sub-group controlled by Rekeep World S.r.l. (formerly Manutencoop International S.r.l.).
Gross Debt	Gross Debt is defined as the sum of payables on account of capital relating to: i) Senior Secured Notes; ii) Bank debts; iii) Current account overdrafts, advances and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Finance lease debt.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 reporting periods.
Net Cash	Net Cash is defined as the balance of the "Cash and cash equivalents" net of : i) Current account overdrafts, advances and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as the Gross Debt, net of the balance of Cash and cash equivalents and short-term Financial assets.
NFP	Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the balance of receivables and other current financial assets and Cash and cash equivalents. When it is negative, it is equivalent to the "Net Financial Indebtedness".
Adjusted NFP and Adjusted NWOC	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes, and not yet collected by the factoring companies.



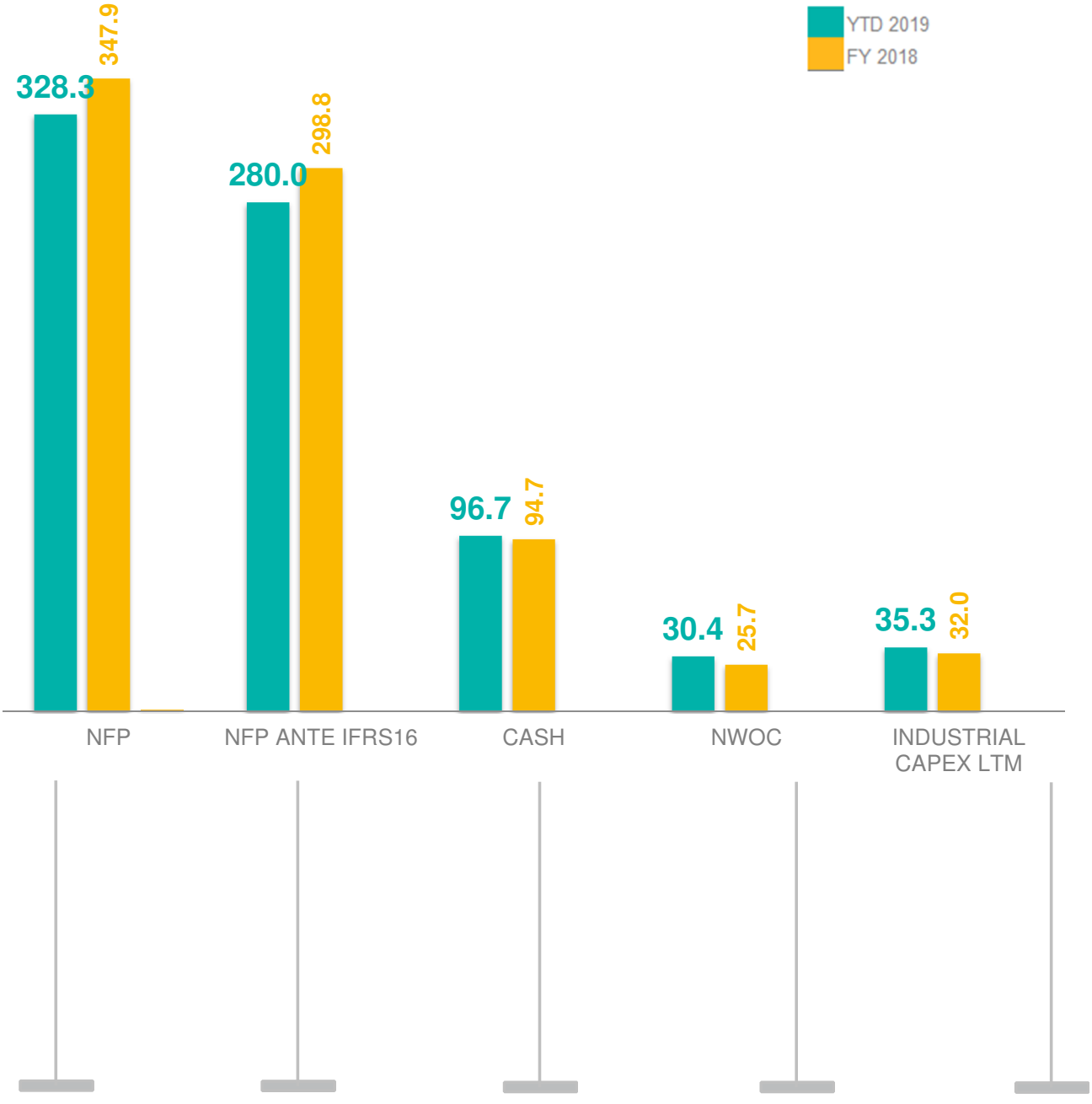
BACKLOG/ REVENUES LTM
2.6x
vs 2.7x 31/12/2018

REVENUES
+5.1 %
vs 30/06/2018

EBITDA/ REVENUES
10.7%
vs 10.7% 30/06/2018 restated

EBITDA NORM/ REVENUES
11.8%
vs 12.1% 30/06/2018 restated

EBIT NORM / REVENUES
7.9%
vs 8.0% 30/06/2018 restated



NFP BEFORE ADOPTION OF IFRS16 / EBITDA NORM LTM BEFORE

CASH
96.7 mln
vs 94.7 mln 31/12/2018

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

NWOC / REVENUES LTM
3.1%
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, with a view to better understanding the changes that were reported during the periods under comparison, the comparative balance sheet values at 31 December 2018 and the income and cash flows for the first half of 2018 have been restated in the Half-year Financial Report in order to take account of the amendments to the accounting standard described above. Since the analysis concerning the adoption of the standard is still being completed, the balance sheet values at 31

December 2018 have been reviewed with respect to the previous Interim Report at 31 March 2019 in order to ensure a more accurate calculation of comparative effects.

The effects of the adoption of the new standard 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.

	30 June 2018 approved	Accounting effects of IFRS16	30 June 2018 restated
EBITDA	44,863	5,013	**49,876**
Adjusted EBITDA	47,375	5,013	**52,388**
Normalized EBITDA	51,006	4,938	**55,945**
EBIT	29,648	952	**30,600**
Adjusted EBIT	32,160	952	**33,112**
Normalized EBIT	36,119	942	**37,060**
Net financial charges	(10,658)	(1,288)	**(11,946)**
Consolidated Net Result	11,772	(255)	**11,517**

	31 December 2018 approved	Accounting effects of IFRS16	31 December 2018 restated
Consolidated Net Equity	165,492	(2,496)	**162,996**
Net Financial Indebtedness	298,788	49,113	**347,901**

MAIN EVENTS IN THE FIRST HALF-YEAR OF 2019

During the first half-year 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 revenue growth trend that had gradually characterized the 2018 financial year was strengthened during the half-year. Revenues in the half-year ended 30 June 2019 came to € 490.1 million, up by € 23.7 million compared to the same period of the previous financial year (+ 5.1%). Profit margins also were on the rise: Adjusted EBITDA was equal to € 53.6 million in the half-year ended 30 June 2019, against € 52.4 million in the first half-year of 2018 (restated to take account of the adoption of IFRS16).

As regards the financial performance, the half-year saw a decrease of € 19.6 million in net financial indebtedness against a slight increase in working operating capital (+ € 4.7 million), sharply in line with the revenue growth trend referred to above.

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 half-year

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 SECOND QUARTER OF 2019

	For the Quarter ended 30 June			For the Half-year ended 30 June		
	2019	2018 restated	%	2019	2018 restated	%
Revenues	241,634	229,636	+5.2%	490,050	466,319	+5.1%
Adjusted EBITDA (*)	23,013	22,030	+4.5%	53,638	52,388	+2.4%
Adjusted EBITDA % on Revenues	9.5%	9.6%		10.9%	11.2%	
Normalized EBITDA (*)	24,960	23,858	+4.6%	57,126	55,946	+2.1%
Normalized EBITDA % on Normalized Revenues	10.5%	10.5%		11.8%	12.1%	
Adjusted EBIT (*)	13,410	12,361	+8.5%	33,820	33,112	+2.1%
Adjusted EBIT % on Revenues	5.5%	5.4%		6.9%	7.1%	
Consolidated net result	1,330	2,928		3,775	11,517	

In the second quarter of 2019 the Group recorded ***Revenues*** of € 241.6 million, against € 229.6 million compared to the same period of the previous year, with a positive change (+ € 12.0 million), which further strengthened the growth in volumes. The positive change in consolidated Revenues compared to the value posted in the second quarter of the previous year was substantially achieved in the Healthcare market (+ € 12.8 million) and, to a lesser extent, in the Private market (+ € 2.6 million), while revenues in the Public market showed a slight decrease (- € 3.4 million). Specifically, the Healthcare sector benefitted from both a gradual entry into full operation of the Consip MIES2 agreement (+€ 5.3 million) and the recovery in the volumes from the Laundering&Sterilization SBU (+ € 2.1 million), while in the Private market the main increase in volumes related to the business activity of H2H Facility Solutions S.p.A. and to the consolidation of the revenues of H2H Cleaning S.r.l..

The aforesaid positive performance of Revenues during the quarter was driven by the turnover achieved by the *Facility Management* SBU, with an increase of € 9.8 million, coming to € 208.1 million during the quarter ended 30 June 2019 against € 198.3 million posted in the same period of 2018. This SBU was affected by both a large portion of the positive change in Revenues from the Healthcare sector (e.g. MIES2), and the positive delta recorded in the Private market, in addition to reporting a good performance in terms of revenues accrued in the Energy and Heat Management sector as a result of the extension of the heat management operations until the end of May. Furthermore, note the revenues arising from the full operation of the activities carried out for SNCF in France during the quarter, as well as the contribution given by the Turkish companies EOS and Rekeep United.

As mentioned above, the recovery in the Revenues achieved by the Laundering&Sterilization SBU was confirmed during the second quarter of 2019 too, showing an increase of € 2.1 million, also thanks to the contribution given by the Revenues from Medical Device (€ 1.0 million), together with the start of operations under a new contract for the supply of surgical kits and the

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

revenues arising from the entry into full operation of some new linen rental and industrial laundering services during 2018 (+ € 1.2 million).

Adjusted EBITDA of the second quarter of 2019 came to € 23.0 million, showing an increase of € 1.0 million compared to the same quarter of the previous year (when it was equal to € 22.0 million). In particular, the Facility Management SBU recorded an increase of € 0.7 million, while the Laundering&Sterilization SBU recorded an increase of € 0.3 million, against an operating loss reported by the start-up Yougenio S.r.l. and by the companies that operate in the international market (included in the Facility Management SBU), which showed no significant changes (+ € 0.1 million). This gave rise to average profit margins (**Adjusted EBITDA/Revenues**) which remained substantially unchanged and came to 9.5% for the quarter ended 30 June 2019 against 9.6% for the same period of the previous year.

Adjusted EBIT for the quarter ended 30 June 2019 amounted to € 13.4 million (5.5% of related Revenues), against € 12.4 million for the same period of the previous year (5.4% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (+ € 1.0 million), to which must be added lower *amortization and depreciation* of € 0.3 million, due to the net effects of some adjustments concerning the amortisation and depreciation schedules of some categories of operating assets used in industrial laundering, linen rental and specialist services (€ 0.8 million) and partially offset by higher amortisation and depreciation for early withdrawals under operating lease agreements for € 0.3 million. Furthermore, there was the recognition of higher write-downs of receivables (net of releases) for € 0.5 million and higher accruals to provisions for future risks and charges for € 0.1 million. Finally, impairment losses on other assets were recognised for € 0.3 million in the second quarter of 2018.

Finally, the **Consolidated net result** for the quarter posted a positive value of € 1.3 million against € 2.9 million for the quarter ended 30 June 2018, in particular as a result of a different scope of consolidation in the periods under comparison, given that the merger of CMF S.p.A into the Parent Company Rekeep S.p.A. became effective from 1 July 2018 only. In addition to the performance in terms of consolidated EBIT described above, in the second quarter of 2019 higher net financial charges of € 4.2 million were in fact recognised, which were mainly due to higher financial charges (+ € 2.7 million) on the Senior Secured Notes and which had not been reported in the second quarter of 2018 (when the Parent Company had recognised a Proceeds Loan from the controlling company, which was merged at a later time). Furthermore, higher income from equity investments of € 0.6 million was recognised in the quarter, mainly against the collection of an earn-out of € 0.6 million in June 2019, which was paid to Rekeep S.p.A. on the disposal of Synchron Nuovo San Gerardo S.p.A. within the scope of the disinvestment from project finance that ws completed with the 3i EOPF fund in December 2018.

	30 June 2019	31 March 2019	31 December 2018 restated
Net Working Operating Capital (NWOC)	30,428	56,664	25,749
Net Financial Position (NFP)	(328,282)	(384,819)	(347,901)

From an equity and financial point of view, the data relating to the Net Working Operating Capital (**NWOC**) at 30 June 2019 recorded a significant decrease compared to both the value posted during the previous quarter (- € 26.2 million), albeit with a slight increase compared to the value posted at the end of the previous year (+ € 4.7 million). Specifically, the second quarter of 2019 saw the recognition of lower trade receivables for € 23.5 million and higher trade payables for € 3.3 million, against a Net Financial Position (**NFP**) that reported a positive change equal to € 56.5 million compared to the end of the previous quarter. During the 2019 financial year trade receivables were assigned to factoring companies without recourse for a total of € 97.2 million (of which € 51.2 million during the second quarter) and VAT receivables were assigned without recourse for € 16.9 million (throughout the second quarter).

At 30 June 2019 DSO was 164 days, substantially in line with 30 June 2018 (when it was equal to 164 days), but with a sharp reduction compared to 178 days at 31 March 2018 and showing an improvement compared to 169 days at 31 December 2018. The performance of the DPO, which came to 241 days at 30 June 2019, reflects that of the DSO; the value showed in fact a reduction compared to the 243 days at 31 March 2019 and 248 days at 31 December 2018. The performance of amounts collected from customers and payments to suppliers gave rise to a total generation of cash flows during the quarter (+ € 25.7 million), while showing, against an improvement in the time required to collect amounts from customers, a partial reversal of the financial benefit in favour of the flows of payments to suppliers.

The Net Financial Position (**NFP**) showed a decrease of € 56.5 million during the quarter. To the cash flows generated from operating activities during the quarter (€ 12.1 million) must be added the cash flow generated from the change in NWOC (€ 25.7 million) and from net financial disinvestments (+ € 8.1 million), while from them must be deducted the uses of resources for net industrial investments (€ 7.1 million), as well as the uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (€ 1.7 million). Moreover, cash inflows of € 15.5 million were reported as a result of changes in other operating assets and liabilities that were recorded during the quarter; in particular, in addition to the normal seasonal trend in payables to employees, there was the recognition of cash inflows against the trend in net VAT credit balances of the Group companies (- € 7.9 million), which, following the preparation of tax returns relating to the previous year in April, were included in assignments without recourse for a total of € 16.9 million during the quarter.

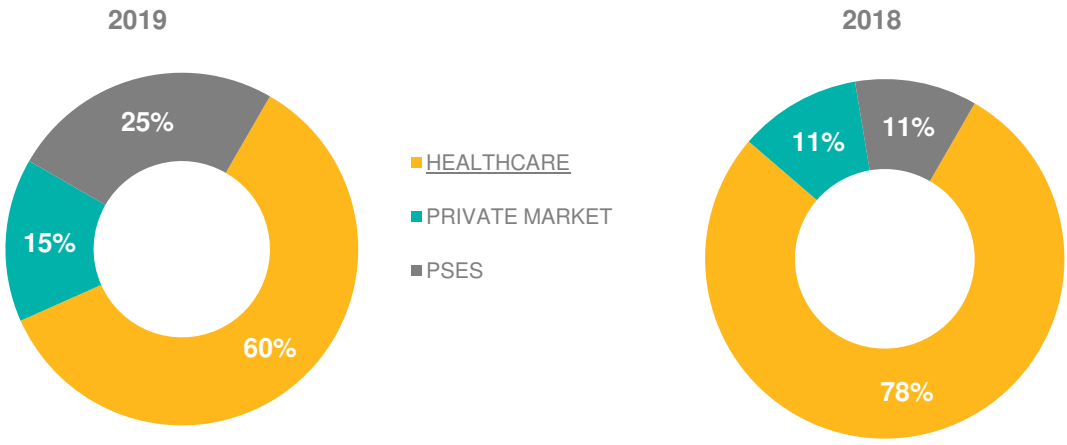
2. BUSINESS DEVELOPMENT

In the first six months of 2019 the Group gained orders for an overall multi-year amount of € 270 million, of which € 143 million related to extensions and renewals of contracts already existing in its business portfolio and € 127 million for the development of a new portfolio.

As in the past, this figure regarded only long-term contracts obtained in the context of services for "traditional" facility management, for linen rental and industrial laundering services as well as for the sterilisation of surgical instruments, as well as of "B2B" technology services of Rekeep Digital (formerly e-Digital Services S.r.l.). On the contrary, the figure does not include the commercial portfolios of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year. However, these companies have a not particularly significant impact (equal to about 4% in the first half of 2019) on consolidated production volumes.

New contracts in the Healthcare sector amounted to € 162 million for the period (equal to 15% of the total), against orders gained for € 66 million in the Public sector (25% of the total) and for € 42 million in the Private sector (15% of the total).

CONTRACTS ACQUIRED BY MARKET AT 30 JUNE

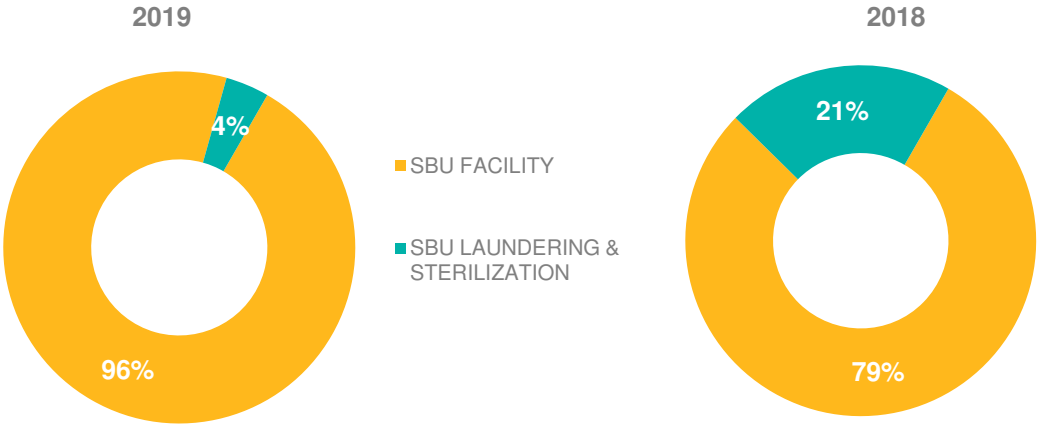


In the Healthcare market the Group further gained orders under the MIES 2 agreement, thus being awarded additional services at Health Care Units (ASL) in Veneto and Lombardy. Furthermore, contracts were renewed for energy services that were already included in the portfolio at ESTAR Toscana. Following the signature of an additional deed, the Group was awarded new Hygiene and Maintenance services at the San Gerardo Hospital in Monza, which was already operated by the Group on a project finance basis.

Furthermore, orders were gained in the Public market for the provision of asset management and maintenance services to the Provincial government of Treviso and work continued on the signature of energy service agreements with the Municipal

government of Bologna. Furthermore, the contract was extended, through Rekeep RAIL S.p.A, for on board train cleaning services for Campania 2, Molise and Lombardy lots. Finally, note the renewal of cleaning services at the SACMI S.C. offices and of logistics services in the network of Carrefour in the Private sector.

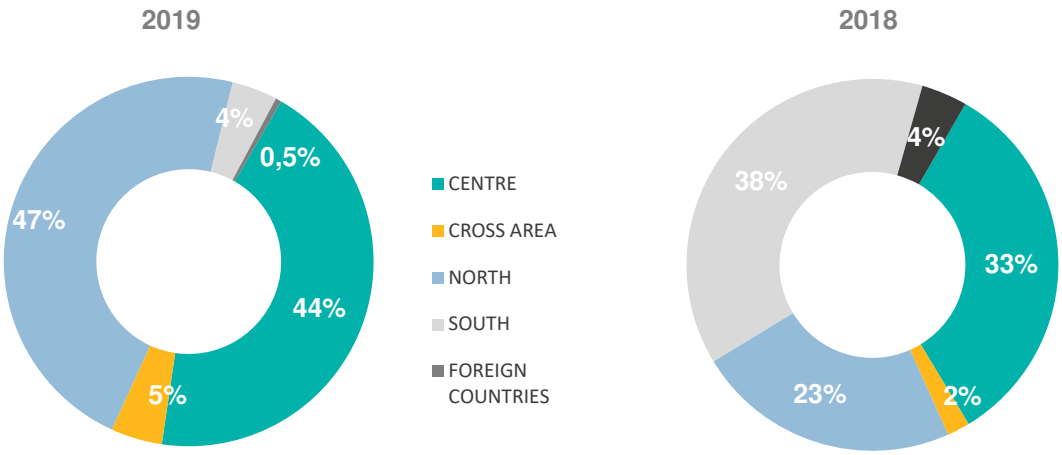
CONTRACTS ACQUIRED BY SBU AT 30 JUNE



As regards the orders gained in the period in terms of Strategic Business Unit ("SBU"), the Facility Management SBU obtained contracts of € 259 million, while the Laundering&Sterilisation SBU obtained contracts of € 11 million. Acquisitions in the Private sector were part of the Facility Management SBU. Furthermore, the subsidiary Rekeep France S.a.s. was awarded new soft-facility services at buildings in France for about € 1 million.

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

CONTRACTS ACQUIRED BY GEOGRAPHICAL AREA AT 30 JUNE



On 30 June 2019, the **Backlog** came to € 2,559 million, up by € 80 million compared to the value posted at the end of the previous quarter (€ 2,479 million) and substantially unchanged compared to 31 December 2018 (€ 2,599 million). The LTM Backlog/revenues ratio also remained unchanged at 2.6x in the quarter.

The fact that the Backlog remained substantially unchanged in the first half-year (when the historical trend shows its normal consumption) was mainly due to the signature of other supply orders for the additional lot of the Consip MIES 2 agreement during the period, concerning the award of an Integrated Technology Multi-service with energy supply for buildings used by Public Health Administrations.

3. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND THE FINANCIAL POSITION FOR THE HALF-YEAR ENDED 30 JUNE 2019

3.1 Consolidated performance of operations in the first half of 2019

Below are reported the main income figures relating to the first 6 months of 2019, compared to the figures of the corresponding period in 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 in order to take account of the effects of the new accounting standard.

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2019	2018 restated	2019	2018 restated
Revenues	490,050	466,319	241,634	229,636
Costs of production	(437,612)	(416,443)	(219,050)	(209,652)
EBITDA	**52,438**	**49,876**	**22,584**	**19,984**
EBITDA %	**10.7%**	**10.7%**	**9.3%**	**8.7%**
Amortisation, depreciation, write-downs and write-backs of assets	(19,097)	(18,502)	(9,232)	(9,382)
Accrual of provisions for risks and charges	(721)	(774)	(371)	(287)
Operating Income (EBIT)	**32,620**	**30,600**	**12,981**	**10,315**
EBIT %	**6.7%**	**6.6%**	**5.4%**	**4.5%**
Share of net profit of associates	708	1,285	623	442
Net financial charges	(19,804)	(11,946)	(10,497)	(6,254)
Profit before taxes (EBT)	**13,524**	**19,939**	**3,107**	**4,503**
EBT %	**2.8%**	**4.3%**	**1.3%**	**2.0%**
Income taxes	(9,749)	(8,422)	(1,777)	(1,618)
Profit (loss) from continuing operations	**3,775**	**11,517**	**1,330**	**2,885**
Profit (loss) from discontinued operations	0	0	0	0
CONSOLIDATED NET PROFIT (LOSS)	**3,775**	**11,517**	**1,330**	**2,885**
CONSOLIDATED NET PROFIT (LOSS) %	**0.8%**	**2.5%**	**0.6%**	**1.3%**
Minority interests	(44)	(23)	(31)	43
NET RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,731**	**11,494**	**1,299**	**2,928**
NET RESULT ATTRIBUTABLE TO ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**0.8%**	**2.5%**	**0.5%**	**1.3%**

NON-RECURRING EVENTS AND TRANSACTIONS

In the course of the first 6 months of 2019 the Rekeep Group recognised, in the Statement of Profit/Loss for the period, some "non-recurring" economic items which impacted on the normal dynamics in consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "significant non-recurring events and transactions" mean events or transactions whose occurrence is non-recurring, i.e. those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the Group companies' financial position, performance of operations and cash flows.

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

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018
Legal advice fees concerning pending administrative disputes	315	99
Costs from reorganization of company units	865	870
Rebranding Project	0	1,543
M&A and non-recurring transactions of Group companies	20	0
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**1,200**	**2,512**

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018 restated
EBITDA	52,438	49,876
Non-recurring operating charges (income) impacting on EBITDA	1,200	2,512
Adjusted EBITDA	**53,638**	**52,388**
Adjusted EBITDA % on Revenues	**10.9%**	**11.2%**
EBIT	32,620	30,600
Non-recurring operating charges (income) impacting on EBITDA and EBIT	1,200	2,512
Adjusted EBIT	**33,820**	**33,112**
Adjusted EBIT % on Revenues	**6.9%**	**7.1%**

As from 2016, the Group also undertook to diversify its own markets of reference by establishing the sub-holding company Rekeep World S.r.l. as a vehicle dedicated to business development in international markets and Yougenio S.r.l., a subsidiary

active in the B2C market through an e-commerce platform. These new initiatives are still in their start-up phase and contributed negatively to the consolidated results for the 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 Normalised EBITDA and EBIT - which exclude the contribution given by these start-ups - are shown below:

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018 restated
ADJUSTED EBITDA	**53,638**	**52,388**
EBITDA related to start-up activities	3,488	3,558
NORMALIZED EBITDA	**57,126**	**55,946**
NORMALIZED EBITDA % ON Normalized Revenues	**11.8%**	**12.3%**
ADJUSTED EBIT	**33,820**	**33,112**
EBIT related to start-up activities	4,340	3,949
NORMALIZED EBIT	**38,160**	**37,061**
NORMALIZED EBIT % ON Normalized Revenues	**7.9%**	**8.0%**

REVENUES

During the half-year ended 30 June 2019 the Group recorded ***Revenues*** of € 490.1 million against € 466.3 million for the same period of the previous year, with a positive change of € 23.7 million (+5.1%), which confirms the growth trend in volumes that already characterized the 2018 financial year.

In particular, a contribution to growth, compared to the first half-year of 2018, was made by the full operation of the services delivered under the MIES2 Agreement (+ € 14.4 million), which was partially offset by a smaller perimeter of the activities performed for the private customer Auchan (- € 4.4 million), as well as by the minor M&A operations carried out by the Group during the second half of 2018 (Medical Device S.r.l. on the part of Servizi Ospedalieri S.p.A.: + € 2.0 million) and in early 2019 (H2H Cleaning S.r.l. on the part of H2H Facility Solutions S.p.A.: + € 3.5 million). The overall increase in volumes was also contributed by higher revenues arising from the intense sales on the part of H2H Facility Solutions S.p.A. in the private market at the end of (+ € 4.2 million), as well as by the revenues achieved in the international market (+ € 2.9 million).

The breakdown of consolidated Revenues for the first 6 months of 2019 compared to the figure of the same period in the previous year, as broken down by reference market.

REVENUES BY MARKET

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2019	% on total Revenues	2018	% on total Revenues	2019	2018
Public Authorities	125,747	25.7%	131,288	28.2%	58,428	61,855
Healthcare	245,456	50.1%	224,151	48.1%	122,503	109,699
Private Customers	118,847	24.3%	110,880	23.8%	60,703	58,082
CONSOLIDATED REVENUES	**490,050**		**466,319**		**241,634**	**229,636**

The volume growth that marked the half-year was driven by the Healthcare sector that increased by € 21.3 million up to € 245.5 million (+9.5%, with an increase of 2% in the relative impact on consolidated revenues) and mainly benefitted from the regulation of volumes under the new MIES 2 agreement (+ € 14.4 million compared to the first half-year of 2018) as referred to above, which, together with the positive effects on volumes due to the extension of the heat management operations, were more than offset by the conclusion of or reduction in the number of other contracts in the same market. Furthermore, a positive impact was due to the volumes developed by Medical Device S.r.l. (+ € 2.0 million), a company 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 € 7.9 million (+7.2%, with an increase in the relative impact from 23.8% to 24.3% of consolidated Revenues), mainly due to the minor M&A operation carried out by H2H Facility Solutions S.p.A. on H2H Cleaning (+ € 3.5 million) and to the abovementioned development of new customers by internal growth of H2H Facility Solutions S.p.A. (+ € 4.2 million). The reduction in the scope of operation following the renewal of the contract with another customer in the large-scale retail trade network of Auchan, referred to above, was offset by the growth in the Group companies that deliver specialist facility management services (mainly Sicura S.p.A., Telepost S.p.A., Rekeep Digital S.r.l. and Yougenio S.r.l: + € 1.4 million), as well as by the new business ("picking") being developed at the customer Carrefour (+ € 1.9 million).

Revenues from Public Authorities, on the other hand, showed a slight decrease from € 131.3 million in the first half-year of 2018 to € 125.7 million in the half-year ended 30 June 2019 (- € 5.5 million). These values were affected by both lower business volumes and related prices agreed upon the renewal of contracts with some big customers operating within the sphere of action of the Public Authorities, and the gradual conclusion of some expiring contracts, despite an increase in the volumes of revenue from the customer Trenitalia.

Analysis of revenues by Segment

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

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

REVENUES BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2019	% on total Revenues	2018	% on total Revenues	2019	2018
Facility Management	423,965	86.5%	404,255	86.7%	208,138	198,307
Laundering & Sterilization	67,289	13.7%	63,360	13.6%	34,125	31,981
Eliminations	(1,204)	-0.2%	(1,296)	-0.3%	(629)	(653)
CONSOLIDATED REVENUES	**490,050**		**466,319**		**241,634**	**229,635**

The consolidated turnover growth trend was reported in both the SBUs in which the Group operates, with a proportional improvement in volume performance. 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 by € 19.7 million in the first half-year of 2019 (+4.9%): its performance was affected by the abovementioned positive changes relating to the MIES 2 agreement and to the development of H2H by internal growth and acquisitions, as well as by the increase in revenues from specialist services and by the positive effects of the extension of heat management operations on the related revenues.

On the other hand, the revenues of the *Laundering&Sterilization* SBU increased from Euro 63.4 million for the half-year ended 30 June 2018 to € 67.3 million for the half-year ended 30 June 2019 with an increase (+ € 3.9 million, equal to +6.2%), which was also attributable to the acquisition of Medical Device S.r.l. in July 2018 (+ € 2,0 million), as well as to the start of operations under a new contract for the supply of surgical kits and to the entry into full operation of new linen rental, industrial laundering and sterilisation services started to be delivered during 2018 (+ € 1.9 million).

EBITDA

The Group's EBITDA came to € 52.4 million for the half-year ended 30 June 2019, showing an increase of € 2.6 million compared to the first 6 months of 2018. However, EBITDA expensed non-recurring costs of € 1.2 million during the first half of 2019 while non-recurring items of € 2.5 million were reported during the same period of the previous year. Therefore, Adjusted EBITDA that excluded these non-recurring elements amounted to € 53.6 million at 30 June 2019, against Adjusted EBITDA of € 52.4 million at 30 June 2018 (+ € 1.2 million).

Below is provided a comparison of EBITDA by business segment for the half-year ended 30 June 2019 compared to the same period of 2018:

EBITDA BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2019	% on Revenues	2018 restated	% on Revenues	2019	2018 restated
Facility Management	36,030	8.5%	34,018	8.4%	14,405	12,104
Laundering&Sterilization	16,408	24.4%	15,858	25.0%	8,179	7,880
CONSOLIDATED EBITDA	**52,438**	**10.7%**	**49,876**	**10.7%**	**22,584**	**19,984**

The Facility Management sector showed EBITDA of € 36.0 million in the quarter, up compared to € 34.0 million in the same period of 2018 (+ € 2.0 million). All the non-recurring items which affected the consolidated results recorded during the two comparative periods had an impact on this sector (€ 1.2 million and € 2.5 million at 30 June 2019 and 30 June 2018, respectively); the Adjusted EBITDA by segment also showed an increase compared to the first half of the previous year (+ € 0.7 million). The segment also includes Yougenio's start-up activities and those launched in international markets, which had a substantially equivalent impact on consolidated EBITDA during the two comparative periods (€ 3.5 million at 30 June 2019 and € 3.6 million at 30 June 2018) despite increasing volumes (€ 6.2 million at 30 June 2019 against € 2.5 million at 30 June 2018).

EBITDA in the *Laundering&Sterilization* business segment for the first half-year ended 30 June 2019 came to € 16.4 million, confirming the signs of recovery (+ € 0.5 million during the same period of 2018) that had already been reported in the previous quarter after the decreasing trend observed in some quarters, due to higher revenues achieved in the business segment referred to above (+3.2%).

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

Costs of production

At 30 June 2019, *Costs of production*, which amounted to € 437.6 million, showed an increase of € 21.2 million in absolute terms compared to € 416.4 million posted at 30 June 2018 (+5.1%).

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2019	% of total	2018 restated	% of total	2019	2018 restated
Costs of raw materials and consumables	83,109	19.0%	70,858	17.0%	34,775	30,334
Change in inventories of finished and semi-finished products	(725)	-0.2%	(136)	-0.1%	(328)	(136)

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2019	% of total	2018 restated	% of total	2019	2018 restated
Costs for services and use of third-party assets	147,320	33.7%	147,230	35.4%	79,025	77,440
Personnel costs	205,930	47.1%	196,413	47.2%	104,131	101,073
Other operating costs	3,339	0.8%	3,015	0.7%	2,161	1,878
Capitalisation of lower internal construction costs	(1,361)	-0.3%	(937)	-0.2%	(714)	(937)
TOTAL COSTS OF PRODUCTION	**437,612**		**416,443**		**219,050**	**209,652**

Costs of raw materials and consumables, in the first 6 months of 2019, came to € 83.1 million, showing an increase of € 12.3 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 (19.0% at 30 June 2019 against 17.0% at 30 June 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 higher consumption linked to the extension of heat management operations. An increase was also recorded in other consumption of materials, mainly attributable to the costs of raw materials used in the production of procedure kits on the part of Medical Device S.r.l., which was acquired by Servizi Ospedalieri S.p.A. in July 2018.

Costs for services and use of third-party assets came to € 147.3 million at 30 June 2019, unchanged compared to the value posted at 30 June 2018 (€ 147.2 million), albeit with a lower impact on total Costs of Production (33.7% against 35.4%). The reduction in the impact of these costs 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.

The item *Personnel costs* increased in absolute terms by € 9.5 million (+ 4.8%) from € 196.4 million at 30 June 2018 to € 205.9 million at 30 June 2019, remaining unchanged in terms of impact on total Costs of Production (47.1% at 30 June 2019 against 47.2% at 30 June 2018) and in line with the increase in Revenues (+5.1%).

The average number of employees in service during the first 6 months of 2019 was equal to 17,468, while it was 16,655 in the same period in the previous year (of which 16,152 against 15,384 manual workers). Perfectly symmetrical to what 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 30 June 2019 amounted to € 3.3 million (€ 3.0 million at 30 June 2018). Specifically, note higher costs for credit discount on assignments of trade receivables without recourse (+ € 0.1 million) against lower donations, as well as

entertainment and advertising expenses for € 0.4 million and higher costs relating to emission trading under energy contracts (+ € 0.6 million).

Finally, at 30 June 2019 there was the recognition of *Capitalisation of lower internal construction costs* of € 1.4 million (€ 0.9 million at 30 June 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 award of the service contract at the Municipality of Casalecchio di Reno (BO), which was started during 2018, for the integrated management of thermal energy and public lighting in the municipal district, and to the award of the service contract at the Municipality of Valsamoggia (BO) for the integrated operation of thermal energy supply and management and public lighting services, which was started at the beginning of 2019.

Operating income (EBIT)

In the first half of 2019, consolidated Operating Income (**EBIT**) stood at € 32.6 million (equal to 6.7% of Revenues) against € 30.6 million (equal to 6.6% of Revenues) during the same period of 2018.

EBIT was affected by the above-mentioned consolidated performance in terms of EBITDA (+ € 2.6 million compared to the same period of the previous year), from which must be deducted *amortization and depreciation* of € 17.8 million (€ 17.9 million at 30 June 2018), of which € 4.5 million relating to the amortization of the Rights of Use (€ 4.1 million for the first half-year of 2018), *accruals to provisions for risks and charges (net of reversals)* of € 0.7 million (€ 0.8 million at 30 June 2018) and *write-downs of receivables and reversals* of € 1.3 million (€ 0.3 million at 30 June 2018).

Adjusted EBIT recognised the same non-recurring elements impacting on Adjusted EBITDA and came to € 33.8 million and € 33.1 million at 30 June 2019 and 30 June 2018, respectively, with relative profit margins (Adjusted EBIT/Revenues), equal to 6.9% and 7.1%, respectively, in the comparative periods.

Below is reported a comparison between Operating Income (EBIT) by segment in the half-year ended 30 June 2019 and the amounts recorded in the same period of the previous year.

EBIT BY SEGMENT

(in thousands of Euro)	For the half-year ended 30 June				For the quarter ended 30 June	
	2019	% of total	2018 restated	% of total	2019	2018 restated
Facility Management	24,611	5.8%	23,821	5.9%	8,470	6,791
Laundering&Sterilization	8,009	11.9%	6,778	10.7%	4,475	3,523
CONSOLIDATED EBIT	**32,620**	**6.7%**	**30,600**	**6.6%**	**13,082**	**10,314**

EBIT in the *Facility Management* sector came to € 24.6 million (5.8% of related segment Revenues) at 30 June 2019, against segment EBIT of € 23.8 million (5.9% of related segment Revenues) at 30 June 2018 and therefore with a slight improvement compared to the same period last year (+ € 0.8 million). However, the adjusted amounts showed a slight decrease, with adjusted segment EBIT decreasing from € 26.3 million at 30 June 2018 to € 25.8 million at 30 June 2019 and operating profit margins from 6.5% at 30 June 2018 to 6.1% at 30 June 2018.

In the comparison between the two half-years, the segment recorded higher amortisation and depreciation for € 0.3 million at 30 June 2019 (due to some early withdrawals on Rights of Use for € 0.2 million) and higher write-downs of trade receivables for € 1.1 million. Moreover, higher net accruals were recognised on provisions for future risks and charges for € 0.1 million.

The performance of EBITDA in the *Laundering&Sterilization* segment during the first half of 2019 (+ € 0.8 million compared to the same period last year) was also accompanied, at the level of segment EBIT, amortisation and depreciation of € 8.4 million (€ 8.9 million in the same period of the previous year and mainly relating to the linen used in the linen rental and industrial laundering segment); these values included the effects of Servizi Ospedalieri's review of the useful life of some categories of operating assets used in linen rental and industrial laundering services, which was adjusted in line with the rates of use actually reported (with a positive adjustment to depreciation for the period for € 1.0 million). Furthermore, there was the recognition of write-downs of receivables of € 0.1 million (unchanged compared to 30 June 2018) and a net release of provisions for future risks and charges of € 0.1 million (against a provision equal to € 0.1 million at 30 June 2018), in connection with risk situations of an absolutely insignificant amount in both comparative periods. The profit margins by segment came to 11.9% in terms of EBIT of related Revenues (10.7% at 30 June 2018). No non-recurring charges impacting on segment EBIT were reported in both comparative periods.

Profit before taxes

To the consolidated EBIT must be added net income from companies valued at equity, equal to € 0.7 million (€ 1.3 million at 30 June 2018). The lower balance of the item compared to the previous year related to some project finance companies that left the Group's consolidation area and were disposed of in December 2018 to 3i European Operational Projects SCSp ("3i EOPF"), an investment fund managed by 3i Investments Plc.

Furthermore, there was the recognition of net financial charges of € 19.8 million (€ 11.9 million at 30 June 2018), thus obtaining a Profit before taxes equal to € 14.0 million at 30 June 2019 (€ 19.9 million at 30 June 2018).

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

(in thousands of Euro)	For the half-year ended 30 June		For the quarter ended 30 June	
	2019	2018 restated	2019	2018 restated
Dividends and income (loss) from sale of investments	776	304	472	79
Financial income	2,240	1,034	1,206	204
Financial charges	(22,785)	(13,258)	(9,527)	(6,573)
Profit (loss) on exchange rate	(35)	(26)	(9)	36
NET FINANCIAL CHARGES	**(19,804)**	**(11,946)**	**(7,858)**	**(6,254)**

During the first half of 2019 dividends were collected from non-consolidated companies for € 0.2 million (€ 0.3 million at 30 June 2018). The Parent Company also recorded capital gains on equity investments of € 0.6 million in relation to the collection of the earn-out on the disposal of one of the project finance companies within the scope of the abovementioned transaction carried out with 3i EOPF in December 2018. This income was not recognised at the same time as the disposal because it was linked to uncertain and unforeseeable future events that occurred during the first half of 2019.

Financial income amounted to € 2.2 million in the first 6 months of 2019, showing an increase of € 1.2 million compared to € 1.0 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 half-year on the purchase of portions of its bond issue on the open market for a nominal total of € 10.3 million. On the other hand, lower interest income on trade receivables for € 0.3 million was 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 for the period was equal to € 22.8 million compared to € 13.3 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 € 174.2 million at the date of the merger itself).

The financial charges accrued on the Proceeds Loan came to € 7.9 million during the first half of 2018, against financial charges of € 14.5 million accrued by Rekeep S.p.A. on the Notes during the first half-year of 2019. The above-mentioned buy-back operations that were carried out during the first half-year of 2019 on the other hand ensured savings of € 1.7 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 € 2.0 million in the first half-year 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 € 0.8 million

had been accounted for during the first half-year 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. During 2017 CMF S.p.A. charged all financing costs (initially equal to € 1.0 million), back to Rekeep S.p.A., which will be also amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). The cost relating to this line of credit amounted to € 0.3 million (including the commitment fees charged by banks) in both quarters under comparison.

Finally, interest discount costs were recognised for € 1.9 million during the first half-year of 2019 in relation to the assignments of trade receivables and VAT credits without recourse carried out with Banca Farmafactoring, Banca UCF and Banca IFIS (€ 1.5 million at 30 June 2018).

Consolidated net Result for the period

From the profit before taxes (€ 13.5 million) in the period must be deducted taxes of € 9.7 million, thus obtaining a Net result of € 3.8 million (€ 11.5 million at 30 June 2018, as restated to take account of the effects of changes in accounting standards). Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018 restated
Profit before taxes	**13,524**	**19,939**
Current, prepaid and deferred IRES tax	(6,783)	(6,149)
Current, prepaid and deferred IRAP tax	(2,966)	(2,273)
Consolidated net result	**3,775**	**11,517**
Overall tax rate	**72.1%**	**42.2%**

Compared to the first half of the previous year, the Profit before taxes showed a decrease of € 6.4 million (€ 13.5 million at 30 June 2019 against € 19.9 million at 30 June 2018) against an increase of € 1.3 million in the overall tax burden. The overall tax rate came to 72.1% for the half-year ended 30 June 2019 against 42.2% in 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 at 30 June 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)	30 June 2019	31 December 2018 restated
USES		
Trade receivables and advances to suppliers	425,255	417,930
Inventories	8,829	7,421
Trade payables and contract liabilities	(403,656)	(399,602)
Net working operating capital	**30,428**	**25,749**
Other working capital elements	(78,522)	(61,284)
Net working capital	**(48,094)**	**(35,535)**
Property, plant and equipment and assets under finance leases	79,280	73,975
Rights of use for operating leases	44,247	45,651
Goodwill and other intangible assets	433,220	433,256
Investments accounted for under the equity method	11,531	19,207
Other items of non-current assets	29,166	29,449
Fixed assets	**597,444**	**601,538**
Non-current liabilities	(55,214)	(55,106)
NET INVESTED CAPITAL	**494,136**	**510,897**
SOURCES		
Equity attributable to non-controlling interests	641	660
Equity attributable to equity holders of the Parent	165,213	162,336
Shareholders' equity	**165,854**	**163,996**
Net financial indebtedness	328,282	347,901
of which accounting effects of the adoption of IFRS 16	*48,316*	*49,113*
FINANCING SOURCES	**494,136**	**510,897**

Net working capital

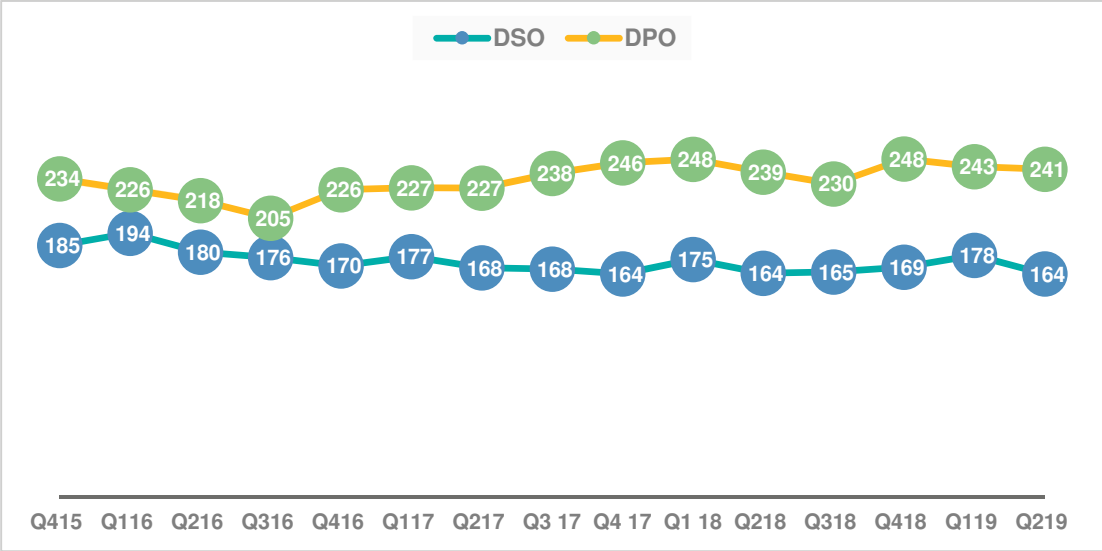
At 30 June 2019, Consolidated Net Working Capital (**NWC**) was negative and equal to € 48.1 million, with a change of € 12.6 million compared to the figure at 31 December 2018, when it was negative for € 35.5 million.

At 30 June 2019, consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, was equal to € 30.4 million against € 25.7 million at 31 December 2018. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 52.1 million at 30 June 2019 and € 60.3 million at 31 December 2018) the **Adjusted NWOC** came to € 82.5 million and € 86.1 million, respectively.

The change in this latter indicator (- € 3.6 million) was mainly due to a change, during the half-year, in the balance of trade receivables (- € 1.0 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies) and in the balance of trade payables (- € 5.1 million).

As at 30 June 2019, average DSO was 164 days, unchanged compared to 30 June 2018 and 169 days at 31 December 2018. As at 30 June 2019 DPO was equal to 241 days against 248 days at 31 December 2018 and 239 days at 30 June 2018.

Within the overall management of cash flows, the figure related to the receipts was once again in line with the historical average levels for the period, which also corresponded to the minimum value in the historical series on the indicator. DPO also remained in line with the average data for the period, despite greater use of leverage on payments to suppliers with respect to the benefits of financial flows obtained with respect to receipts.



The balance of the other elements in working capital at 30 June 2019 was a net liability of € 78.5 million, up by € 17.2 million compared to a net liability of € 61.3 million at 31 December 2018:

(in thousands of Euro)	30 June 2019	31 December 2018 restated	Change
Current tax receivables	8,850	14,658	(5,808)
Other current assets	29,986	22,320	7,666
Provisions for risks and charges, current	(5,596)	(6,948)	1,352
Current tax payables	(4,508)	(954)	(3,554)

(in thousands of Euro)	30 June 2019	31 December 2018 restated	Change
Other current liabilities	(107,254)	(90,360)	(16,894)
OTHER WORKING CAPITAL ELEMENTS	**(78,522)**	**(61,284)**	**(17,238)**

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

- the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the tax authorities for withholdings, which accounted for an increase in the net liability for € 18.9 million, given in particular the recognition of higher accruals for additional monthly salaries (summer and Christmas bonuses, paid in July and December, respectively) at 30 June 2019;
- the increase in the net VAT credit balances of the Group companies for € 4.2 million. These credit balances are now systematically generated following the introduction of regulations concerning the so-called "Split payment" and "Reverse charges" as early as in 2015;
- a decrease, under "Other current operating liabilities", in the payable related to the fine imposed by the Competition Authority (AGCM) during 2016, given the instalment payment thereof (€ 1.5 million at 30 June 2019 against € 4.4 million at 31 December 2018);
- the recognition of receivables for settlements on the lease of the business unit of subsidiary H2H Cleaning S.r.l.;
- the decrease in the short-term portion of provisions for future risks and charges for € 1.4 million.

As at 30 June 2019 net current tax receivables were recognised for € 4.3 million against a net receivable of € 13.7 million at 31 December 2018, mainly following the recognition of current taxes of € 9.5 million for the period.

Other non-current liabilities

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

- defined-contribution plans for employee benefits, mainly including the Employee Termination Indemnity (TFR), equal to € 15.6 million and € 14.7 million at 30 June 2019 and 31 December 2018, respectively;
- long-term portion of Provisions for risks and charges (€ 24.6 million at 30 June 2019 against € 25.2 million at 31 December 2018);
- deferred tax liabilities of € 14.5 million (unchanged compared to 31 December 2018).

Consolidated net financial indebtedness

Details of net financial indebtedness at 30 June 2019 are shown below, compared to the figures at 31 December 2018 restated to take account of the effects of the amendments to the accounting standards, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	30 June 2019	31 December 2018 restated
A. Cash	232	49
B. C/a, bank deposits and consortia, non-proprietary accounts	96,470	94,684
C. Securities held for trading		
D. Liquidity (A) + (B) + (C)	**96,702**	**94,733**
E. Current financial assets	**4,786**	**5,532**
F. Current bank overdraft	574	5,247
G. Current portion of non-current debt	2,307	2,855
H. Other current financial liabilities	30,881	30,491
I. Current financial indebtedness (F)+(G)+(H)	**33,763**	**38,593**
J. Current net financial indebtedness (I) - (D) - (E)	**(67,725)**	**(61,672)**
K. Long-term bank debts and Senior Secured Notes	350,781	358,225
L. Other non-current financial liabilities	45,226	51,348
M. Derivatives		
N. Non-current financial indebtedness (K) + (L) + (M)	**396,007**	**409,573**
O. NET FINANCIAL INDEBTEDNESS (J) + (N)	**328,282**	**347,901**

The first half of 2019 saw a positive change in the Consolidated Net financial indebtedness from € 347.9 million at 31 December 2018 to € 328.3 million at 30 June 2019. The adoption of the new IFRS16 – *Leases* entailed the recognition of the discounted value of future operating lease payments for an amount of € 48.3 million and € 49.1 million at 30 June 2019 and 31 December 2018, respectively. Net of this accounting item, the Net Financial Indebtedness came to € 280.0 million at 30 June 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 half-year of 2019 assignments without recourse were made were made under this contract for € 78.9 million. On 27 June 2018 the Parent Company also signed an additional uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Receivables from private entities and Public Authorities were assigned for € 9.4 million in the first half-year of 2019, in consideration of this new contract. Furthermore, 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 € 7.9 million. Finally, spot assignments of trade receivables to private companies in the large-scale retail trade were made for € 1.0 million. Furthermore, there were assignments of VAT credits involved in requests for refund for a total of € 16.9 million during the half-year. All assignments without recourse carried out were subject to derecognition according to IFRS9.

The consolidated net adjusted financial debt for the amount of trade receivables assigned without recourse to factoring companies, which had not been collected at the reporting date (totalling € 52.1 million at 30 June 2019 against € 60.3 million at 31 December 2018) amounted to € 380.3 million (€ 332.0 million, eliminating the effects of the adoption of IFRS16) against € 408.2 million at 31 December 2018 (€ 359.1 million, eliminating the effects of the adoption of IFRS16).

At 30 June 2019 the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 75.5 million (€ 71.1 million at 31 December 2018):

(in thousands of Euro)	30 June 2019	31 December 2018
Cash and cash equivalents	96,702	94,733
Current bank overdraft, advance payments and hot money	(574)	(5,247)
Obligations arising from assignments of trade receivables with recourse	(20,673)	(18,379)
NET CASH	**75,454**	**71,106**

Below is the breakdown of the net financial exposure for bank credit lines and finance lease obligations ("*Net Debt*"), compared to 31 December 2018:

((in thousands of Euro)	30 June 2019	31 December 2018
Senior Secured Notes 2022 (nominal value)	349,700	360,000
Bank debts (nominal value)	12,925	12,454
Finance lease obligations	3,630	3,577
Current bank overdraft, advance payments and hot money	574	5,247
Obligations arising assignments of receivables with recourse	20,673	18,379
GROSS DEBT	**387,503**	**399,659**
Receivables and other current financial assets	(4,786)	(5,532)
Cash and cash equivalents	(96,702)	(94,733)
NET DEBT	**286,015**	**299,394**

The "Net Debt" showed a decrease compared to 31 December 2018 (€ 286.0 million against € 299.4 million). Specifically, at the closing date of the first half-year of 2019, there was a lower drawdown of short-term credit line for Current bank overdraft, advances and hot money and Assignment of trade receivable with recourse (a total of - € 2.3 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 cancelled at the same time. 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 € 1.3 million, expiring in 2030, which also includes a VAT line of € 0.3 million, due 2020. Finally, instalments expiring on bank loans were repaid for € 0.5 million during the period under consideration.

The change in consolidated Cash and cash equivalents is analysed in the table below: the cash flows for the first half-year of 2019 are compared with the figures for the same period in the previous year. Reference should be made to Annexes, which contain a reconciliation between the items in the table and those in the statutory schedule reported in the Consolidated Half-year Financial Report, presented in the condensed Explanatory Notes pursuant to IAS 7.

(in thousands of Euro)	2019	2018 restated
At 1 January	**94,733**	**59,870**
Cash flow from current operations	33,033	37,905
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(3,949)	(4,990)
Change in NWOC	(6,007)	13,151
Industrial capex, net of disposals	(17,679)	(14,578)
Financial capex, net of disposals	8,104	(2,525)
Change in net financial liabilities	(17,651)	1,418
Other changes	6,149	11,806
AT 30 JUNE	**96,702**	**102,057**

The overall cash flows mainly reflect:

- a cash inflow from operations of € 33.0 million (€ 37.9 million at 30 June 2018);
- outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 3.9 million (€ 5,0 million at 30 June 2018);
- a cash flow used for changes in NWOC for € 6.0 million (against inflows of € 13.2 million at 30 June 2018) resulting from an outflow correlated to an increase in trade receivables for € 8.7 million (against inflows of € 29.9 million in the first half of 2018) against inflows relating to a change in the balance of trade payables for € 4.1 million at 30 June 2019 (against an outflow of € 16.8 million at 30 June 2018);
- a cash flow of € 17.9 million used in industrial investments (€ 15.0 million at 30 June 2018), net of disposals of € 0.2 million (€ 0.4 million at 30 June 2018);

- cash inflows from financial investments and disinvestments, equal to € 8.1 million at 30 June 2019, mainly due to the assignment of the shares held in Palazzo della Fonte S.c.p.a. to UBI Banca S.p.A. at their equity value (equal to € 8.0 million). On the other hand, net financial investments of € 2.5 million were recorded at 30 June 2018, mainly related to the acquisition of the majority interest in the Turkish company EOS against a price of € 2 million, which was paid on the closing date, and the payment of capital amounts in non-consolidated companies for € 0.5 million;
- a decrease in net financial liabilities of € 17.7 million, linked, first of all, 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 (- € 4.5 million) and for assignments of trade receivables with recourse (+ € 2.3 million). Furthermore, note a lower liability recognised against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 7.0 million). On the other hand, in the first 6 months of 2018 there was a decrease in net financial liabilities of € 1.4 million, mainly linked to the increase in the balance of the committed credit line held with CCFS (€ 5 million in the period). Furthermore, other changes were recorded in the liability relating to factoring with recourse (- € 7.9 million), as was a lower use of short-term credit lines for hot money and advances on invoices (+ € 0.9 million);
- cash inflows of € 6.1 million from other changes occurred in the period, which included, among other things, the flows generated by the changes in other operating assets and liabilities (+ € 9.3 million), mainly due to the net effect of: (i) the increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (+ € 18.9 million); (ii) the trend in net VAT credit balances for the Group companies, which increased by € 4.2 million in the half-year, despite assignments without recourse totalling € 16.9 million in the period; (iii) a decrease in the debit balances for payments due to the members of the Temporary Business Grouping for € 0.6 million; (iv) the decrease, among "Other operating current liabilities", in the payable related to the fine imposed by the Competition Authority during 2016 (- € 2.9 million, as a result of the payment of 6 monthly instalments). On the other hand, other changes in 2018 generated total flows of € 11.8 million, against, among others: (i) an increase in the balance of payables to/receivables from employees and the relative payables to/receivables from social security institutions and tax authorities for withholdings (+ € 10.5 million); (ii) the trend in net VAT credit balances of the Group companies (+ € 10.4 million), against assignments without recourse totalling € 20.7 million in the half-year; (iv) the decrease in the period in the payable related to the fine imposed by the Competition Authority (- € 2.9 million).

Industrial and financial Capex

In the first half-year of 2019 the Group made gross capital expenditures which totalled € 18.2 million (€ 15.0 million at 30 June 2018), from which must be deducted disinvestments of € 0.2 million (€ 0.4 million at 30 June 2018):

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018
Acquisitions of fixed assets under finance leases	305	64
Increases in owned properties	0	38
Purchase of plant and equipment	14,687	12,000
Other investments in intangible assets	3,233	2,863
INDUSTRIAL CAPEX	**18,225**	**14,965**

Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, equal to € 10.6 million at 30 June 2019 against € 9.4 million at 30 June 2018, with a considerable increase due to new stocks for the start-up of some major contracts. Furthermore, there was the recognition of increases of € 1.4 million relating to service concessions managed for the Municipal government of Casalecchio di Reno (BO) (through the subsidiary Elene Project S.r.l.) and at Valsamoggia (BO) (through Energy Saving Valsamoggia S.r.l.).

Investments in intangible assets for the half-year amounted to € 3.2 million (€ 2.9 million at 30 June 2018) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure. Furthermore, an amount of € 0.4 million relates to investments in the technological platform of subsidiary Yougenio S.r.l. (against an equal amount at 30 June 2018).

Finally, investments in new finance leases related to subsidiary Servizi Ospedalieri and related linen rental and industrial laundering contracts (€ 0.3 million at 30 June 2018).

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

(in thousands of Euro)	For the half-year ended 30 June	
	2019	2018
Facility Management	5,440	4,488
Laundering & Sterilization	12,785	10,477
INDUSTRIAL CAPEX	**18,225**	**14,965**

Finally, the cash flow from financial investments was positive and equal to € 8.1 million at 30 June 2019. In fact, on 6 June 2019 the subsidiary H2h Facility Solutions S.p.A. transferred to UBI Banca S.p.A. the minority interests held in Palazzo della Fonte S.c.p.a., for a consideration equal to its asset value (€ 8 million), which was collected in full as at the date of transfer.

On the other hand, the cash flow from financial investments posted a negative value of € 2,5 million at 30 June 2018 and mainly related to the net cash flow used in the business combination involving the Turkish company EOS on 28 February 2018, with a net effect of € 1.7 million on cash and cash equivalents, against the acquisition by Rekeep World S.r.l. of an additional stake of 1% of the company's capital. Finally, capital payments of € 0.5 million were made in investee companies not included in the consolidation area.

Change in net financial liabilities

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

(in thousands of Euro)	31 December 2018 restated	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	30 June 2019
Senior Secured Notes	346,475			(10,300)	2,006	338,181
Bank loans	12,454	1,544	(500)		(692)	12,806
Current bank overdraft, advance payments and hot money	5,247	574	(5,247)			574
Accrued expenses and deferred income on loans	574		(15,737)		15,849	687
BANK DEBTS	**364,751**	**2,118**	**(21,484)**	**(10,300)**	**17,163**	**360,273**
Finance lease obligations	3,577	289	(236)			3,630
Operating lease liabilities	49,113	3,072	(3,607)	(262)		48,316
Payables for assignments of trade receivables with recourse	18,379	33,573	(31,280)			20,673
Receipts on behalf of assignees of trade receivables without recourse	9,934	2,916	(9,934)			2,916
Other current financial liabilities	2,411		(345)		(78)	1,987
FINANCIAL LIABILITIES	**448,166**	**41,968**	**(66,886)**	**(10,562)**	**17,085**	**429,770**
Current financial assets	(5,532)				746	(4,786)
NET FINANCIAL LIABILITIES	**442,634**	**41,968**	**(66,886)**	**(10,562)**	**17,830**	**424,985**

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 € 49.1 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 € 3.6 million were made during the first half-year, while new contracts were entered into for a present value of € 3.1 million upon recognition. Finally, differences for early termination were reported for € 0.3 million. 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, as well as the cancellation of the Notes involved in the buy-back transactions.

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 € 2.0 million in the half-year, of which € 0.4 million related to the write-off of the up-front fees in proportion to the buy-back made.

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 30 June 2019 there was the recognition of accrued expenses on loans in a total amount of € 1.5 million (of which € 1.4 million related to the amount accrued on the bond coupon due 15 December 2019) and prepaid financial expenses of € 0.8 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. also entered, as the Parent Company, into a Super Senior Revolving loan agreement for € 50 million, to which Rekeep S.p.A. is a party as Borrower. CMF S.p.A. has charged all financing costs (equal to € 1.0 million) back to the Parent Company, which will be amortised on a straight-line basis throughout the entire term of the credit facility (no drawdown had been requested on the reporting date). This amortisation had an impact of € 0.1 million on the first half-year of 2019.

As at the closing date of the half-year short-term uncommitted credit lines had been used for hot money and advance payments on invoices (in order to meet peaks in temporary cash requirements linked to the physiological performance of operations) of € 0.7 million, 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 market. In 2019 assignments were made in an overall nominal amount of € 33.6 million, while the balance outstanding at 30 June 2019 amounted to € 20.7 million (€ 18.4 million at 31 December 2018).

Furthermore, as at 30 June 2019, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. collected amounts of € 2.9 million concerning receivables included in assignments without recourse under the agreement signed with Banca Farmafactoring, for which the respective debtors have not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which gave rise to the payment of said amounts at the beginning of the subsequent quarter.

Finally, the balance of short-term financial assets recorded a decrease of € 0,7 million during the first half-year 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 (+ € 0.3 million).

4. UPDATE ON LEGAL PROCEEDINGS

The disputes continued pending, which have been described in the Explanatory notes to 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 Consolidated Half-year Financial Report are described below.

Antitrust Authority's order for sanctions on the "Consip Scuole Tender" of 2012 and "FM4 Tender" of 2014

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

On 23 December 2016, following a number of rulings handed down by the administrative court and by the Council of State, the Authority adopted a new measure, re-calculating the fine in € 14,700 thousand.

Furthermore, 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. An appeal was lodged against this new order issued by the Competition Authority with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be set.

The Company is regularly paying this fine as from May 2017, for which the payment in 30 monthly instalments has been obtained at the legal interest rate (currently 0.8%). The residual debt amounted to € 1,475 thousand at 30 June 2019 and the last instalment is expected to be paid by September 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 an 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 2019, after the completion of the abovementioned proceedings, the Competition 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, and, 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, on 3 July 2019, it challenged the Authority's order before the Lazio Regional Administrative Court (TAR) while submitting a preliminary request for suspending the payment of the sanction.

Finally, on 17 July 2019 the Lazio Regional Administrative Court granted the request submitted by the Company and ordered for the payment of the fine imposed by the Competition Authority to be suspended until the date it rules on the merits, subject to prior provision of a deposit, including through a surety policy, in favour of the Authority itself for an amount equal to the fine imposed on the Company, within 60 days from the date of the order. The hearing for discussing the merits has been set for 6 May 2020. The Company filed an appeal against the Regional Administrative Court's order with the Council of State on 1 August 2019 and the hearing for discussion has been set for 12 September 2019.

Furthermore, on 28 June 2019 Consip S.p.A. formally served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while also notifying the enforcement of the temporary guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). Finally, on 9 July 2019 the exclusion was reported to ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority). On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also setting the hearing in chambers for the decision on the preliminary request at 11 September 2019.

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 procedures in progress and further assessments made by the Directors at the end of the reporting period of the condensed Consolidated Interim Financial Statements at 30 June 2019 are included in the explanatory notes (notes 15 and 16), to which reference is made.

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

On 3 July 2019 the subsidiary Sicura S.p.A. acquired 80% of the quota capital of Emmetek S.r.l., a company specialising in the design, prefabrication and installation of pumping stations, water reserves for fire-fighting purposes, hydrant networks and extinguishing systems, as well as in routine and non-routine maintenance of extinguishing systems with various types of extinguisher and pump units. The Company, the head office of which is located in Ferrara, mainly operates in Northern Italy (in particular in Veneto and in Emilia-Romagna) and recorded a consolidated turnover of € 3.7 million and EBITDA of € 1 million at 31 December 2018. The transaction provided for a quotaholders' agreement to be signed at the same time, including put and call options on the remaining 20% of the capital, which may not be exercised before the approval of the acquiree's financial statements at 31 December 2021.

6. BUSINESS OUTLOOK

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

The trend of growth in revenues is expected to continue in the 2019 financial year.

Profit margins, which showed an increase during the half-year compared to the first half of 2018, are expected to be confirmed during 2019, thanks to the actions aimed at operational efficiency and keeping fixed costs low, taken on an ongoing basis to counteract both the continuous price pressure upon the renewal of the portfolio 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 half-year saw, in financial terms, the first signs of resuming the path to a reduction in net financial debt, also thanks to the disposal of a minority interest, against a substantially stable operating working capital.

In particular, as regards the latter issue, the Rekeep Group is taking actions aimed at limiting trade receivables and the net working capital with the objective of continuing its scheme envisaging a reduction in its net financial debt.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 June 2019	31 December 2018 restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	73,175	67,991
Property, plant and equipment under lease	6	50,352	51,635
Goodwill	7-8	407,622	407,622
Other intangible assets	7	25,598	25,634
Investments accounted for under the equity method	9	11,531	19,207
Other investments	10	4,908	4,905
Non-current financial assets and other securities	10	5,549	5,662
Other non-current assets	10	2,949	2,897
Prepaid tax assets		15,760	15,985
TOTAL NON-CURRENT ASSETS		**597,444**	**601,538**
CURRENT ASSETS			
Inventories		8,829	7,421
Trade receivables and advances to suppliers	11	425,255	417,930
Current tax receivables		8,850	14,658
Other current assets	11	29,986	22,320
Current financial assets	13	4,786	5,532
Cash and cash equivalents	13	96,702	94,733
TOTAL CURRENT ASSETS		**574,408**	**562,594**
Non-current assets classified as held for sale		0	0
TOTALE NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,171,852**	**1,164,132**

(in thousands of Euro)	NOTES	30 June 2019	31 December 2018 restated
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		18,569	3,245
Retained earnings		33,763	34,207
Profit (loss) attributable to equity holders of the Parent		3,731	15,734
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**165,213**	**162,336**
Capital and reserves attributable to non-controlling interests		597	552
Profit (loss) attributable to non-controlling interests		44	108
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**641**	**660**
TOTAL EQUITY	**12**	**165,854**	**162,996**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	15,564	14,730
Provisions for risks and charges, non-current	15	24,623	25,189
Non-current loans	13	396,007	409,573
Deferred tax liabilities		14,455	14,527
Other non-current liabilities		572	660
TOTAL NON-CURRENT LIABILITIES		**451,221**	**464,679**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	5,596	6,948
Trade payables and contract liabilities	17	403,656	399,602
Current tax payables		4,508	954
Other current liabilities	17	107,254	90,360
Bank borrowings, including current portion of long-term debt, and other financial liabilities	13	33,763	38,593
TOTAL CURRENT LIABILITIES		**554,777**	**536,457**
Liabilities directly associated with assets classified as held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,171,852**	**1,164,132**

CONSOLIDATED HALF-YEAR STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2019	30 June 2018 restated
REVENUES			
Revenues from contracts with customers		489,046	465,803
Other revenues		1,004	516
TOTAL REVENUES		**490,050**	**466,319**
OPERATING COSTS			
Costs of raw materials and consumables		(83,109)	(70,858)
Change in inventories of finished and semi-finished products		725	136
Costs for services and use of third-party assets		(147,320)	(147,230)
Personnel costs		(205,930)	(196,413)
Other operating costs		(3,339)	(3,015)
Capitalisation of lower internal construction costs		1,361	937
Amortisation, depreciation, write-downs and write-backs of assets	5-6-7	(19,097)	(18,502)
Accrual of provisions for risks and charges	15	(721)	(774)
TOTAL OPERATING COSTS		**(457,430)**	**(435,719)**
OPERATING INCOME		**32,620**	**30,600**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	9	708	1,285
Dividends and income (loss) from sale of investments		776	304
Financial income		2,240	1,034
Financial charges		(22,785)	(13,258)
Profit (loss) on exchange rate		(35)	(26)
Profit (loss) before taxes		**13,524**	**19,939**
Income taxes, current , prepaid and deferred		(9,749)	(8,422)
Net profit (loss) from continuing operations		**3,775**	**11,517**
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		**3,775**	**11,517**
Net profit (loss) for the period attributable to non- controlling interests		(44)	(23)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		**3,731**	**11,494**

	For the half-year ended	
	30 June 2019	30 June 2018 restated
Basic earnings per share	0.034	0.105
Diluted earnings per share	0.034	0.105
Basic earnings per share from continuing operations	0.034	0.105
Diluted earnings per share from continuing operations	0.034	0.105

CONSOLIDATED HALF-YEAR STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2019	30 June 2018 restated
NET RESULT FOR THE PERIOD		**3,775**	**11,517**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(120)	(209)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	9	(163)	57
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(284)**	**(152)**
Other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		(668)	134
Income taxes		62	(7)
Net effect on actuarial gains (losses)		**606**	**127**
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	9	(29)	8
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**(635)**	**135**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(919)**	**(17)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**2,856**	**11,499**
Equity holders of the Parent		2,876	11,476
Non-controlling interests		(20)	23

CONSOLIDATED HALF-YEAR STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2019	30 June 2018 restated
Net result from continuing operations		**3,775**	**11,517**
Income taxes for the period		9,749	8,422
Profit before taxes for the period		**13,524**	**19,939**
Amortisation, depreciation, write-downs and (write-backs) of assets		19,097	18,502
Accrual (reversal) of provisions for risks and charges		721	774
Employee termination indemnity provision		512	486
Payments of employee termination indemnity		(1,310)	(1,100)
Utilization of provisions		(2,639)	(3,887)
Share of net profit of associates, net of dividends collected		(708)	(1,059)
Financial charges (income) for the period		20,580	12,250
Operating cash flows before movements in Working Capital		**49,776**	**45,906**
Decrease (increase) of inventories		(1,408)	83
Decrease (increase) of trade receivables and advances to suppliers		(8,653)	29,894
Decrease (increase) of other current assets		(6,020)	9,138
Increase (decrease) in trade payables		4,054	(16,826)
Increase (decrease) of other current liabilities		15,363	10,837
Change in Working Capital		**3,336**	**33,126**
Net interests received (paid) in the period		(19,067)	(10,916)
Income taxes paid in the period		(167)	(90)
Net cash flow from operating activities		**33,878**	**68,026**
(Purchase of intangible assets, net of sales)	7	(3,233)	(2,863)
(Purchase of property, plant and equipment)	5-6	(14,687)	(12,101)
Proceeds from sale of property, plant and equipment	5-6	241	386
Disposal (acquisition) of investments		7,991	(509)
Decrease (increase) of financial assets		1,141	(854)
Financial effects of business combinations		0	(1,718)
Discontinuing activities		45	145
Net cash flow from (used in) investing activities		**(8,503)**	**(17,514)**
Change in finance lease debt	13	53	(192)
New (repayment of) operating leases	13	(3,869)	(3,727)

(in thousands of Euro)	NOTES	For the half-year ended	
		30 June 2019	30 June 2018 restated
Opening of medium- and long-term borrowings	13	1,546	6,676
Repayment of medium- and long-term borrowings	13	(11,495)	0
Net opening (repayment) of short-term bank credit lines	13	(4,673)	(904)
Other net changes in borrowings	13	(4,847)	(10,476)
(Purchase) /sale of subsidiaries' minority shareholdings		(1)	507
Differences arising from translation of financial statements in foreign currency		(91)	(382)
Net cash flow from / (used in) financing activities		**(23,377)**	**(8,498)**
Change in cash and cash equivalents		**1,998**	**42,014**
Cash and cash equivalents at the beginning of the period		94,733	59,870
Change in cash and cash equivalents		1,998	42,014
Translation differences on cash and cash equivalents		(29)	173
Cash and cash equivalents at the end of the period		**96,702**	**102,057**
Details of cash and cash equivalents:			
Cash and bank current accounts		96,702	102,057
TOTAL CASH AND CASH EQUIVALENTS		**96,702**	**102,057**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the half-year ended	
	30 June 2019	30 June 2018 restated
Interest paid	(21,304)	(11,934)
Interest received	2,237	1,018
Dividends paid	0	0
Dividends received	197	544

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	Net Result of the period	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		(1,784)	(704)		**(2,488)**	(9)	**(2,497)**
1 January 2019 Restated	**109,150**	**3,245**	**34,207**	**15,734**	**162,336**	**659**	**162,995**
Allocation of prior year result		16,165	(429)	(15,734)	**0**	2	**2**
Total comprehensive income (loss) for the period		(841)	(15)	3,731	**2,877**	(20)	**2,857**
30 June 2019	**109,150**	**18,569**	**33,763**	**3,731**	**165,213**	**641**	**165,854**

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

1. GENERAL INFORMATION

The Consolidated Half-year Financial Report of the Group controlled by Rekeep S.p.A. ("the Rekeep Group" or "the Group") for the half-year ended 30 June 2019 consists of the Interim Report on Operations and of the condensed Consolidated Interim Financial Statements at 30 June 2019, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Consolidated Half-year Financial Report of the Rekeep Group for the half-year ended 30 June 2019 was authorized by a resolution passed by the Board of Directors' meeting of 27 August 2019.

On 30 June 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 STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 June 2019 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes. The Consolidated Financial Statements have been prepared on a going concern basis, as the Directors believe that there are no significant uncertainties.

The amounts presented in the Statements and in the explanatory Notes are compared with those as at 31 December 2018, while the economic values included in the Statement of other Comprehensive Income and in the Statement of Cash Flows are compared with those in the first six months of 2018. The condensed consolidated interim Financial Statements at 30 June 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 ones. The Consolidated Statement of profit or loss is classified by nature and the Consolidated Statement of other comprehensive income sets forth the result for the period added with income and expenses that in accordance with IFRS are directly recognized in the Shareholders' Equity. The statement of Cash Flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The condensed consolidated interim Financial Statements at 30 June 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 standards (IFRS)

The condensed consolidated interim Financial Statements at 30 June 2019 have been prepared in compliance with IAS 34 - Interim Financial Reporting. The condensed consolidated interim Financial Statements do not include all the information

required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements at 31 December 2018.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 30 June 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 applicable from 1st January 2019

During 2019 the following new accounting standards became applicable:

- *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 below.
- *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 (ii) retrospectively, with the cumulative effect of initially applying the Interpretation recognised at the date of initial application as an adjustment to equity and without any restatement of comparative information. The date of initial application is the beginning of the annual reporting period in which an entity applies this interpretation for the first time. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

- *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.
- *Amendments to IAS19 – Plan Amendment, Curtailment or Settlement*. It 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. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements.

Improvements to IFRS

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. No significant impact is expected from the application of these improvements on the Consolidated Financial Statements.

New or revised IFRS and interpretations applicable from subsequent financial periods and not early adopted by the Group

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.

The new IFRS 17 - *Insurance Contracts*, applicable from 1 January 2021, was also issued. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements, as the Company does not conduct any insurance business.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 30 June 2019 the carrying amount of the goodwill stood at € 407,622 thousand (unchanged compared to 31 December 2018); more details are given in note 8.

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

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

Income taxes for the period

The income taxes for the period have been recognized by applying the best estimate of the expected weighted-average tax rate for the entire current financial year to the results for the period. A separate estimate is determined for IRES and IRAP 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 position items

Management also needed to use estimates in determining:

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

Consolidation principles

The condensed Consolidated interim Financial Statements include the financial statements of Rekeep S.p.A. ("the Parent Company", "Rekeep S.p.A." or simply "Rekeep") and its subsidiaries, prepared as at 30 June 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 and losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full.

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

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

Conversion of financial statements of foreign companies

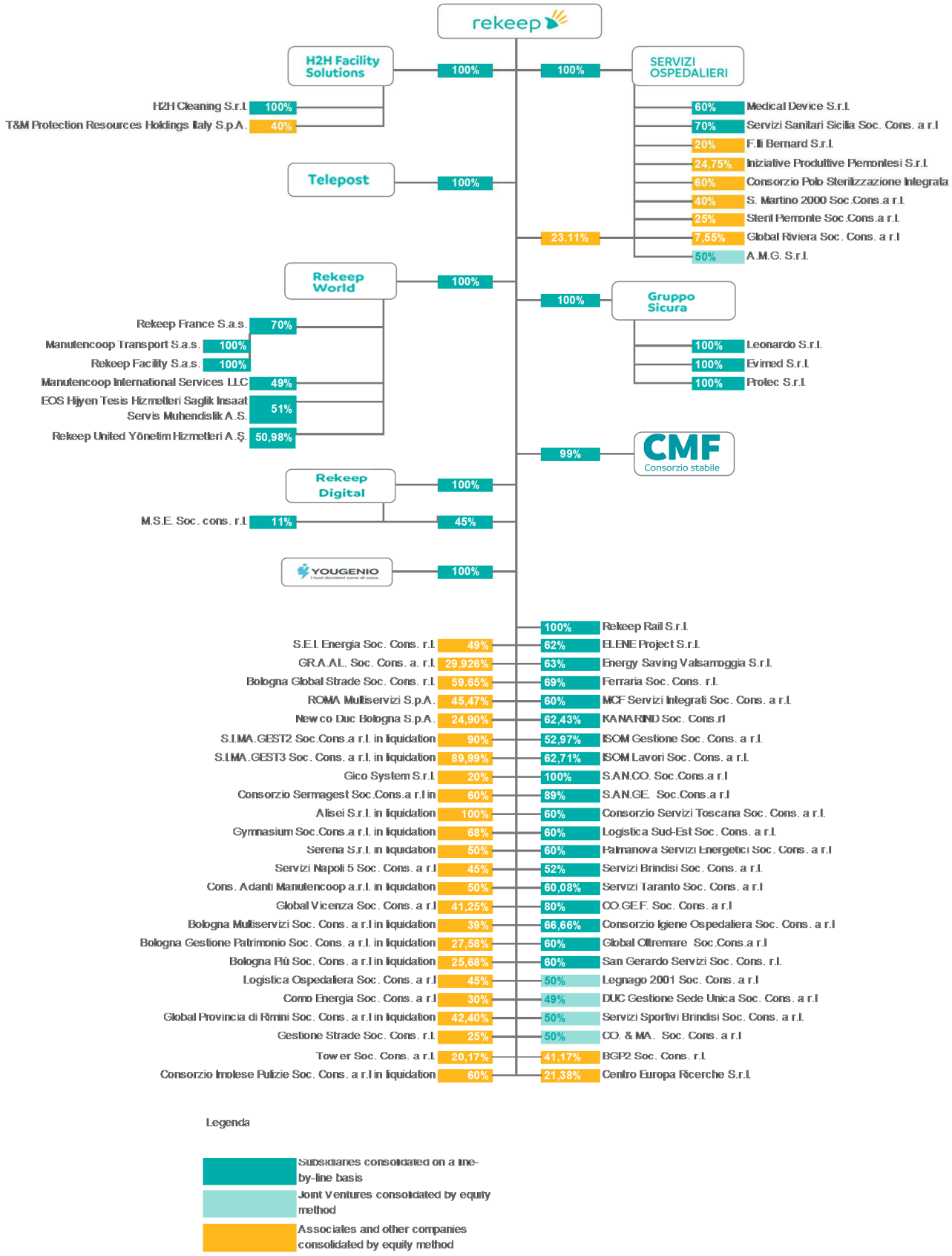
The financial statements have been presented in Euro, which is the functional and reporting currency adopted by the Group. The income statements and balance sheets expressed in foreign currency are converted into Euros applying the year-end exchange rates for the items in the Statement of financial position and average exchange rates for the items in the Income Statement. 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 30 June 2019	Average Exchange rate for the half-year ended 30 June 2019
TRY	Lira - Turkey	6.4272	6.2701
QAR	Riyal - Qatar	4.1310	4.1398

The consolidation area as at 30 June 2019 is shown below.


rekeep
H2H Facility Solutions
100%
100%
SERVIZI OSPEDALIERI
H2H Cleaning S.r.l. 100%
T&M Protection Resources Holdings Italy S.p.A. 40%
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.
Telepost
100%
Rekeep World
100%
100%
Gruppo Sicura
Rekeep France S.a.s. 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%
100% Leonardo S.r.l.
100% Evimed S.r.l.
100% Protec S.r.l.
99%
CMF
Consorzio stabile
Rekeep Digital
100%
M.S.E. Soc. cons. r.l. 11%
45%
YOUGENIO
100%
100% Rekeep Rail S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49%
62% ELENE Project S.r.l.
GR.A.A.L. Soc. Cons. a. r.l. 29,926%
63% Energy Saving Valsamoggia S.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.
New co 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%
60% San Gerardo Servizi Soc. Cons. 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%
50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
Gestione Strade Soc. Cons. r.l. 25%
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 half 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.);
- on 6 June 2019 H2H Facility Solutions S.p.A. transferred Palazzo della Fonte S.c.p.a. to UBI Banca S.p.A. for a consideration equal to its asset value (€ 8 million), which was collected in full as at the date of this transfer.
- Furthermore, note the following events:
- Manutencoop France S.a.r.l. was involved in a corporate restructuring, following which it changed its name to Rekeep France S.a.s. with effect from 23 July 2019;
- e-Digital Services S.r.l. changed its company name to Rekeep Digital S.r.l. with effect from 1 August 2019.

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. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption (IFRS16.C3).

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 30 June 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. Since the analyses concerning the adoption of the standard are still being completed, the balance sheet data at 31 December 2018 have been reviewed with respect to the previous Interim Report at 31 March 2019 in order to ensure a more accurate calculation of comparative effects.

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 adoption of IFRS 16	1 January 2019 Restated
Assets			
Non-current assets			
Property, plant and equipment	67,991		67,991
Property, plant and equipment under lease	5,984	45,651	51,635
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
Non-current financial assets and other securities	5,662		5,662
Other non-current assets	2,897		2,897
Prepaid tax assets	15,017	968	15,985
Total non-current assets	**554,919**	**46,619**	**601,538**
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	**562,594**	**0**	**562,594**
Non-current assets classified as held for sale	,0		0
Total non-current assets classified as held for sale	**0**	**0**	**0**
Total assets	**1,117,513**	**46,619**	**1,164,132**

	1 January 2019	Effects of adoption of IFRS 16	1 January 2019 Restated
Shareholders' equity			
Share capital	109,150		109,150
Reserves	5,029	(1,784)	3,245
Retained earnings	34,911	(704)	34,207
Profit (loss) attributable to equity holders of the Parent	15,734		15,734
Equity attributable to equity holders of the parent	**164,824**	**(2,488)**	**162,336**
Capital and reserves attributable to non-controlling interests	559	(7)	552
Profit (loss) attributable to non-controlling interests	109	(1)	108
Equity attributable to non-controlling interests	**668**	**(8)**	**660**
Total equity	**165,492**	**(2,496)**	**162,996**

	1 January 2019	Effects of adoption of IFRS 16	1 January 2019 Restated
Non-current liabilities			
Employee termination indemnity	14,730		14,730
Provisions for risks and charges, non-current	25,189		25,189
Non-current loans	361,687	47,886	409,573
Deferred tax liabilities	14,525	2	14,527
Other non-current liabilities	660		660
Total non-current liabilities	**416,791**	**47,886**	**464,679**
Current liabilities			
Provisions for risks and charges, current	6,948		6,948
Trade payables and contract liabilities	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	1,227	38,593
Total current liabilities	**535,230**	**1,227**	**536,457**
Liabilities directly associated with assets classified as held for sale	0		0
Total liabilities directly associated with non-current assets classified as held for sale	**0**		**0**
Total equity and liabilities	**1,117,513**	**46,619**	**1,164,132**

Finally, the table below reports a reconciliation between the income statement balances recognised in the Interim Consolidated Financial Statements at 30 June 2018 and the corresponding balances at 30 June 2018 restated to take account of the effects that the adoption of the new accounting standard would have had on comparative data:

	30 June 2018	Effects of adoption of IFRS 16	30 June 2018 restated
Revenues			
Revenues from contracts with customers	465,803		465.803
Other revenues	516		516
Total revenues	**466,319**	**0**	**466.319**
Operating costs			
Costs of raw materials and consumables	(70,858)		(70,858)
Change in inventories of finished and semi-finished products	136		136
Costs for services and use of third-party assets	(152,243)	5,013	(147,230)
Personnel costs	(196,413)		(196,413)
Other operating costs	(3,015)		(3,015)

	30 June 2018	Effects of adoption of IFRS 16	30 June 2018 restated
Capitalisation of lower internal construction costs	937		937
Amortisation, depreciation, write-downs and write-backs of assets	(14,441)	(4,061)	(18,502)
Accrual of provisions for risks and charges	(774)		(774)
Total operating costs	**(436,671)**	**952**	**(435,719)**
Operating income	**29,648**	**952**	**30,600**
Financial income and expenses			
Share of net profit of associates	1,285		1,285
Dividends and income (loss) from sale of investments	304		304
Financial income	1,034		1,034
Financial charges	(11,970)	(1,288)	(13,258)
Profit (loss) on exchange rate	(26)		(26)
Profit (loss) before taxes	**20,275**	**(336)**	**19,939**
Income taxes, current , prepaid and deferred	(8,503)	81	(8,422)
Net profit (loss) from continuing operations	**11,772**	**(255)**	**11,517**
Profit (loss) from discontinued operations	0		0
Profit (loss) for the period	**11,772**	**(255)**	**11,517**
Net profit (loss) for the period attributable to non- controlling interests	(23)		(23)
Net profit (loss) for the period attributable to the group	**11,749**	**(255)**	**11,494**

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 equipment	66
Deferred tax assets	5
Total non-current assets	**71**
Total assets	**71**
Liabilities	
Employee termination indemnity	964
Total non-current liabilities	**964**
Current liabilities	
Other current payables	821
Total current liabilities	**821**
Total liabilities	**1,785**
Receivables for settlement from business unit lease	**1,714**

5. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the period ended 30 June 2019.

	Property	Plant and equipment	Total
At 1 January 2019, net of accumulated depreciation and impairment	**12,896**	**55,093**	**67,991**
Additions from business combinations		66	66
Additions from acquisitions		14,687	14,687
Disposals		(241)	(241)
Depreciation for the period	(168)	(9,093)	(9,261)
Others	1	(66)	(65)
At 30 June 2019	**12,729**	**60,446**	**73,175**
At 1 January 2019			
Historical cost	15,885	377,458	393,343
Accumulated depreciation and impairment losses	(2,989)	(322,365)	(325,354)
NET BOOK VALUE	**12,896**	**55,093**	**67,991**
At 30 June 2019			
Historical cost	15,885	391,904	407,789
Accumulated depreciation and impairment losses	(3,157)	(331,458)	(334,615)
NET BOOK VALUE	**12,729**	**60,446**	**73,175**

The additions from acquisitions in the first half of the year relate to the linen in the *Laundering&Sterilization* segment for € 10,553 thousand and to the purchases of other machinery and specific equipment for € 4,134 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 4.

Disposals were also made for € 241 thousand.

6. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under a financial lease in the period ended 30 June 2019.

	Property under finance lease	Plant and equipment under finance lease	Rights of use of property	Rights of use of plant and machinery	Total
At 1 January 2019, net of accumulated depreciation and impairment	**4,584**	**1,400**	**0**	**0**	**5,984**

	Property under finance lease	Plant and equipment under finance lease	Rights of use of property	Rights of use of plant and machinery	Total
Effect of changes in accounting standards	0	0	37,571	8,080	51,635
At 1 January 2019 Restated, net of accumulated depreciation and impairment	**4,584**	**1,400**	**37,571**	**8,080**	**51,635**
Additions from acquisitions		305	1,453	1,619	3,377
Early termination			(103)	(143)	(246)
Depreciation for the period	(67)	(113)	(2,410)	(1,826)	(4,416)
Other s		(4)	6		2
At 30 June 2019	**4,517**	**1,588**	**36,517**	**7,730**	**50,352**
At 1 January 2019 restated					
Historical cost	4,992	5,163	53,640	24,665	88,460
Accumulated depreciation and impairment losses	(408)	(3,763)	(16,069)	(16,585)	(36,825)
NET BOOK VALUE RESTATED	**4,584**	**1,400**	**37,571**	**8,080**	**51,635**
At 30 June 2019					
Historical cost	4,992	5,464	54,996	26,141	91,592
Accumulated depreciation and impairment losses	(475)	(3,876)	(18,479)	(18,411)	(41,241)
NET BOOK VALUE	**4,517**	**1,588**	**36,517**	**7,730**	**50,352**

Property, plant and equipment under finance leases reported changes during the half year, which were due to depreciation for the period, as well as to the execution of new lease agreements for a total of € 305 thousand on the part of subsidiary Servizi Ospedalieri S.p.A..

“Property under operating lease” and “Plant and equipment under operating lease” include the book value of right-of-use assets recognised according to the new IFRS16, applicable from 1 January 2019 (for more details, reference should be made to note 3 above).

The additions in the first 6 months of the year mainly related to the execution of new property lease agreements for € 1,453 thousand and to new long-term hire of vehicles that make up the corporate fleets and equipment for € 1,619 thousand.

7. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 June 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	3,233		3,233
Amortisation for the period	(3,846)		(3,846)
Others	577		578
At 30 June 2019	**25,598**	**407,622**	**433,221**
At 1 January 2019			
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**
At 30 June 2019			
Cost	121,290	410,015	531,306
Accumulated amortisation and impairment losses	(95,692)	(2,393)	(98,085)
NET BOOK VALUE	**25,598**	**407,622**	**433,221**

Goodwill is tested annually for impairment; for more details please refer to note 8.

Other intangible assets, amounting to € 25,598 thousand at 30 June 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 made in the period (€ 3,233 thousand) were mainly attributable to the Parent Company Rekeep S.p.A. (€ 2,548 thousand) and related to the implementation and upgrading of software platforms used by the Group. Furthermore, acquisitions of subsidiary Yougenio for € 433 thousand were recognised, which were aimed at developing and upgrading the e-commerce portal intended for the B2C market. Other changes (€ 577 thousand) related, for € 572 thousand, to the restatement of the historical cost of some intangible assets of subsidiary Yougenio.

8. IMPAIRMENT OF GOODWILL

The Group's Management believe that the SBU structure described in the company reports, regardless of legal entities, should be reflected, consistently with the provisions of the accounting standards, also at the level of the CGUs used for impairment tests. The SBUs identified and their composition, in corporate terms, are defined as follows.

SBU - Facility management

The SBU is identified with :

› Rekeep S.p.A.

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

SBU – Laundering & Sterilization

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated interim Financial Statements as at 30 June 2019, broken down into the different CGUs.

	30 June 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.

At 30 June 2019 the Directors did not report any risk of impairment on the value of the cash generating units, including after considering the headroom noted in 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; accordingly, they did not proceed with any formal updating of the impairment tests at 31 December 2018.

9. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 30 June 2019, the investments valued at Equity amounted to a net amount of € 11,444 thousand, against a net amount of € 19,120 thousand at the end of the previous year.

	Net assets 30 June 2019	Net assets 31 December 2018 restated
Investments accounted for under the equity method	11,531	19,207
Provision for risks on investments	(87)	(87)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**11,444**	**19,120**

Details of changes during the period are shown in Annex II attached to the consolidated Half-Year Financial Report, to which reference should be made. The main decrease in the period related to the disposal of the interest held by subsidiary H2H Facility Solution S.p.A. in Palazzo della Fonte S.c.p.a. at its balance sheet value (€ 8 million) on 6 June 2019.

In the first half of 2019 investments accounted for under the equity method recorded a positive result equal to € 708 thousand, for the share attributable to the Group, as a result of the recording of income from equity investments of € 948 thousand and write-downs of € 240 thousand. Furthermore, positive effects were recognised directly under consolidated equity for a total of € 192 thousand.

10. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets as at 30 June 2019 and as at 31 December 2018 restated:

	30 June 2019	31 December 2018 restated
Other investments	4,908	4,905
Non-current financial assets	5,549	5,662
Other non-current assets	2,949	2,897
OTHER NON-CURRENT ASSETS	**13,406**	**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 laundry services performed by minor companies that may also act as sub-contractors.

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

Non-current financial assets, amounting to € 5,549 thousand as at 30 June 2019 (€ 5,662 thousand as at 31 December 2018), are composed of:

- € 1,564 thousand of Non-current financial receivables due from associates, affiliates *or* joint-ventures (€ 1,632 thousand at 31 December 2018). The face value of these receivables is € 1,605 thousand, while the discounting fund amounts to € 41 thousand. Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;
- € 3,884 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 (unchanged compared to 31 December 2018).

At 30 June 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 € 2,949 thousand at 30 June 2019 (€ 2,897 thousand at 31 December 2018) mainly consist of security deposits related to long-term income-generating manufacturing contracts (€ 1,919 thousand) and long-term deferrals relating to some contracts (€ 705 thousand).

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

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 June 2019 and 31 December 2018 restated:

	30 June 2019	of which from related parties	31 December 2018 restated	of which from related parties
Contract assets	24,976		25,215	

	30 June 2019	of which from related parties	31 December 2018 restated	of which from related parties
Trade receivables, gross	415,664		404,894	
Allowance for doubtful accounts	(33,444)		(33,283)	
Trade receivables due from third parties	**407,196**	**0**	**396,826**	**0**
Trade receivables from Manutencoop Società Cooperativa	96	96	88	88
Trade receivables from Rekeep Group Companies	8,182	8,182	11,796	11,796
Trade receivables from Affiliates and Joint Ventures	3,538	3,538	4,142	4,142
Trade receivables from Group	**11,816**	**11,816**	**16,026**	**16,026**
Advances to suppliers	6,243	2	5,078	1
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**425,255**	**11,818**	**417,930**	**16,027**
Current tax assets within 12 months	16,503		12,845	
Other current assets due from third parties	7,789		5,845	
Due from social security institutions	1,328		1,187	
Due from employees	153		146	
Other current assets from third parties	**25,773**	**0**	**20,023**	**0**
Current assets from Manutencoop Società Cooperativa	11	11	10	10
Current assets from associates	169	169	103	103
Current assets from affiliates	0		23	23
Other current assets from the Manutencoop Group	**180**	**180**	**136**	**136**
Accrued income	0		0	
Prepaid expenses	4,033		2,161	
Accrued income and prepaid expenses	**4,033**	**0**	**2,161**	**0**
OTHER CURRENT ASSETS	**29,986**	**180**	**22,320**	**136**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 425,255 thousand at 30 June 2019, up by € 7,325 thousand compared to 31 December 2018 (€ 417,930 thousand).

The change in question was contributed to by both an increase of € 10,770 thousand in trade receivables from third parties and a decrease of € 4,210 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.

The Group signed agreements for the assignment without recourse of trade receivables from third parties during the 2018 financial year and the half year of 2019.

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 contract with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for each transaction 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.

Finally, on 22 March 2019, the Parent Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. for the assignment without recourse of trade receivables claimed from the Carrefour Group companies.

The assignments made during the year are summarised below:

	Amount of assignments made at 30 June 2019	Balance of trade receivables assigned without recourse and not yet collected by the Factor
Banca Farmafactoring S.p.A.	78,854	41,985
Banca Farmafactoring S.p.A. (spot assignments to Public Authorities)	0	3,220
Banca IFIS S.p.A.	9,445	2,952
Unicredit Factoring S.p.A.	7,930	2,942
Carrefour Italia Finance S.r.l.	962	962
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**97,191**	**52,062**

In all assignments made, the assigned trade receivables were subject to derecognition pursuant to IFRS 9 in consideration of the features of the transactions and involved total interest discount costs of € 1,752 thousand.

Finally, trade receivables from the Group amounted to € 11,816 thousand (€ 16,026 thousand at 31 December 2018), plus advances of € 2 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 recorded against non-performing loans, which are difficult to fully recover, amounting to € 33,444 thousand at 30 June 2019 (at 31 December 2018: € 33,283 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2018 restated	Increases	Uses	Reversals	Other changes	31 March 2019
Allowance for doubtful accounts	**33,283**	1,451	(829)	(123)	(338)	**33,444**

Other current assets of € 29,986 thousand (€ 22,320 thousand at 31 December 2018), showed a total increase of € 7,666 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 (€ 15,038 thousand compared to € 11,358 thousand at 31 December 2018), which continue to show a credit balance given the widespread application of the regulations governing “Split-payment” and “Reverse charge” to the cycle of purchasing and sales invoicing.

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

12. SHARE CAPITAL AND RESERVES

	30 June 2019	31 December 2018 restated
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 June 2019 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in shareholders’ equity reserves in the period.

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

- the reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a negative amount of € 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 € 52,133 thousand;
- the Parent Company's 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 € 1,784 thousand.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
1 January 2018	**145,018**	**19,704**	**3,154**	**0**	**(5,233)**	**(17,789)**	**144,854**
Allocation of prior year result		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 on shareholders' 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						(1,784)	(1,784)
31 December 2018 restated	**145,018**	**20,124**	**3,469**	**(309)**	**(4,912)**	**(160,145)**	**3,245**
Allocation of prior year result		799		309	(117)	15,175	16,165
Economic effects on shareholders'			(193)	(63)	(585)		(841)

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
equity							
30 June2019	**145,018**	**20,923**	**3,276**	**(63)**	**(5,614)**	**(144,971)**	**18,569**

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
1 January 2018	**3,809**	**39,946**	**43,755**
Allocation of prior year result		(8,844)	(8,844)
31 December 2018	**3,809**	**31,102**	**34,911**
Effects of the change in accounting standards		(704)	(704)
31 December 2018 restated	**3,809**	**30,398**	**34,207**
Effects of business combinations		(15)	(15)
Allocation of prior year result		(429)	(429)
30 June 2019	**3,809**	**29,954**	**33,763**

This item includes the transition reserve of the companies controlled by Rekeep, which was generated following the adoption of the new IFRS 16 – *Leases*, accounted for according to the abovementioned "Modified retrospective approach" that entailed a negative adjustment to the balance of equity reserves of each company at 1 January 2019, for a total of € 704 thousand.

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

	30 June 2019	31 December 2018 restated
Equity attributable to non-controlling interests	**641**	**668**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	313	267
Other subsidiaries and consortia	328	401

	30 June 2019	31 December 2018 restated
Profit for the year attributable to non-controlling interests	**44**	**109**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	104	8
Other subsidiaries and consortia	(60)	101

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the share capital of Rekeep France S.a.s. (formerly Manutencoop France S.a.r.l.). However, there is no recognition of equity attributable to minority shareholders since there is a put option in favour of the minority shareholders and recognised as a financial liability in the Consolidated Financial Statements. 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 as of 30 June 2019 amounted to € 328,282 thousand, compared to € 347,901 thousand at 31 December 2018, as restated to take account of the effects of changes in accounting standards. Below is the related breakdown by balance sheet lines:

	30 June 2019	31 December 2018 restated
Long-term financial debt	396,007	409,573
Bank borrowings, including current portion of long-term debt, and other financial liabilities	33,763	38,593
Financial liabilities	**429,770**	**448,166**
Derivatives	0	0
Gross financial indebtedness	**429,770**	**448,166**
Cash and cash equivalents	(96,702)	(94,733)
Current financial assets	(4,786)	(5,532)
Net financial indebtedness	**328,282**	**347,901**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 June 2019 and 31 December 2018, as restated to take account of the effects of changes in accounting standard IFRS16.

	30 June 2019	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	338,181		338,181	
C.C.F.S. loan	9,444		9,444	
Artigiancassa loan	1,676		958	718
Other bank loans	1,685	206	55	1,425
Prepaid interest expenses	(850)	(557)	(293)	
Accrued interest expenses	1,537	1,537		
Long-term bank borrowings and current portion of long-term bank borrowings	**351,674**	**1,186**	**348,344**	**2,143**
Current bank overdraft, advance payments and hot money	574	574		
Obligations arising from finance lease	3,630	564	1,614	1,452
Financial liability for operating leases	48,316	6,786	20,799	20,730
Loans from syndicated shareholders	1,249	548	32	669
Loan from Parent Company Manutencoop Società Cooperativa	76	76		
Other financial liabilities	29	29		
Obligations from assignments with recourse of trade receivables	20,673	20,673		

	30 June 2019	within 1 year	from 1 to 5 years	after 5 years
Collections on behalf of assignees of trade receivables	2,916	2,916		
Options on subsidiaries' minority shareholdings	222		222	
Debt for the acquisition of investments/business units	411	411	0	0
TOTAL FINANCIAL LIABILITIES	**429,770**	**33,763**	**371,012**	**24,995**

	31 December 2018 restated	within 1 year	from 1 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 expenses	1,700	1,700		
Long-term bank borrowings and current portion of long-term bank borrowings	**359,504**	**1,891**	**356,894**	**718**
Current bank overdraft, advance payments and hot money	5,247	5,247		
Obligations arising from finance lease	3,577	451	1,604	1,523
Operating lease liabilities	49,113	1,227	42,599	5,287
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		
Collections 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		
TOTAL FINANCIAL LIABILITIES	**448,166**	**38,593**	**401,398**	**8,175**

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, which were subsequently cancelled. 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 € 1,598 thousand through consolidated profit or loss in the first half of 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 € 2,006 thousand during the second 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, the Parent Company CMF S.p.A. also entered into a Super Senior Revolving loan agreement for € 50 million (RCF), to which Rekeep S.p.A. is a party as Borrower.

The 5-year credit facility (expiring on 15 December 2021) provides for a credit line at sight, in a maximum nominal amount of € 50 million, for the entire term. The facility was activated in order to meet temporary cash requirements (if any) and therefore ensures greater financial flexibility.

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

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

Prepaid interest expenses

At 30 June 2019 the Group recognised prepaid interest expenses of € 850 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). 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 € 588 thousand at 30 June 2019.

Accrued interest expenses

At 30 June 2019 the Group also recognised accrued interest expense for € 1,537 thousand, of which € 1,399 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 15 December 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. Both lines are subject to an interest rate composed of a 6-month Euribor plus a spread. This loan is also backed by a pledge over the shares of subsidiary H2H Facility Solutions S.p.A..

As at 30 June 2019 the loan showed a remaining value of € 944 thousand following the payment of the first instalment for the repayment of the second line.

Artigiancassa loan (Rekeep S.p.A.)

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

Other bank loans

Other loans amounted to € 1,685 thousand at 30 June 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 30 June 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 over the company's shares.

Among other loans is also the residual debt of the loan, 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 (€ 168 thousand at 30 June 2019).

Current account overdraft, advance payments and hot money

At 30 June 2019 this item showed a balance of € 574 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 are signed by subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l. and by the Turkish subsidiary EOS. They refer to motor vehicles and plant and machinery mainly referable to Servizi Ospedalieri S.p.A., which uses them in the laundering and sterilization production processes. During the second quarter of 2019 Servizi Ospedalieri signed 3 new lease agreements for € 289 thousand.

Financial liability for operating leases

Following the adoption of the new accounting standard IFSR16 – *Leases*, the Group recognised a financial liability of € 48,316 thousand at 30 June 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 € 49,113 thousand, the liability recorded a net reduction of € 797 thousand, generated by the payment of lease and hire rentals and by early termination for € 262 thousand, which was only partially offset by the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 3,072 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.

Loans from syndicated shareholders

This item refers to financing provided by third-party syndicated shareholders to consortium companies included within the scope of consolidation as they are controlled or held under a joint venture (50%). In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 30 June 2019 the overall balance of these loans amounted to € 1,249 thousand, substantially in line with the balance at the end of the previous year.

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables, with reference to which the Parent Company Rekeep carried out the receipt service. The receipts (€ 2,916 thousand at 30 June 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

During 2015 the Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse (*pro-solvendo*) of trade receivables with Unicredit Factoring S.p.A., concerning receivables from Public Authorities. During 2019 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 16,125 thousand. As at 30 June 2019 the Group had obligations in place arising from assignments of receivables with recourse of € 20,673 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 € 222 thousand at 30 June 2019 and related to the estimated liability concerning the Put option held by the minorities of Manutencoop France S.a.r.l. (whose quota

of 30% was transferred to third parties on 15 January 2018, under an Investment Agreement signed in 2017). This option may be exercised between 30 June 2021 and 30 June 2023.

Debts for the acquisition of investments/business units

This item amounted to € 411 thousand at 30 June 2019, down by € 345 thousand compared to 31 December 2018 (€ 756 thousand) following the payment of the first tranche of the deferred 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. (initially equal to € 690 thousand).

Current and other financial assets

At 30 June 2019, *Current and other financial assets* amounted to € 4,786 thousand (€ 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 € 2,408 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 decrease for the period (€ 242 thousand) was due to the partial collection of this receivable on 27 June 2019, following the release of a stand-by-equity guarantee paid in favour of Arena Sanità S.p.A.;
- 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 € 1,903 thousand (€ 1,576 thousand at 31 December 2018);
- an overall amount of € 383 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies (unchanged compared to 31 December 2018).

14. EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity ("T.F.R.") occurred during the first six months of 2019 are shown below, compared with changes in the same period of the last year.

	For the half-year ended	
	30 June 2019	30 June 2018 restated
AT 1 JANUARY	**14,730**	**15,519**
Additions for business combinations	964	0
Service cost	379	364
Interest costs on benefit obligation	133	122
Benefits paid	(1,304)	(1,104)
Net actuarial (gains)/ losses recognised in the period	647	(134)

	For the half-year ended	
	30 June 2019	30 June 2018 restated
Other changes	15	0
AT 30 JUNE	**15,564**	**14,768**

Below is reported the breakdown of the net cost of employee benefits relating to the Employee Termination Indemnity (TFR):

	For the half-year ended	
	30 June 2019	30 June 2018 restated
Current service cost	379	364
Interest costs on benefit obligation	133	122
Net cost of the benefit recognized in the statement of profit or loss	**512**	**486**
Net actuarial (gains)/ losses recognized in the period (on shareholders' equity)	647	(134)
TOTAL COST OF THE BENEFIT	**1,159**	**352**

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

	For the half-year ended	
	30 June 2019	30 June 2018 restated
Executives	60	59
Office workers	1,322	1,212
Manual workers	16,968	15,384
AVERAGE STAFF	**18,350**	**16,655**

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 400 units at 30 June 2019 (30 June 2018 restated: no. 426 units).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 June 2019:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2019 Restated	**87**	**4,630**	**23,525**	**1,160**	**244**	**394**	**2,098**	**32,137**
Accruals			1,090				262	**1,352**
Uses (payments)		(243)	(1,134)	(107)		(36)	(1,118)	**(2,639)**
Reversals		(180)	(346)	(90)			(14)	**(631)**
At 30 June 2019	**87**	**4,207**	**23,134**	**962**	**244**	**358**	**1,227**	**30,219**
At 30 June 2019:								
Current	87	4,158	98	748	0	358	147	**5,596**
Non-current	0	49	23,037	214	244	0	1,080	**24,623**
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 30 June 2019, includes the provision for unrecoverable future losses of Group companies and relates to the subsidiary Alisei S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance of the end of the period was equal to € 4,207 thousand, against uses and releases that entailed a decrease of € 423 thousand in the provision.

Provision for pending disputes

At the end of the financial year, the company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers, employees and others. During the period ended 30 June 2019 the

provision, totalling € 23,134 thousand, reported increases for accruals for € 1,090 thousand and decreases for uses and releases totalling € 1,480 thousand.

Accruals were mainly recognized to cover risks of the Parent Company Rekeep S.p.A. for € 1,034 thousand. Utilization and reversal in the period, an amount of € 1,378 thousand of which is attributable to the Parent Company, refer to the use of provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties.

On 20 January 2016, the Competition Authority (the "Authority"), considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine initially equal to € 48,510 thousand against the Parent Company Rekeep S.p.A. (previously: Manutencoop Facility Management S.p.A.). The Company rejected the arguments on which the charge was based and lodged an appeal against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale*, TAR). On 14 October 2016, the Lazio Regional Administrative Court upheld partially the appeal lodged by Rekeep S.p.A. and sent the official documents to the Competition Authority for recalculating the fine. Rekeep S.p.A. appealed against the judgement upon the merits before the Council of State that pronounced in any case its decision on 28 February 2017, confirming the provision of the Lazio Regional Administrative Court. Rekeep S.p.A. lodged also an appeal against the judgement of the Council of State with the Court of Cassation on 21 May 2017. 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 Competition Authority followed up the judgement of the Lazio Regional Administrative Court and adopted a new measure, recalculating the penalty in € 14,700 thousand. An appeal was lodged against this measure with the Lazio Regional Administrative Court as well and the Company is waiting for the hearing to be set.

At the end of the reporting period of the Financial Statements as at 31 December 2016, also in the light of the outcome of the appeals made by the parties and on which the competent courts of law had already passed final judgement, the Directors recalculated the risk of outlay related to the fine in a maximum amount of € 14.7 million. 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 € 1,475 thousand at 30 June 2019 and the payment of the last instalment is expected by September 2019.

On 4 February 2016, as a result of the Competition Authority fine ruling described above, Consip S.p.A. initiated a procedure to terminate the Agreements entered into as part of the tender under examination, also informing the company that it would consider the possibility of excluding the company from future tenders for "work of the same type" also pursuant to article 38, paragraph 1, letter f) of Italian Legislative Decree 163/06. Moreover, on 23 November 2016, Consip S.p.A. communicated Rekeep S.p.A. the final termination of the agreements, expressly subject to the confiscation of the given final deposit (known as "performance bond") for the residual part against the partial release due for services duly carried out until the date of termination, also communicating the intention to report the facts to ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority) and to the Public Prosecutor's Office.

On the other hand, on 24 April 2017, Decree Law 50 was published in the Official Gazette: Article 64 (Services in school) of this law decree envisaged the continuation of the acquisition of cleaning services and other auxiliary services until 31 August 2017

for the regions in which the Consip framework agreements "*for the acquisition of cleaning and other auxiliary services, as well as of interventions in order to keep school buildings and Public Administration training establishments clean and in working order"* ("Consip Scuole") have been terminated. In the subsequent Decree Law 91 of 20 June 2017, as amended and converted by Law of 3 August 2017, published in the Official Gazette on 12 August 2017, these services were further extended until 31 December 2017; finally, Article 1, paragraph 687, of Law 205 of 27 December 2017 ("2018 Budget Law") provided for these agreements to continue until 30 June 2019, in order to allow the regular performance of educational activities for the 2018-2019 school year. To date no additional formal extension has been ordered, despite the run-up to the start of the new school year, and no new tender has been launched by Consip S.p.A. to cover cleaning services at schools.

Finally, on 2 December 2016, Consip S.p.A. formally reported to the ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority), the facts challenged to Rekeep S.p.A., as announced in the termination letter of the Agreements together with the intention of reporting to the Public Prosecutor's Office. On 7 January 2017, the Company served to the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. The next hearing for specifying conclusions has been set at 27 October 2020.

Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). 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. As regards the latter appeal, the Supreme Court has set the hearing in chambers at 23 October 2018, while it declared inadmissible on 18 January 2019. The Company has then filed an appeal with the European Court of the Human Rights to seek compensation for damages arising from the events described above.

However, on 16 June 2017, Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and cleaning with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). However, on 13 July 2017 and 14 September 2017 respectively, the Lazio Regional Administrative Court ordered the stay of the measure of exclusion, deferring the decision on the merits of the appeal to the hearing scheduled on 21 February 2018. In this venue the Company had its appeal rejected and on 10 March 2018 the appeal was served before the Council of State, while submitting a request for precautionary decree from a single-member court and for suspension of the enforcement of the challenged order.

Furthermore, on 30 March 2018 Consip informed Rekeep S.p.A. that it had submitted a request to the competent insurance company to enforce the Company's warranty provided in relation to the Consip Caserme tender. However, the insurance company did not grant the request following the Council of State's decision handed down on 5 April 2018 whereby both the execution of the Lazio Regional Administrative Court's decision on the exclusion of Consip Caserme and Consip Sanità tenders and the related effects (also in relation to the enforcement of sureties) have been suspended and the hearing on the merits of the Company's appeal has been scheduled for 28 June 2018. However, by a subsequent order dated 19 July 2018, the Council of State proceeded with the "improper suspension of proceedings", since it considered that the relevant decision within the

dispute was that on the preliminary issue pending before the European Court of Justice, which had been raised by the Piedmont Regional Administrative Court on 21 June 2018, as to whether the breach of competition rules fell within the scope of cases of "serious errors committed in professional practice" provided for in Article 38 of the Code of Public Contracts under Legislative Decree 163 of 12 April 2006 ("Old Code of Public Contracts"). The enforcement of the judgment is still suspended, as provided for in the previous order of 5 April 2018. On 2 June 2019, finally, the European Court of Justice ruled on the abovementioned preliminary issue, declaring the breach of competition rules attributable to the case raised by the Piedmont Regional Administrative Court. Accordingly the hearing on the merits before the Council of State has been rescheduled for 16 January 2020.

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.

In the Consolidated Financial Statements at 31 December 2016, 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 already 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 bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

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

These decisions do not imply in any case any impediment for Rekeep S.p.A. to the participation and awarding of new call for tenders by Consip and, more in general, by the public administration, and any other awarding procedure in progress remains absolutely valid. Moreover, on 16 June 2017, Rekeep S.p.A. received official communication from Consip to sign the agreements for the two lots of the "Consip Mies 2" tender relating to the award of an "integrated technology multi-service with energy supply for buildings used by Public Health Administrations": these agreements were formally signed on 20 September 2017 and the procedure to sign the individual supply orders was subsequently started. Consip Sanità and Consip Caserme tenders did not generate consolidated revenues until 30 June 2019 and were not included in the Group's backlog at 30 June 2019.

16. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Half-Year Financial Report at 30 June 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.

Antitrust Authority's order for sanctions on FM4 Tender

Finally, on 23 March 2017, the Competition Authority notified Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) of the start of an 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 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 2019, 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, on 3 July 2019 it challenged the Authority's Order before the Lazio Regional Administrative Court (TAR), while submitting a preliminary request for suspending the payment of the sanction.

Finally, on 17 July 2019 the Lazio Regional Administrative Court granted the request submitted by the Company and ordered for the payment of the fine imposed by the Competition Authority to be suspended until the date it rules on the merits, subject to prior provision of a deposit, including through a surety policy, in favour of the Authority itself for an amount equal to the fine imposed on the Company, within 60 days from the date of the order. The hearing for discussing the merits has been set for 6 May 2020. The Company filed an appeal against the Regional Administrative Court's order with the Council of State on 1 August 2019 and the hearing for discussion has been set for 12 September 2019.

Furthermore, on 28 June 2019 Consip S.p.A. formally served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while also notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). Finally, on 9 July 2019 the exclusion was reported to ANAC (*Autorità Nazionale Anti Corruzione*, National Anti-Corruption Authority). On 3 July 2019 Rekeep S.p.A.

filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also setting the hearing in chambers for the decision on the preliminary request for 11 September 2019.

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).

In relation to the FM4 affair, the Directors are confident that the defence arguments are well founded and believe that there is significant uncertainty in the pending litigation; furthermore, as things stand in the analyses in progress with party-appointed lawyers, they believe that there are no probability requirements, in addition to those that could be determined reliably, requested by international accounting standards for the allocation of a provision for risk. However, pending a decision by the Council of State on the order suspending the payment of the fine, the Company is seeking the most appropriate means to provide the security required by the same order.

It should also be noted that, even if Rekeep S.p.A. were to be required to pay the full amount of the fine (a circumstance that is regarded as remote) before the conclusion of the proceedings on the merits, it would be possible, subject to the relevant request, to pay it in instalments.

Counting fully on the arguments discussed with its lawyers and subject to the prior verification of the consolidated financial planning, as well as whether the conditions actually exist in order to be able to meet said non-recurring cash requirements, the Directors do not find uncertainties for the purposes of assessing the going concern basis.

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

On 19 March 2013 a violent fire broke out in the former Olivetti area at Scarmagno (TO), which was the property of Prelios SGR and at which Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) performed maintenance work under contract, also through the use of subcontractors. In relation to the accident, which also involved, as potential indirectly liable persons, three former employees of Rekeep S.p.A. itself, 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. The overall claim for damages was equal to more than € 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 writ of 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. 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. All the indemnities, totalling € 3,594 thousand, were paid by UnipolSai on behalf of Rekeep S.p.A. between November 2018 and February 2019. Finally, on 20 June 2019 Rekeep S.p.A. and UnipolSai entered into an agreement for the final settlement of the claim, following which on 2 July 2019 the insurance company paid the insured an amount of € 1,436 thousand (equal to the remaining limit of liability set out in the policy). Rekeep S.p.A., on the other hand, has undertaken to provide reports on the use of these amounts while UnipolSai has waived the right to take any recourse action, under Article 1916 of the Italian Civil Code, against persons or entities subject to civil liability (if any) for the fire, including Prelios SGR.

The proceedings before the Court of Milan are still pending, with the next hearing scheduled on 24 September 2019, at which the parties are likely to discontinue the proceedings.

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

On 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 (the "ANAC 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 holders in the documentation submitted for the same tender, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, 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 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 Order. Subsequently, ANAC challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held 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

Italian Finance Police's Report of Findings served on Rekeep S.p.A.

On 10 April 2019, the Italian Tax Police (*Guardia di Finanza*) - Bologna Economic and Financial Police Unit – started a tax audit involving Rekeep S.p.A.. The audit was completed on 25 July 2019 with the service of the report of findings (*Processo Verbale di Constatazione*, PVC), which reported some remarks regarding VAT deductions on some specific supply contracts, as well as remarks regarding VAT, IRES and IRAP tax for the 2017 financial year, for a total of € 1.7 million. In accordance with Article 12, paragraph 7, of Law 212/2000, the Company may submit, within 60 days of notification of the PVC, any possible observation and request regarding the remarks reported during the tax audit, which shall be assessed by the tax authorities. The Company is considering, together with its consultants, the arguments and the materiality of the findings reported by the inspectors, as well as the possible fines that could be imposed in the notice of assessment. At the date of approval of the Consolidated Half-Year

Financial Report, the management is assessing the risk of losing the case and, after having heard its consultants, believes that this risk is possible.

17. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 30 June 2019 and 31 December 2018:

	30 June 2019	of which to related parties	31 December 2018 restated	of which to related parties
Trade payables	361,851		360,959	
Trade payables due to third parties	361,851		360,959	
Trade payables to Manutencoop Società Cooperativa	9,386	9,386	9,026	9,026
Trade payables to Group companies within 12 months	11,491	11,491	11,603	11,603
Trade payables to Manutencoop Group	**20,877**	**20,877**	**20,629**	**20,629**
Advances from customers, including contract liabilities	20,928	1	18,014	98
Trade payables and contract liabilities	**403,656**	**20,878**	**399,602**	**20,727**
Fees due to directors and statutory auditors	333		306	
Tax payables	10,657		9,925	
Payables to social security institutions within 12 months	14,522		9,895	
Other payables to TJA ("*Associazione temporanea di imprese*")	11,644		10,019	
Payables to employees within 12 months	60,663		47,820	
Other payables within 12 months	6,083		9,054	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**106,078**	**0**	**89,195**	**0**
Other current payables to Manutencoop Società Cooperativa	56	56	28	28
Other payables to Group companies	2	2	2	2
Other current payables to Manutencoop Group	**58**	**58**	**30**	**30**
Accrued expenses	9		9	

	30 June 2019	of which to related parties	31 December 2018 restated	of which to related parties
Deferred income	1,109		1,126	
Accrued expenses and deferred income	**1,118**	**0**	**1,135**	**0**
Other current liabilities	**107,254**	**58**	**90,360**	**30**

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

Trade payables and contract liabilities at 30 June 2019 amounted to € 403,656 thousand against a balance of € 399,602 thousand at 31 December 2018.

Other current operating payables showed a balance of € 107,254 thousand at 30 June 2019 (€ 90,360 thousand at 31 December 2018) and are mainly made up of the following items:

- payables to employees of € 60,663 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 salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 14,522 thousand (€ 9,895 thousand at 31 December 2018);
- payables due to tax authorities for € 10,657 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 9,925 thousand at 31 December 2018);
- collections on behalf of Temporary Associations of Companies (TJA) for € 11,644 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 10,019 thousand at 31 December 2018).

The item “Other payables within 12 months” of € 6,083 thousand mainly includes the payable related to the Competition Authority fine of € 1,457 thousand following the dismissal by the Lazio Regional Administrative Court of the request for suspension of the payment made by Rekeep S.p.A. (for further details, refer to the previous note 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.

18. COMMITMENTS AND GUARANTEES

The Group has commitments in place which arise from the execution of finance and operating lease agreements.

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

Furthermore, during the 2019 financial year, the Group accounted for, using the new method required by IFRS16, which became applicable from 1 January 2019, the operating leases arising from the execution of property lease agreements for the Group's offices throughout Italy, as well as long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts.

The tables below report the breakdown of the amount of future payments under finance and operating lease agreements and their present value at 30 June 2019 and 31 December 2018:

	30 June 2019			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	535	577	9,044	6,786
From one year to five years	1,790	1,602	27,133	20,799
After 5 years	2,032	1,452	23,415	20,730
TOTAL LEASE PAYMENTS	**4,356**	**3,632**	**59,592**	**48,316**
Financial charges	(725)		(11,276)	
PRESENT VALUE OF LEASE PAYMENTS	**3,632**	**3,632**	**48,316**	**48,316**

	31 December 2018 restated			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	497	387	2,065	1,227

	31 December 2018 restated			
	Finance Lease		Operating Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
From one year to five years	1,735	1,668	5,929	4,969
After 5 years	2,132	1,523	53,106	42,917
TOTAL LEASE PAYMENTS	**4,364**	**3,577**	**61,100**	**49,113**
Financial charges	(786)		(11,987)	
PRESENT VALUE OF LEASE PAYMENTS	**3,577**	**3,577**	**49,113**	**49,113**

Furthermore, as at 30 June 2019, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 12,404 thousand (€ 18,909 thousand compared to 31 December 2018), of which € 3,145 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 3,504 thousand at 31 December 2018);
- sureties issued to third parties to ensure the correct fulfilment of contract obligations in place with customers amounting to € 289,110 thousand (€ 281,594 thousand at 31 December 2018), of which € 1,136 thousand issued in the interest of associates;
- other guarantees issued by third parties in favour of associates, joint ventures and other shareholdings amounting to € 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 for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 32,087 thousand (€ 25,551 thousand at 31 December 2018).

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

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 running from 1 July 2018, thus executing the provisions of the Indenture signed on 13 October 2017. After the merger, the indirect subsidiary Servizi Ospedalieri S.p.A. may also access the revolving credit facility, since it has provided a specific personal security.

The payment obligations connected to both the Bond Issue and the Super Senior Revolving facility (RCF) 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., granted 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 enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 30 June 2019 no events of default had occurred.

19. FINANCIAL RISK MANAGEMENT

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

During the last quarter of the 2017 financial year the parent company Manutencoop Società Cooperativa carried out a corporate reorganisation and refinancing of the entire Manutencoop Group. The corporate reorganisation involved the transfer of the shares held by Manutencoop Società Cooperativa in the Parent Company Rekeep S.p.A. to a newly-established corporate SPV named CMF S.p.A., which 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 traditional financing instruments used by the Group Companies are made up of:

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

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

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

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

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 30 June 2019 and 31 December 2018 restated.

	Hierarchy Levels				Hierarchy Levels		
30 June 2019	Level 1	Level 2	Level 3	31 December 2018 restated	Level 1	Level 2	Level 3

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

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value as at 30 June 2019 and 31 December 2018. During the period in question, there were no transfers from one fair value measurement level to another.

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

Management of capital

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

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

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

	30 June 2019	31 December 2018 restated
Employee termination indemnity	15,564	14,730
Interest-bearing financial loans	377,436	394,971
Trade payables and contract liabilities	403,656	399,602
Other current liabilities	107,254	90,360
Other current financial liabilities	52,334	53,195
Cash and cash equivalents	(96,702)	(94,733)
Other current financial assets	(4,786)	(5,532)
Net financial indebtedness	**854,756**	**852,593**
Equity attributable to the Group	165,213	162,336
Undistributed net result	(3,731)	(2,432)
Total capital	**161,482**	**146,602**
EQUITY AND NET DEBT	**1,016,238**	**999,195**
Indebtedness ratio	84.1%	85.3%

A slight decrease 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 positive result posted in the second quarter of 2019.

20. OPERATING SEGMENTS

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

SBU Facility Management

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

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

- cleaning;

- technical services;
- landscaping.

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

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

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

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

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 building security;
- mail services;
- document management.

Finally, the establishment of e-Digital Services S.r.l. at the end of 2015 and of Yougenio S.r.l. in 2016 led to embarking on a path to growth in "business to business" (B2B) and "business to consumer" (B2C) service markets. 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 of home and personal services, also leveraging the creation of a digital platform easily accessible by a wide range of potential customers.

SBU Laundering & Sterilization

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

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

- collection and distribution of linen in the individual departments;

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

The following table shows the economic results by segment for the periods ended 30 June 2019 and 30 June 2018, as restated to take account of the effects of the change in the accounting standard:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Segment Revenues	423,965	67,289	(1,204)	490,050
Segment costs	(399,354)	(59,280)	1,204	(457,430)
Operating income (loss) by segment	**24,611**	**8,009**	**0**	**32,620**
Share of net profit of associates	638	70		708
Net financial income (charges)				(19,804)
Profit before taxes				**13,524**
Income taxes				(9,749)
NET RESULT FOR THE PERIOD ENDED 30 JUNE 2019				**3,775**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated restated
Segment Revenues	404,255	63,360	(1,296)	466,319
Segment costs	(380,433)	(56,581)	1,296	(435,719)
Operating income (loss) by segment	**23,821**	**6,778**	**0**	**30,600**
Share of net profit of associates	1,604	221		1,285
Net financial income (charges)				(11,946)
Profit before taxes				**19,939**
Income taxes				(8,422)
NET RESULT FOR THE PERIOD ENDED 30 JUNE 2018 RESTATED				**11,517**

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 June 2019 and 31 December 2018, as restated to take account of the effects of the change in the accounting standard:

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated
Assets allocated to the segment	490,219	124,618	(1,641)	613,196
Goodwill	393,812	13,810		407,622
Investments	10,921	5,518		16,439
Other assets not allocated and related taxes				134,595
SEGMENT ASSETS AT 30 JUNE 2019	**894,952**	**143,945**	**(1,641)**	**1,171,852**
Liabilities allocated to the segment	493,888	64,448	(1,641)	556,695
Other liabilities not allocated and related taxes				449,303
SEGMENT LAIBILITIES AT 30 JUNE 2019	**493,888**	**64,448**	**(1,641)**	**1,005,995**

	Facility Management	Laundering & Sterilization	Eliminations	Consolidated restated
Assets allocated to the segment	479,095	115,220	(1,385)	592,931
Goodwill	393,812	13,810		407,622
Investments	18,465	5,647		24,112
Other assets not allocated and related taxes				139,468
SEGMENT ASSETS AT 31 DECEMBER 2018 RESTATED	**891,372**	**134,677**	**(1,385)**	**1,164,132**
Liabilities allocated to the segment	480,478	57,737	(1,385)	536,830
Other liabilities not allocated and related taxes				464,304
SEGMENT LIABILITIES AT 31 DECEMBER 2018 RESTATED	**480,478**	**57,737**	**(1,385)**	**1,001,136**

21. RELATED PARTY TRANSACTIONS

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

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

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

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

- Manutencoop Cooperativa sub-leased to Rekeep S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,333 thousand;
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.p.A. 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 € 372 thousand, to be paid in 12 monthly instalments;
- The affiliate company Manutencoop Immobiliare S.p.A. leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. Annual rent is € 322 thousand, to be paid in 12 monthly instalments;
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company Manutencoop Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and terminating said contracts;
- Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets;
- Rekeep S.p.A. signed agreements with Manutencoop Cooperativa and its subsidiaries, for the provision of tax consultancy services.

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

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

Zola Predosa, 27 August 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 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 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l	Via Ubaldo Poli 4	Zola Predosa (BO)	60%	Euro
Consorzio Stabile CMF	Via Ubaldo Poli 4	Zola Predosa (BO)	99%	Euro
Evimed S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Elene Project S.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	62%	Euro
Energy Saving Valsamoggia S.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	63%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	69%	Euro
Global Oltremare Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	60%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	52.97%	Euro
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli 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 4	Zola Predosa (BO)	60%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
Manutencoop Transport S.a.S.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro

Name	Registered Office	City	% Held	Currency
MCF servizi Integrati Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica 52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	100%	Euro
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	60%	Euro
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Rail S.r.l.	Via Ubaldo Poli 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 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli 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 4	Zola Predosa (BO)	60.08%	Euro
Sicura S.p.A.	Via Zamenhof 363	Vicenza	100%	Euro
Telepost S.p.A.	Via Ubaldo Poli 4	Zola Predosa (BO)	100%	Euro
Yougenio S.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	100%	Euro

JOINT VENTURES CONSOLIDATED 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
CO. & MA. Soc. Cons. a r.l.	Via del Parco 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	Via Licio Giorgieri 93	Rome	50%	Euro

COMPANIES CONSOLIDATED 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 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Multiservizi Soc.Cons. r.l. in liquidation	Via San Silvestro 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 34	Rome	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (BO)	60%	Euro
Como Energia Soc.Cons. r.l. in liquidation	Via Pietro Strazzi 2	Como	30%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	Euro
F.lli Bernard S.r.l.	Stradella Aquedotto 21	Bari	20%	Euro
Gestione Strade Soc.Cons.a r.l.	Strada Manara 64/B	Parma	25%	Euro
Gico System S.r.l.	Via Finelli 8	Calderara di Reno (BO)	20%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli 4	Zola Predosa (BO)	42.40%	Euro
Global Riviera Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	30.66%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa 76	Bologna	29.926%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	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
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
Società Consortile Adanti Manutencoop a r.l. in liquidation	Via Ubaldo Poli 4	Zola Predosa (BO)	50%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli 4	Zola Predosa (BO)	50%	Euro
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	fraz. Castellina - Soragna (PR)	25%	Euro

Name	Registered Office	City	% Held	Currency
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli 4	Zola Predosa (BO)	89.99%	Euro
Synchron Nuovo San Gerardo S.p.A.	Via Ubaldo Poli 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 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 USING THE EQUITY METHOD

	%	Net assets 31 December 2018	Changes for the financial year					Net assets 30 June 2019	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholder s' equity			
Alisei S.r.l. in liquidation	100%	(87)						(87)	0	(87)
A.M.G. S.r.l.	50%	2,428		(148)	22			2,302	2,302	
BGP2 Soc.Cons. r.l.	41.47%	24			59			83	83	
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			5			66	66	
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		(50)	116			1,549	1,549	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	

	%	Net assets 31 December 2018	Changes for the financial year					Net assets 30 June 2019	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholder s' equity			
GICO Systems S.r.l.	20%	163			41			205	205	
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			(54)			411	411	
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			139		(163)	1,251	1,251	
Palazzo della Fonte S.c.p.a.	33.3%	8,000	(8,000)					0	0	
ROMA Multiservizi S.p.A.	45.47%	3,396			566		(29)	3,943	3,943	
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 liquidation	40%	8						8	8	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in	90%	45						45	45	

	%	Net assets 31 December 2018	Changes for the financial year					Net assets 30 June 2019	Book value	Provision for risks
			Additions/ Disposals	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholder s' equity			
liquidation										
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	
T&M Protection Resources Holdings Italy S.p.A.	40%	600			(172)			428	428	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET BOOK VALUE		**19,120**	**7,994**	**(198)**	**708**	**0**	**(192)**	**11,444**	**11,531**	**(87)**

ANNEX III

REALTED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
CMF S.p.A.	30-Jun-18				8,679	31-Dec-18				
	30-Jun-19					30-Jun-19				
Manutencoop Società Cooperativa	30-Jun-18	106	14,662		651	31-Dec-18	88	15,285	9,042	20,003
	30-Jun-19	84	15,680		571	30-Jun-19	96	15,461	9,386	26,283

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Alisei s.r.l. in liquidation	30-Jun-18					31-Dec-18	3			1
	30-Jun-19					30-Jun-19	3			1
AMG S.r.l.	30-Jun-18		135			31-Dec-18			242	
	30-Jun-19		137			30-Jun-19		148	255	
BGP2 Soc.Cons. r.l.	30-Jun-18					31-Dec-18			89	
	30-Jun-19					30-Jun-19				
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	30-Jun-18	458	77			31-Dec-18	525		623	
	30-Jun-19	30	620			30-Jun-19	562		1,150	
Bologna Multiservizi Soc.Cons. a r.l.	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
Bologna Più Soc.Cons.a r.l. in liquidation	30-Jun-18					31-Dec-18		3	3	2
	30-Jun-19					30-Jun-19		3	3	2
Bologna Global Strade Soc. Cons. a r.l	30-Jun-18	1,074	2,600			31-Dec-18	2,597	336	3,796	
	30-Jun-19	788	1,870			30-Jun-19	1,086	336	1,957	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cardarelli Soc. Cons. a r.l.	30-Jun-18		39			31-Dec-18			40	
	30-Jun-19					30-Jun-19				
Centro Europa Ricerche S.r.l.	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
Como Energia Soc.Cons.a r.l.	30-Jun-18		46			31-Dec-18			102	
	30-Jun-19					30-Jun-19			102	
Consorzio Imolese Pulizie soc.Cons. in liquidation	30-Jun-18					31-Dec-18		36	12	
	30-Jun-19					30-Jun-19		36	12	
Consorzio Polo Sterilizzazione **Integrata a r.l.**	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
CO.& MA. Soc. Cons. a r.l	30-Jun-18	90	470			31-Dec-18	300	20	929	
	30-Jun-19	180	586			30-Jun-19	60	20	647	
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Jun-18	3,570	1.615			31-Dec-18	3,666		773	
	30-Jun-19	3,551	1.591			30-Jun-19	3,298		1,153	
Fr.lli Bernard s.r.l.	30-Jun-18	(17)	32			31-Dec-18	29	50	46	
	30-Jun-19	6	8			30-Jun-19	35	100	33	
Gestione Strade soc.cons.r.l.	30-Jun-18					31-Dec-18			95	
	30-Jun-19		605			30-Jun-19		63	602	
Gico Systems S.r.l.	30-Jun-18	5	546			31-Dec-18	9		986	
	30-Jun-19	4	631			30-Jun-19	8		955	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Jun-18					31-Dec-18		70	13	
	30-Jun-19					30-Jun-19		70	13	
Global Riviera Soc.Cons.a r.l.	30-Jun-18		5			31-Dec-18			(31)	
	30-Jun-19		5			30-Jun-19			(26)	
Global Vicenza Soc.Cons. a r.l.	30-Jun-18		6			31-Dec-18		10	17	
	30-Jun-19		7			30-Jun-19		10	25	
GR.A.AL. Soc. Cons. a. r.l.	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
Grid Modena	30-Jun-18					31-Dec-18				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
S.r.l.	30-Jun-19					30-Jun-19				
Gymnasium Soc. cons. a r.l in liquidation	30-Jun-18					31-Dec-18	1	8	33	
	30-Jun-19					30-Jun-19	1	8	33	
IPP S.r.l.	30-Jun-18	71				31-Dec-18	126	60		
	30-Jun-19	16				30-Jun-19	31	59		
Legnago 2001 Soc. Cons. r.l.	30-Jun-18		2			31-Dec-18	158		50	
	30-Jun-19		2			30-Jun-19	158		52	
Livia Soc. cons. a r.l.	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
Logistica Ospedaliera Soc. Cons. a r.l.	30-Jun-18					31-Dec-18			15	
	30-Jun-19					30-Jun-19			15	
Newco DUC Bologna S.p.A	30-Jun-18					31-Dec-18			37	
	30-Jun-19					30-Jun-19			37	
Palazzo della Fonte S.c.p.a.	30-Jun-18	1,563				31-Dec-18	2,154			
	30-Jun-19	2,181				30-Jun-19				
Progetto ISOM S.p.A.	30-Jun-18	149	86	60		31-Dec-18				
	30-Jun-19					30-Jun-19				
Roma Multiservizi S.p.A.	30-Jun-18	1,194	555			31-Dec-18	3,261		615	
	30-Jun-19	409	689			30-Jun-19	3,579		1,302	
San Martino 2000 Soc.Cons. r.l.	30-Jun-18	1,234	1,359			31-Dec-18	236		880	
	30-Jun-19	844	1,261			30-Jun-19	244		1,265	
Savia Soc. Cons. a r.l	30-Jun-18					31-Dec-18			36	
	30-Jun-19					30-Jun-19				
Serena S.r.l. - in liquidation	30-Jun-18					31-Dec-18		3		
	30-Jun-19					30-Jun-19		3		
Servizi Napoli 5 Soc.Cons. a r.l.	30-Jun-18	679	641			31-Dec-18	2,710		1,820	
	30-Jun-19	713	658			30-Jun-19	2,379		1,500	
Se.Sa.Mo. S.p.A.	30-Jun-18	2,565		13		31-Dec-18				
	30-Jun-19					30-Jun-19				
S.E.I. Energia Soc. Cons. a r.l.	30-Jun-18	24				31-Dec-18	63	735		
	30-Jun-19	43		11		30-Jun-19	111	746		
SESATRE S.cons. a r.l.	30-Jun-18	5	169			31-Dec-18			18	
	30-Jun-19					30-Jun-19				
Se.Ste.Ro S.r.l.	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
S.I.MA.GEST 2 Soc. Cons. r.l. in liquidation	30-Jun-18					31-Dec-18		75	13	2
	30-Jun-19					30-Jun-19		75	13	2
S.I.MA.GEST 3 Soc. Cons. r.l in liquidation e	30-Jun-18					31-Dec-18		3	3	
	30-Jun-19					30-Jun-19		3	3	
Società Consortile Adanti Manutencoop in liquidation	30-Jun-18					31-Dec-18			53	
	30-Jun-19					30-Jun-19			53	
Steril Piemonte Soc. cons. a.r.l	30-Jun-18		375			31-Dec-18	7	75	346	
	30-Jun-19		358			30-Jun-19	7		336	
Synchron Nuovo San Gerardo S.p.A.	30-Jun-18	3,065	101	100		31-Dec-18				
	30-Jun-19					30-Jun-19				
T&M Protection Resources Holdings Italy S.p.A.	30-Jun-18	3				31-Dec-18	7			
	30-Jun-19	47				30-Jun-19	64			
Tower Soc.Cons. a r.l. in liquidation	30-Jun-18					31-Dec-18	33	29		
	30-Jun-19					30-Jun-19	33	29		

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	30-Jun-18					31-Dec-18	1			
	30-Jun-19					30-Jun-19	1			
Manutencoop Immobiliare S.p.A.	30-Jun-18	5	511			31-Dec-18	3	173		
	30-Jun-19					30-Jun-19	3	80		
Nugareto Società Agricola Vinicola S.r.l.	30-Jun-18	17	5			31-Dec-18	1		5	
	30-Jun-19	1				30-Jun-19	1	3		
Sacoa S.r.l.	30-Jun-18	31	19			31-Dec-18	25	23	22	
	30-Jun-19	18	1			30-Jun-19	25			
Sacoa Servizi Telematici S.r.l.	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				
Segesta servizi per l'Ambiente S.r.l.	30-Jun-18	3				31-Dec-18	2			
	30-Jun-19	3				30-Jun-19	2			

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	30-Jun-18	41				31-Dec-18	21			
	30-Jun-19	41				30-Jun-19	29			
Consorzio Karabak 2 Società Cooperativa	30-Jun-18	2				31-Dec-18	1		1	
	30-Jun-19	3				30-Jun-19	2		1	
Consorzio Karabak 4 Società Cooperativa	30-Jun-18					31-Dec-18			2	
	30-Jun-19					30-Jun-19			1	
Consorzio Karabak 5 Società Cooperativa	30-Jun-18					31-Dec-18			1	
	30-Jun-19					30-Jun-19				
Consorzio Karabak 6 Società Cooperativa	30-Jun-18					31-Dec-18				
	30-Jun-19					30-Jun-19				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	30-Jun-18	15,937	24,056	173	9,330	31-Dec-18	16,027	16,994	20,727	20,008
	30-Jun-19	8,962	24,709	11	571	30-Jun-19	11,818	17,253	20,878	26,288

ANNEX IV

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

	For the half-year ended 30 June			
	2019		2018 restated	
Cash and cash equivalents at the beginning of the period		**94,733**		**59,870**
Cash flow from current operations:		**33,003**		**37,905**
Profit before taxes	13,524		19,939	
Amortisation, depreciation, write-downs and (write-backs) of assets	19,097		18,502	
Accrual (reversal) of provisions for risks and charges	721		774	
Employee termination indemnity provision	512		486	
Share of net profit of associates, net of dividends collected	(708)		(1,059)	
Financial charges (income) for the period	20,580		12,250	
Net interests received (paid) in the period	(19,067)		(10,916)	
Income taxes paid in the period	(167)		(90)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of profit or loss	*(1,489)*		*(1,981)*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(3,949)**		**(4,987)**
Payments of employee termination indemnity	(1,310)		(1,100)	
Utilization of provision for risks and charges	(2,639)		(3,887)	
CHANGE IN NWOC:		**(6,007)**		**13,151**
Decrease (increase) in inventories	(1,408)		83	

	For the half-year ended 30 June			
	2019		2018 restated	
Decrease (increase) in trade receivables	(8,653)		29,894	
Increase (decrease) in trade payables	4,054		(16,826)	
INDUSTRIAL AND FINANCIAL CAPEX:		**(9,576)**		**(17,103)**
(Purchase of intangible assets, net of sales)	(3,233)		(2,863)	
(Purchase of property, plant and equipment)	(14,687)		(12,101)	
Proceeds from sale of property, plant and equipment	241		386	
(Acquisition of investments)	7,991		(509)	
Decrease (increase) of financial assets	1,141		(854)	
Financial effects of business combinations	0		(1,718)	
Discontinuing activities	45		145	
Reclassifications:				
Change in current financial assets, to be included in Net Financial Liabilities	*(1,073)*		*411*	
CHANGE IN NET FINANCIAL LIABILITIES:		**(17,651)**		**1,418**
Change in finance lease debt	53		(192)	
New (repayment of) operating lease debt	(3,869)		(3,727)	
Non-current borrowings	1,546		6,676	
Repayment of non-current borrowings	(11,495)		0	
Net opening (repayment) of short-term bank credit lines	(4,673)		(904)	
Other net changes in borrowings	(4,847)		(10,477)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*1,489*		*1,981*	
Net change in current financial assets, to be included in Net Financial Liabilities	*1,073*		*(411)*	
Financial effects of business combinations	*0*		*(272)*	
Non-cash elements on net acquisitions of fixed assets	*3,072*		*8,744*	
OTHER CHANGES:		**(6,149)**		**11,803**
Decrease (increase) in other current assets	(6,020)		(9,138)	
Increase (decrease) in other current liabilities	15,363		10,838	

	For the half-year ended 30 June			
	2019		2018 restated	
Acquisition/sale of minority interests in subsidiaries	(1)		507	
Differences from translation of financial statements in foreign currency	(120)		(209)	
Reclassifications:				
Financial effects of business combinations			*272*	
Non-cash elements on net acquisitions of fixed assets	*(3,072)*		*(8,744)*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**96,702**		**102,057**

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