



**INTERIM REPORT ON OPERATIONS**  
**FOR THE PERIOD ENDED 31 MARCH 2016**



**REGISTERED OFFICE**

Via U. Poli, 4  
Zola Predosa (Bo)

**MANAGEMENT BOARD**

Appointed by the Supervisory Board  
of 29.04.2016

**CHAIRMAN**

Guido Maria Luigi Dealessi

**MANAGING DIRECTORS**

Milva Carletti  
Guido Maria Luigi Dealessi  
Andrea Gozzi

**MANAGEMENT BOARD**

Benito Benati  
Francesco Umile Chiappetta  
Ciro Cornelli  
Stefano Fiorini  
Elisabetta Lelli  
Franco Carlo Papa  
Matteo Tamburini  
Antonio Zecca

**SUPERVISORY BOARD**

Appointed by the Shareholders' Meeting  
of 30.04.2014

**CHAIRMAN**

Fabio Carpanelli

**DEPUTY CHAIRMAN**

Antonio Rizzi

**SUPERVISORY BOARD DIRECTORS**

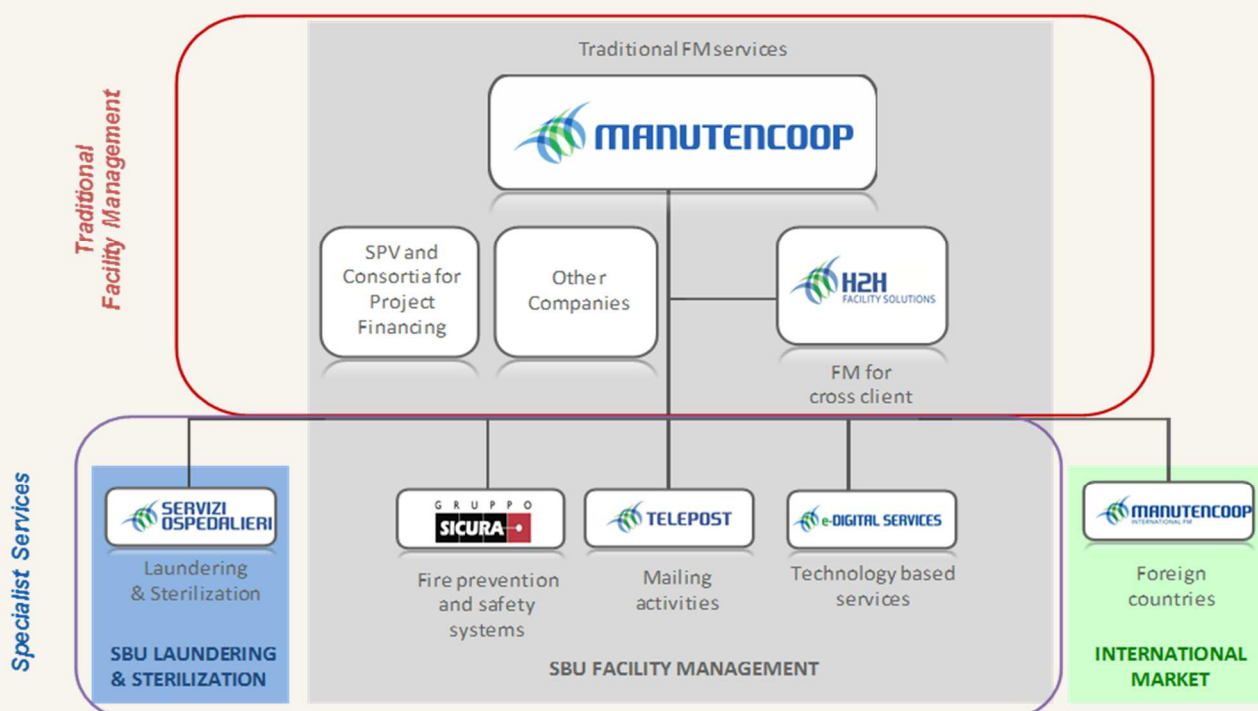
Stefano Caselli  
Roberto Chiusoli  
Guido Maria Giuseppe Corbetta  
Massimo Scarafuggi  
Pierluigi Stefanini  
Giovanni Toniolo  
Stefano Zamagni

**INDEPENDENT AUDITORS**

Reconta Ernst & Young S.p.A.

## PREAMBLE

At 31 March 2016 the Group controlled by Manutencoop Facility Management S.p.A. ("MFM Group" and "MFM S.p.A.", respectively) was made up as follows:



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

In particular, the MFM Group provides a wide and coordinated range of integrated services throughout Italy, aimed at rationalising and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

It is structured around a single operating holding company which combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. At the same time, in the previous financial years a diversification strategy was pursued which, through a series of acquisitions, has placed some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services): these services involve fire prevention and safety products and systems, in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities. During 2015 the Group outlined its strategic objective of growth in international markets, devoting specialised personnel to exploring new areas of action in and outside Europe which were combined in sub-holding Manutencoop International FM S.r.l..

Furthermore, again in 2015, e-Digital Services S.r.l. was also established, which was also wholly owned by MFM S.p.A., with the objective of embarking on a path to growth in B2B and B2C services markets.

Finally, by a deed dated 16 December 2015, there was the merger by incorporation of subsidiaries MACO S.p.A. and SMAIL S.p.A., which produced its accounting, statutory and tax effects starting from 1 January 2016.

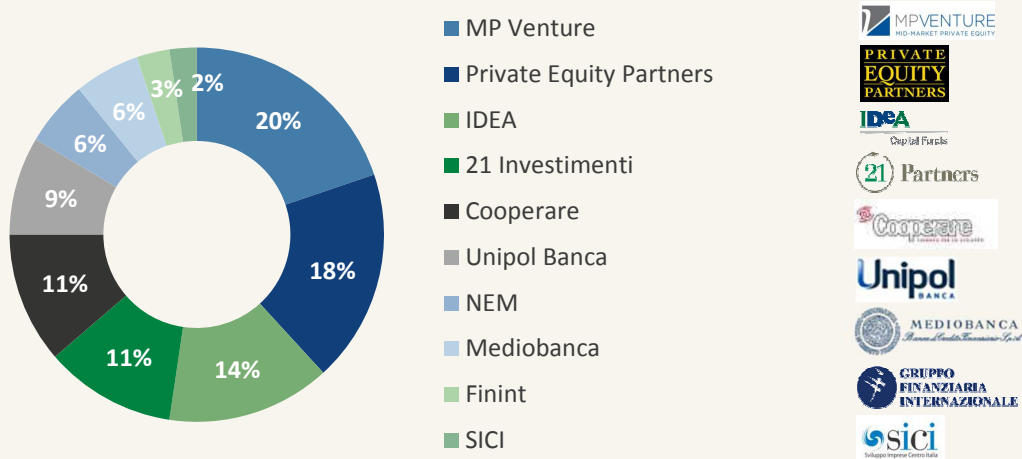
### Shareholding structure

Ordinary shares issued by the MFM Group and fully paid up at 31 March 2016 amounted to 109,149,600, with a par value of Euro 1 each. There are no other share classes.

The Parent Company does not hold own shares.

Manutencoop Società Cooperativa holds a controlling interest in MFM S.p.A. of 71.889%. Furthermore, on 1 July 2013 the company acquired an additional stake of 7.028% with retention of title ("*riserva di proprietà*"), pursuant to and for the purposes of article 1523 of the Italian Civil Code. The financial and administrative rights attached to said stake pertain to the buyer.

The remaining stake is held by a pool of Private Equity investors:



## NON-GAAP FINANCIAL MEASURES

### NON-GAAP FINANCIAL MEASURES

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

	Definition
<b>Backlog</b>	The Backlog is the amount of contract fees not yet accrued and connected with the residual term of the orders, which are held by the Group in the backlog.
<b>Financial Capex</b>	Financial capex is the net expenditure on the acquisition of equity investments on business combinations and on grants of long-term loans.
<b>Industrial Capex</b>	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.
<b>NWC</b>	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.
<b>NWOC</b>	Consolidated Net Operating Working Capital (NWOC) is composed of "Trade receivables and advance to supplier" and "Inventories", net of "Trade payables and advance to customers".
<b>DPO</b>	DPO (Days payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the amounts already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reference period.
<b>DSO</b>	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.
<b>EBIT</b>	EBIT represents the Profit (Loss) before taxes gross of: i) Financial charges; ii) Financial income; iii) Dividend and income (loss) from sale of investments; iv) Share of net profit of associates; v) Profit

## NON-GAAP FINANCIAL MEASURES

	Definition
EBITDA	(loss) on exchange rate. The Statement of Profit or Loss shows EBIT as "Operating Income/Loss". EBITDA represents the Operating profit (loss) before Allocations to the accrual of provisions for risks and charges and Amortization/Depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT or EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions in the period".
Gross Interest Bearing Financial Indebtedness (GIBFI)	Gross Interest Bearing Financial Indebtedness (GIBFI) is defined as the sum of: i) Current bank overdraft, advance payments and hot money; ii) Current portion of non-current bank debts; iii) Long-term bank debts; iv) Senior Secured Notes; v) Financial lease obligations.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net interest bearing financial indebtedness (NIBFI)	Net interest bearing financial indebtedness is defined as Gross Interest bearing financial indebtedness net of cash and cash equivalents.
NFP	Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of current financial assets and Cash and Cash equivalents.
NFP or NWOC Adjusted	Adjusted NWOC and Adjusted NFP include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programmes (now abandoned), and not yet collected by the factoring companies.

ADJ EBITDA

in €/mln  
**28.2**

vs 27.6 at 31/03/2015

ADJ EBITDA /  
REVENUES

**11.7%**

vs 11.0% at 31/03/2015

ADJ EBITDA LTM

in €/mln  
**97.6**

vs 97.1 at 31/12/2015

ADJ EBITDA LTM /  
REVENUES LTM

**10.3%**

vs 10.2% at 31/12/2015

REVENUES

in €/mln  
**241.7**

vs 250.7 at 31/03/2015

DELTA % REVENUES

**-3.6%**

vs 31/03/2015

NFP / EBITDA LTM

**2.8x**

vs 2.6x at 31/12/2015

NFP

**(254.9)**

in €/mln  
vs (240.6) at 31/12/2015

ADJ NFP

in €/mln  
**(256.3)**

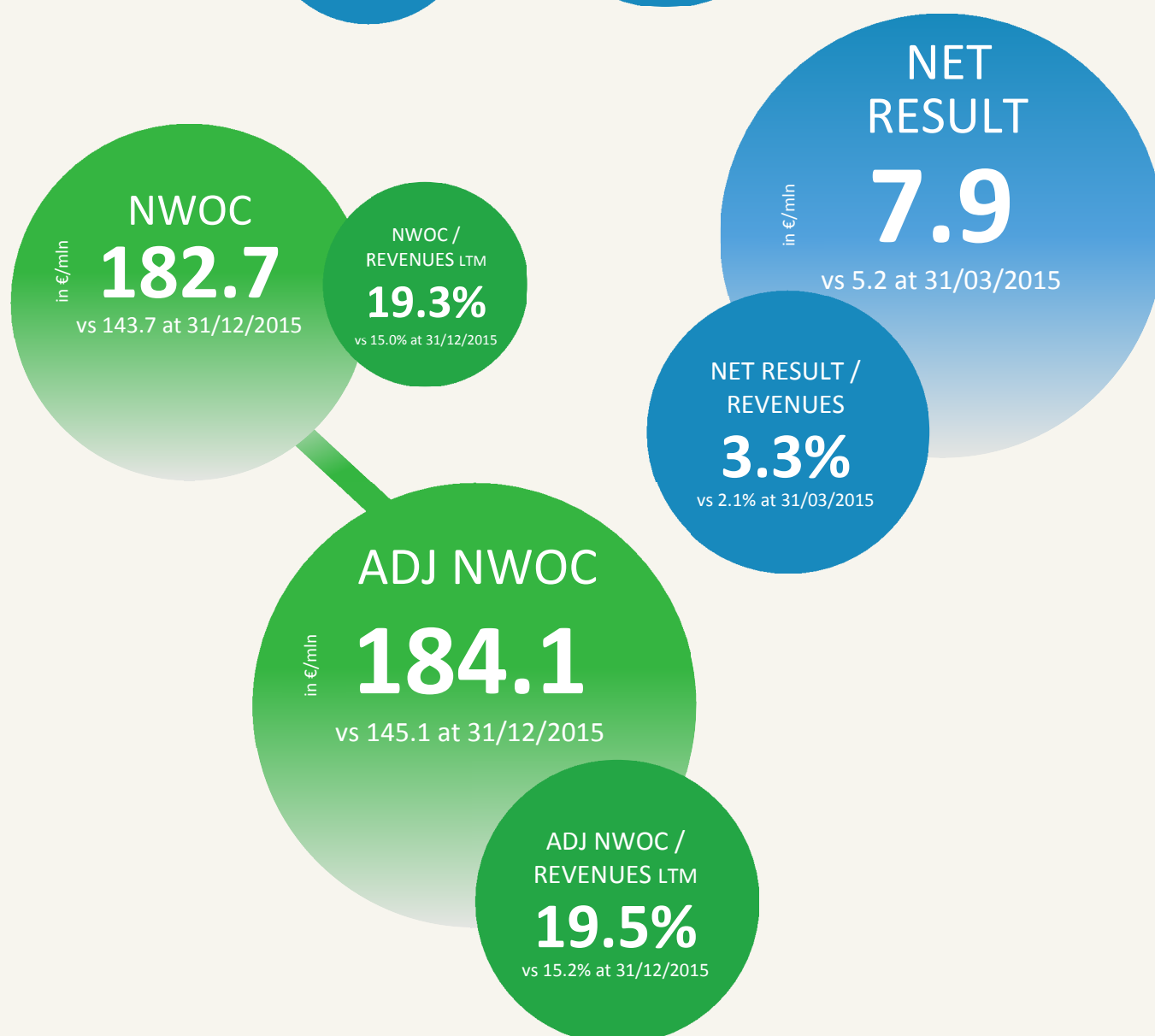
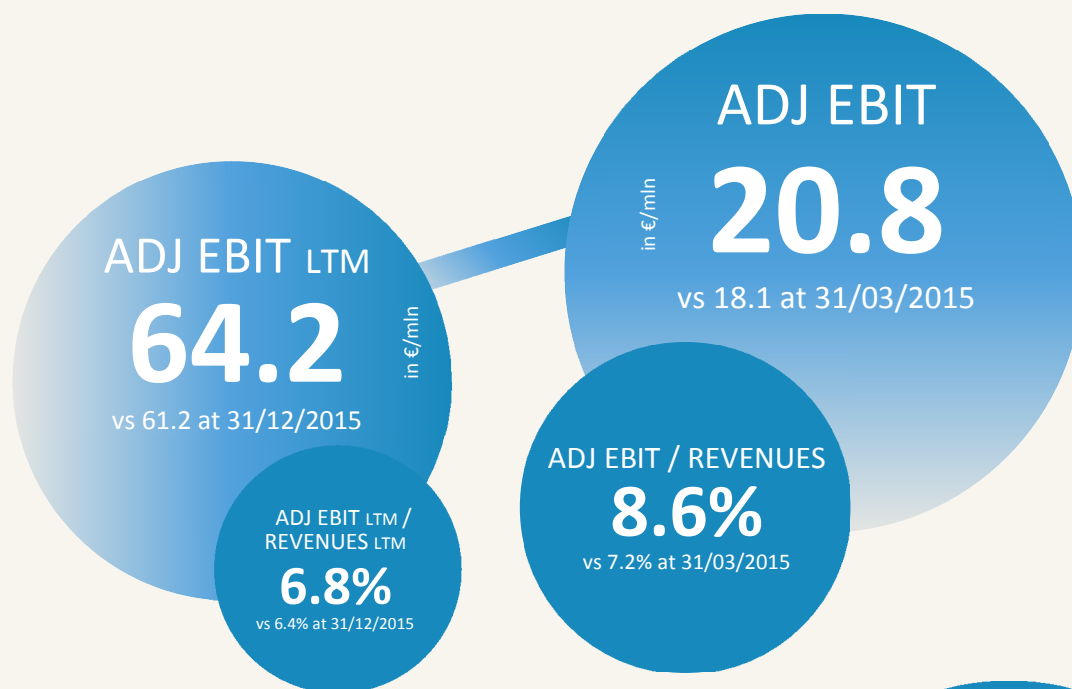
vs (242.0) at 31/12/2015

ADJ NFP/ EBITDA LTM

**2.8x**

vs 2.6x at 31/12/2015





## MAIN EVENTS IN THE FIRST 3 MONTHS OF 2016

### *Antitrust Authority's order for sanctions on the Consip Tender of 2012*

On 20 January 2016 the Competition Authority ("AGCM") considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine of € 48,510 thousand against the parent company MFM S.p.A., the amount of which was fully set aside under a specific provision for risks and charges in the Financial Statements at 31 December 2015.

MFM S.p.A. rejected the arguments on which the charge was based and on 21 March 2016 it filed an appeal against the Authority's order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale, TAR*), at the same time submitting an interim application to stay the payment of the fine. In the subsequent hearing held on 20 April, the Regional Administrative Court proposed that the provisional suspension be discussed together with the hearing of the appeal on 6 July 2016. MFM S.p.A. and the Public Prosecutor representing the State agreed to the Court's proposal.

On 4 February 2016, as a result of the Competition Authority fine ruling on 20 January 2016, CONSIP S.p.A. initiated a procedure to terminate the Agreements entered into with the Parent Company MFM S.p.A. regarding cleaning and other services provided in order to keep school buildings and Public Administration training establishments clean and in working order (under the "Consip Scuole" agreement), also informing the company that it would consider the possibility of excluding it from future tenders for "work of the same type" (pursuant to article 38, paragraph 1, letter f) of Legislative Decree 163/06). If the Regional Administrative Court finds against us, an indirect consequence of the possible termination of the contract could be the enforcement of the performance bond issued in order to take part in the tender, equal to about € 24.5 million. In a subsequent notice of 26 February 2016, the Authority accepted MFM S.p.A.'s request to stay the procedure pending the outcome of the company's appeal before the Lazio Regional Administrative Court.

The Group has already revised its financial plan in order to create the conditions to be able to meet this potential extraordinary outflow of cash. To this end, on 23 February 2016, MFM S.p.A. and Servizi Ospedalieri S.p.A. entered into a factoring maturity contract, without recourse (*pro-soluto*), with Banca Farmafactoring S.p.A. in relation to the assignment of receivables from entities in the National Health System, for an annual amount of up to € 100 million. It is a committed credit line with a term of three years.

### *Renewal of the Management Board*

On 29 February 2016, Claudio Levorato resigned from his office as Chairman and CEO of the Management Board of MFM S.p.A.. This decision was taken because the Group wished to make a tangible change in Manutencoop Group's management and prevent the current legal proceedings at

the Court of Brindisi in which he is involved from adversely affecting its activities, even if no final and non-appealable judgments have been handed down.

The Vice Chairman and other two members also resigned from their positions on the same date. Finally, on 1 March, other four members also resigned from their positions with the resulting of the reset of the entire Management Board. Pursuant to the Company Bylaw, the Company's Supervisory Board then called the Extraordinary Shareholders' Meeting on 6 April 2016 in order to appoint the new members of the new Management Board. The process of the appointment of the new Board ended at the Shareholders' Meeting of 29 April 2016, which named its members on the basis of the Appointments Committee's suggestions. The new Management Board then met to make changes to the previous system of delegated powers and responsibilities, granting Guido Dealessi (formerly Human Resources and Organisation Director), Milva Carletti (formerly Chief Financial Officer) and Andrea Gozzi (formerly Chief Operating Officer) operating powers and responsibilities relating to their respective business areas and appointed Guido Dealessi as chairman of the board itself.

## 1. SUMMARY OF RESULTS OF THE FIRST QUARTER OF 2016

	For the three months ended 31 March			
	2016	2015	Change	Change %
Revenues	241,696	250,716	(9,020)	- 4%
Adjusted EBITDA	28,161	27,631	530	+ 2%
<i>Adjusted EBITDA % of Revenues</i>	<i>11.7%</i>	<i>1.0%</i>		
Adjusted EBIT	20,803	18,101	2,702	+ 15%
<i>Adjusted EBIT % of Revenues</i>	<i>8.6%</i>	<i>7.2%</i>		
Consolidated Net Result	7,903	5,169	2,734	

At 31 March 2016, the **backlog** amounted to € 2,800 million, a slight decline (of € 47 million) compared to € 2,847 million at 31 December 2015. The phenomenon of the consumption of the backlog during the first quarter of the year is normal and similar to previous financial years (2015: € 2,832 million at 31 March 2015 against € 2,887 million at 31 December 2014).

In the first quarter of 2016, the Group recorded **Revenues** of € 241.7 million, with a reduction of € 9.0 million (-3.6%) compared to the first quarter of 2015 (€ 250.7 million). The decline reported in revenues in the last years also affected the Group's backlog in the quarter just ended, both as regards the Facility Management SBU (-€ 6.1 million) and as regards the Laundering&Sterilization SBU (-€ 1.1 million). Furthermore, subsidiary MACO S.p.A., which did building work and constituted the "Other" SBU (€ 1.9 million of revenues in the quarter ended 31 March 2015) was merged by



incorporation into the Parent Company with effect from 1 January 2016 and its remaining activities did not generate revenues in the first quarter of 2016.

**Adjusted EBITDA** of the quarter recorded a slight increase in absolute values compared to the first quarter of the previous year (+ € 0.5 million), despite the decline referred to above. Therefore, in terms of margins (**Adjusted EBITDA/Revenues**), there was an improvement in the first quarter of 2016 compared to the same period in the previous year (11.7% against 11.0%) mainly obtained because the measures taken to cut production costs and overheads during 2015 and the further action taken at the end of 2015 and in the quarter which has just ended, became fully operational. These cost efficiency measures more than set off the fall in turnover and other negative effects such as the residual costs of the building business, which has now ceased for all practical purposes, and the costs of the work put in hand to support growth abroad.

Furthermore, the quarter recorded an **Adjusted EBIT** of € 20.8 million (8.6% of related revenues), up by € 2.7 million compared to the value posted in the same period of the previous year, when it had come to € 18.1 million (7.2% of revenues). The further improving trend in absolute terms with respect to the EBITDA was attributable to the cumulative effect of lower amortisation and depreciation for € 0.3 million, lower write-downs of trade receivables for € 0.5 million and lower net provisions for € 1.4 million.

Finally, the **Net result** in the quarter was equal to € 7.9 million, against a net result of € 5.2 million in the quarter ended 31 March 2015, mainly due to the increase in EBIT (*unadjusted* + € 1.8 million), to which must be added lower net financial charges for € 1.3 million against higher taxes for € 0.5 million.

	31 March 2016	31 December 2015	Change
Adjusted Net Working Operating Capital (NWOC)	184,144	145,142	39,002
Adjusted Net Financial Position (NFP)	(256,289)	(242,001)	(14,288)

In equity and financial terms, the data relating to the Adjusted Net Working Operating Capital (**NWOC**) at 31 March 2016 recorded an increase of € 39.0 million. DSO on 31 March 2016 was 194 days (185 days at 31 December 2015), thus confirming an improving trend over the same period of the previous year (207 days at 31 March 2015). DPO, on the other hand, was 226 days (against 234 days at 31 December 2015 and unchanged with 226 days at 31 March 2015).

In the quarter, adjusted Net Financial Position (**NFP**) recorded an increase of € 14.3 million. The flows absorbed by the change in the NWOC (€ 39.2 million) were offset by cash flow generated from current operations of € 21.1 million, while net industrial investments amounted to € 3.8 million against € 2.3 million due to utilisations of provisions for future risks and charges and employee

termination indemnity during the quarter, in addition to the generation of a positive flow of € 5.3 million, linked to the positive flow arising from the assignment of tax receivables without recourse for € 11.7 million, net of changes in the quarter in other operating assets and liabilities, and in particular lower net credit balances concerning the Group companies' VAT. Finally, there was another favourable change of € 4.7 million from financial investments mainly due to the reclassification as a short-term asset of the last € 5 million portion of the price, not yet collected, of the disposal of the equity investment of MIA S.p.A., previously escrowed, in December 2014 and recognised under "Non-current financial assets and other securities".

### Non-recurring events and transactions

In the course of the first quarter of 2016, the Group recognized in the Statement of profit or loss some "non-recurring" financial items which impacted on the normal dynamics of the consolidated results. Pursuant to Consob Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring or those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, economic result and cash flows of Group companies.

In detail, the following non-recurring costs are recorded in the Consolidated Statement of Profit/Loss for the quarter:

(in thousands of Euro)	For the quarter ended 31 March	
	2016	2015
Consulting advice on contracts of assignments of receivables without recourse	510	
Legal advice on pending administrative disputes	403	
<b>NON-RECURRING COSTS IMPACTING ON EBITDA AND EBIT</b>	<b>913</b>	<b>0</b>

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the quarter ended 31 March	
	2016	2015
<b>EBITDA</b>	<b>27,248</b>	<b>27,631</b>
Non-recurring operating costs impacting on EBITDA	913	0
<b>Adjusted EBITDA</b>	<b>28,161</b>	<b>27,631</b>
<b>Adjusted EBITDA % Revenues</b>	<b>11.7%</b>	<b>11.0%</b>



## INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

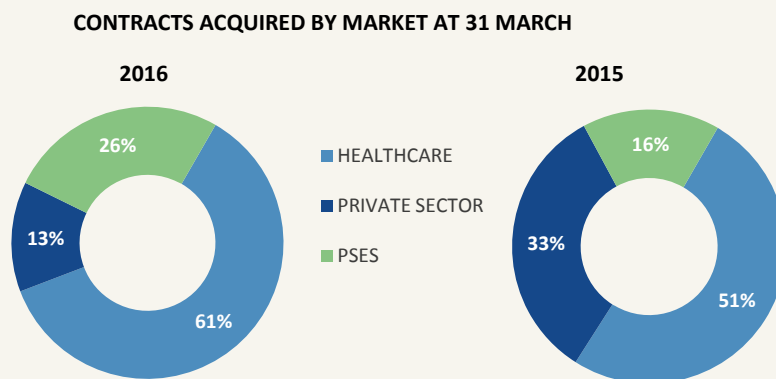
<i>(in thousands of Euro)</i>	For the quarter ended 31 March	
	2016	2015
EBIT	19,890	18,101
Non-recurring operating costs impacting on EBITDA and EBIT	913	0
Adjusted EBIT	20,803	18,101
Adjusted EBIT % Revenues	8.6%	7.2%

## 2. BUSINESS DEVELOPMENT

In early 2016 the Group brought orders for an overall multi-year amount of € 148 million, of which more than 80% from new potential markets.

As in the past, this figure regards only contracts obtained in the context of services for “traditional” facility management, for linen rental and industrial laundering services as well as for the sterilization of surgical instruments, as they are typically long-term contracts. On the contrary, the figure does not include the commercial portfolio of the companies of the sub-Group owned by Sicura S.p.A., whose contracts have an average term of less than one year and, therefore, a future minor visibility. However, these companies have a not particularly significant impact (of less than 4% in the first quarter of 2016) on consolidated production volumes).

New contracts in the Healthcare sector still affected the total in a significant manner (an overall percentage of 61%, equal to € 90 million), against contracts in the Public and Private markets, equal to € 39 million and € 19 million, respectively).



A significant development in the Healthcare market during the quarter was MFM S.p.A.'s appointment as the supplier of hygiene and cleaning services to Grando S.r.l., the special purpose vehicle company which holds the project finance concession for the "Cittadella Sanitaria" (Health District) at the Treviso Hospital for a contractually agreed 16-year term. On the other hand, in the Private sector the hygiene services contract for the S.S.C. S.r.l. Carrefour national hypermarket chain was renewed.

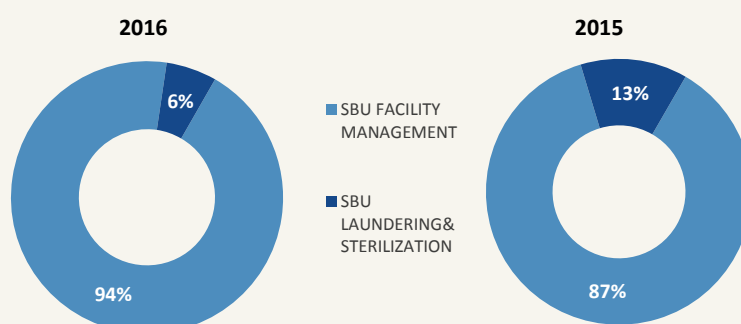
In the Public sector we were awarded the global maintenance service for the Bologna Municipality's road network.

Regarding the new orders in terms of Strategic Business Unit (SBU), the Facility Management segment obtained contracts of € 139 million and the Laundering & Sterilization of € 9 million. In this



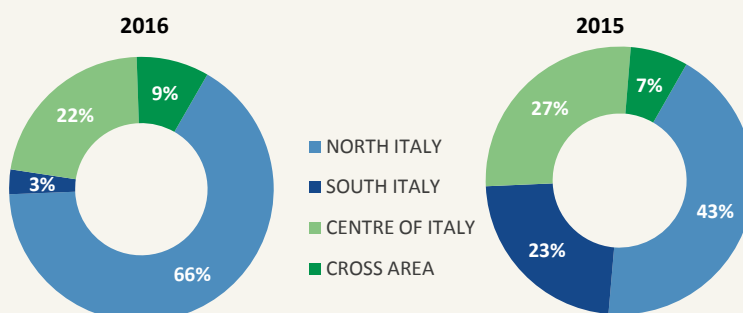
sector, note the extension of the contract for linen rental and industrial laundering services for Policlinico S. Orsola di Bologna.

#### CONTRACTS ACQUIRED BY SBU AT 31 MARCH



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

#### CONTRACTS ACQUIRED BY GEOGRAPHICAL AREA AT 31 MARCH



Finally, as at the reporting date of the Interim Report at 31 March 2016, MFM S.p.A. was awarded hygiene and cleaning services under the Intercenter Emilia Romagna 4 agreement, for a term of 3 years.



### 3. THE MFM GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION FOR THE 3 MONTHS ENDED 31 MARCH 2016

#### 3.1 Consolidated performance of operations in the first quarter of the 2016

Below are reported the main income figures relating to the period ended 31 March 2016, compared to the figures of the corresponding period of 2015:

(in thousands of Euro)	For the quarter ended 31 March		Change	%
	2016	2015		
Total revenues	241,696	250,716	(9,020)	-3.6%
Total costs of production	(214,448)	(223,085)	8,637	-3.9%
<b>EBITDA</b>	<b>27,248</b>	<b>27,631</b>	<b>(383)</b>	<b>-1.4%</b>
<b>EBITDA %</b>	<b>11.3%</b>	<b>11.0%</b>		
Amortization, depreciation, write-downs and write-backs of assets	(7,150)	(7,913)	763	-9.6%
Accrual of provisions for risks and charges	(208)	(1,617)	1,409	-87.1%
<b>Operating Income (EBIT)</b>	<b>19,890</b>	<b>18,101</b>	<b>1,789</b>	<b>+9.9%</b>
<b>EBIT %</b>	<b>8.2%</b>	<b>7.2%</b>		
Share of net profit of associates	871	1,020	(149)	-14.6%
Net financial charges	(7,076)	(8,377)	1,301	-15.5%
<b>Profit before taxes (EBT)</b>	<b>13,685</b>	<b>10,744</b>	<b>2,941</b>	<b>+27.4%</b>
<b>EBT %</b>	<b>5.7%</b>	<b>4.3%</b>		
Income taxes	(5,782)	(5,332)		
<b>Profit (loss) from continuing operations</b>	<b>7,903</b>	<b>5,412</b>		
<b>Profit (loss) from discontinued operations</b>	<b>0</b>	<b>(243)</b>		
<b>NET PROFIT (LOSS)</b>	<b>7,903</b>	<b>5,169</b>		
<b>NET PROFIT %</b>	<b>3.3%</b>	<b>2.1%</b>		
Minority interests	170	6		
<b>NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>8,073</b>	<b>5,175</b>		
<b>NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %</b>	<b>3.3%</b>	<b>2.1%</b>		

#### REVENUES

In the quarter ended 31 March 2016, consolidated revenues came to € 241.7 million, against € 250.7 million for the same quarter of the previous year, confirming a trend already noted in the last years. Nevertheless there was a lower customer and contract turnover, in the quarter that has recently ended compared to the same quarter of the previous year, so that the effect of pricing pressure on the portfolio was more limited, while further spending review measures in the healthcare market affected both the Facility Management and Laundering & Sterilization SBUs. Finally, as will be seen in the section on the performance of revenues by market and sector, the fall in revenues during the first quarter of 2016 was also partly due to contingent factors.

The breakdown of the consolidated revenues in the first quarter of 2016 is provided below, compared to the previous year, as broken down by kind of Client.

In the financial statements ended 31 December 2015 the Group changed its definition of “market” for the purposes of its interim reports in order to present a fairer view of its results, and in particular of the results relating to the “Healthcare” market. In fact revenues from contracts in which the clients are or belong to public or private healthcare establishments are reclassified in a single “Healthcare” item, which takes the place of the previous classification, according to which contracts with private healthcare establishments were included in the “Private” market and those with public healthcare establishments in the “Public Healthcare” market”. The revenues for the first quarter of 2015, reported below as comparative data adopt the new classification.

#### REVENUES BY MARKET

(in thousands of Euro)	For the quarter ended 31 March			
	2016	% of total revenue	2015	% of total revenue
PSEs	71,503	29.6%	67,930	27.1%
Healthcare	110,920	45.9%	123,657	49.6%
Private sector	59,273	24.5%	59,129	23.6%
<b>CONSOLIDATED REVENUES</b>	<b>241,696</b>		<b>250,716</b>	

The breakdown of turnover by market shows that there was an increase in the proportion from PSEs (+ € 3.6 million, equal to 29.6% of the consolidated Revenues against 27.1% in the first quarter of 2015). As in the second half of 2015, the effect was attributable to some new major orders acquired in the previous financial year (including, among the most significant ones, Trenitalia and Azienda Trasporti Milanesi) and, therefore, they were not present in the first quarter of 2015.

There was also a fall in the turnover from Healthcare clients (–€ 12.7 million compared to the quarter ended 31 March 2015), which is also reflected in relative terms with respect to total consolidated revenues (45.9% against 49.3% in the first quarter of 2015). The market was affected by various circumstances during the quarter. The fall in the revenues from *linen rental and industrial laundering and sterilization* activities (– € 1.1 million) entirely carried out on Healthcare clients’ premises and a portion of the fall in *facility management* revenues were the results of further spending review measures adopted by some Public Healthcare operators. In the Facility Management area in particular, there was a reduction of over € 4 million compared to the first quarter of the previous financial year in the revenues from improvements to two big hospitals owing to the postponement

of the part of the work which was to have been done in the first quarter of 2016 and the termination of CONSIP Healthcare orders, not yet compensated for by the acquisition of other contracts which have not yet been awarded. Finally, there was no longer any income from *building construction activities* on a hospital site which MACO S.p.A. had been carrying out in project finance (- € 1.9 million).

Finally, the volumes from the Private sector remained stable in absolute terms (€ 59.3 million for the quarter ended 31 March 2016 against € 59.1 million in the same quarter of the previous year), showing a slight increase in relative terms (the impact on total revenues passed from 23.6% to 24.5%).

#### *Analysis of revenues by Segment*

The business segments were identified on the basis of IFRS 8 and correspond to the following business areas: “*Facility Management*” and “*Laundering&Sterilization*”. Furthermore, complementary activities (“*Other*”) had been identified until 31 December 2015 in relation to building management operations, which have been definitively disposed of starting from the 2016 financial year.

A comparison of Group revenues by business segment is provided below:

#### REVENUES BY SEGMENT

(in thousands of Euro)	For the quarter ended 31 March			
	2016	% of total revenue	2015	% of total revenue
Facility Management	209,051	86.5%	215,193	85.8%
Laundering & Sterilization	33,352	13.8%	34,496	13.8%
Other		0%	1,895	0.8%
Intra-group elimination	(707)	-0.3%	(868)	-0.3%
<b>CONSOLIDATED REVENUES</b>	<b>241,696</b>		<b>250,716</b>	

The breakdown of turnover by operating segments showed a further slight increase in the weight relating to the Facility Management sector (86.5% in the first quarter of 2016 against 85.8% in the first quarter of 2015), while the contribution made by Laundering & Sterilization was unchanged (13.8% in both the quarters under consideration) and revenues from the “Other” SBU fell to zero permanently.

In the quarter ended 31 March 2016, revenues in the Facility Management sector amounted to € 209.1 million, marking a decrease of € 6.1 million (-2.9%) compared to the first quarter of 2015,

mainly because improvements to two big hospitals were postponed (for reasons we may define as contingent) in addition to the termination of CONSIP Healthcare contracts in North-Eastern Italy, not yet offset by the acquisition of other contracts in the award phase and, only marginally, as a result of further spending review measures adopted by public healthcare authorities.

In the quarter ended 31 March 2016, the Laundering & Sterilization segment achieved revenues of € 33.4 million, against € 34.5 million for the quarter ended 31 March 2015. The fall in the revenues from the sector was mainly attributable to the further application of spending review to the public healthcare sector referred to above.

## EBITDA

EBITDA of the Group came to € 27.2 million in the first quarter of 2016, against € 27.6 million over the same period of the previous year, with a considerable stability (- € 0.4 million) in absolute values and a profit margin that increased from 11.0% to 11.3%. If we also consider that the EBITDA for the first quarter of 2016 includes € 0.9 million in non-recurring costs (there were no non-recurring costs in the first quarter of 2015), it is obvious that the trend of this indicator inverts the falling trend of Revenues, showing the effects of the operating cost efficiency measures (both production costs and overheads) which the Group started to put in hand at the end of 2014 and which became fully operational during 2015, in addition to the further measures taken between the end of 2015 and the beginning of 2016. We cannot, however, expect a trend of the same proportions during 2016 as a result of the latest efficiency measures because some of their effects have already been seen during the first quarter.

Below is provided a comparison of EBITDA by business segment for the quarter ended 31 March 2016 and the values recorded in the quarter ended at 31 March 2015:

## EBITDA BY SEGMENT

(in thousands of Euro)	For the quarter ended 31 March			
	2016	% of segment revenues	2015	% of segment revenues
Facility Management	18,716	9.0%	19,218	8.9%
Laundering&Sterilization	8,532	25.6%	8,344	24.2%
Other		NA	69	3.6%
<b>CONSOLIDATED EBITDA</b>	<b>27,248</b>	<b>11.3%</b>	<b>27,631</b>	<b>11.0%</b>

There has been a further slight recovery in percentage margin on Revenues in the *Facility Management* sector (9.0% in the first quarter of 2016 against 8.9% in the first quarter 2015)

against a slight decrease in absolute terms (- € 0.5 million ). Of € 0.9 million of non-recurring costs referred to above, € 0.7 million relate to the *Facility Management* BSU. Net of this effect, we will see that EBITDA in this segment will remain practically the same in absolute terms (+€ 0.2 million compared to the first quarter of 2015) and there is an increase in margins (9.3% of segment revenues in the first quarter of 2016 against 8.9% in the first quarter of 2015). The efficiency measures and the steps taken to reduce indirect fixed costs and overheads to support profit margins had by far their greatest effect on the *Facility Management* SBU, more than setting off the turnover effect during the first quarter of 2016.

There is a slight rise in the *Laundering & Sterilization* segment in absolute terms compared to the first quarter of 2015 (+€ 0.2 million from € 8.3 million to € 8.5 million), which becomes more significant when considered from the point of view of profit margins (which passed from 24.2% to 25.6% of related revenues). The result is mainly due to the cost efficiency measures adopted in this SBU too, even if they took place after those applied to the *Facility Management* SBU: in fact they began to be fully operational during the first quarter of 2016. The result is even more significant if we consider that the SBU expensed, during the quarter just ended, € 0.2 million of € 0.9 million of non-recurring costs.

### *Cost of production*

At 31 March 2016, cost of production, which amounted to € 214.5 million, showed a decrease of € 8.6 million in absolute terms compared to € 223.1 million (-3.9%) recorded at 31 March 2015.

(in thousands of Euro)	For the quarter ended 31 March				Change	%
	2016	% of total	2015	% of total		
Consumption of raw materials and consumables	41,694	19.4%	46,841	21.0%	(5,147)	-11.0%
Change in inventories of finished and semi-finished products	(20)	0.0%		0.0%	(20)	0.0%
Costs for services and use of third-party assets	75,782	35.3%	79,540	35.7%	(3,758)	-4.7%
Personnel costs	95,188	44.4%	95,681	42.9%	(493)	-0.5%
Other operating costs	1,804	0.8%	1,023	0.5%	781	+76.4%
<b>COSTS OF PRODUCTION</b>	<b>214,448</b>		<b>223,085</b>		<b>(8,637)</b>	<b>-3.9%</b>

*Costs of raw materials and consumables*, for the quarter ended 31 March 2016, came to € 41.7 million, showing a decrease of € 5.1 million (-11.0%) compared to the first quarter of 2015, with an incidence on consolidated revenues that fell from 21.0% to 19.4%. This reduction is linked to decreased fuel costs (- € 4.8 million), mainly due to a lower average cost of the raw material and, to a lesser extent, of slightly lower energy and heat management services volumes, partly because



some heat management contracts came to an end in 2015. Furthermore, there was a lower consumption of materials (- € 1.8 million) partly because various substantial orders were starting up in the first quarter of 2015: consumption tends to be highest in the start-up phase.

*Costs for services and use of third-party assets* showed a decrease of € 3.8 million (-4.7%), with an incidence on total revenues, which remained substantially stable (from 35.7% in the first quarter of 2015 to 35.3% in the first quarter of 2016). Specifically, the cost of services rendered by third parties (third party services, consortium services) fell by € 6.0 million in all, partly as a result of small volumes, also owing to a different mix of contracts, which have, at the moment, moved towards services with a greater labour content, and partly as a result of the measures we have already mentioned for cutting overheads, which have a substantial impact on this item. Professional services showed an increase of € 1.6 million, including non-recurring costs of € 0.9 million of non-recurring costs during the first quarter of 2016.

The lower costs for services was accompanied by a considerable stability in absolute terms in *Personnel costs* (- € 0.5 million), with a incidence on consolidated Revenues, which increased passing from 42.9% to 44.4% owing to the different composition of the services the company rendered and the consequent increase in the make-or-buy decisions. The average number of manual workers employed in the first quarter of 2016 amounted to 15,129, while it amounted to 14,611 over the same quarter of the previous year.

Finally, *Other operating costs* amounted to € 1.8 million compared to € 1.0 million over the same quarter of the previous year. The difference is entirely due to the recognition of parafiscal costs (known as “*oneri di sistema*”, i.e. system charges) in the first quarter of 2016 related to the production and sale of electricity in certain production scenarios. In the first quarter of 2015 they had been allocated to a provision for risks pending the publication of clarifications to the rules governing the correct charging of these costs to certain contracts.

### **Operating Income (EBIT)**

In the first quarter of 2016, consolidated Operating Income (**EBIT**) stood at € 19.9 million (equal to 8.2% of Revenues) against € 18.1 million (equal to 7.2% of Revenues) in same period of the previous year.

EBIT was mainly affected by the abovementioned consolidated performance in terms of EBITDA (+ € 0.5 million), from which must be deducted *amortization and depreciation* of € 6.8 million (€ 7.2 million at 31 March 2015), *accruals of provisions for risks and charges* of € 0.4 million (€ 1.9 million at 31 March 2015) against *reversals* of € 0.1 million (€ 0.3 million at 31 March 2015). The Group also reported *write-downs of receivables* of € 0.2 million against € 0.7 million at 31 March 2015. At 31

March 2016, finally, *impairment of fixed assets* were recognized for € 0.1 million concerning write-downs of financial assets of the Parent Company MFM S.p.A..

Below is reported a comparison of Operating Income (EBIT) by segment in the quarter ended 31 March 2016, with the same amounts recorded in the quarter ended 31 March 2015:

#### EBIT BY SEGMENT

(in thousands of Euro)	For the quarter ended 31 March			
	2016	% of segment revenues	2015	% of segment revenues
Facility Management	16,290	7.8%	15,151	7.0%
Laundrying & Sterilization	3,600	10.8%	2,882	8.4%
Other		NA	68	3.6%
<b>CONSOLIDATED EBIT</b>	<b>19,890</b>	<b>8.2%</b>	<b>18,101</b>	<b>7.2%</b>

At 31 March 2016, EBIT in the *Facility Management* segment was equal to € 16.3 million (7.8% of the related Segment revenues), against an EBIT of € 15.2 million at 31 March 2015 (7.0% of the related Revenues).

The comparison in absolute terms between the segment EBIT in the first quarter of 2016 and in the first quarter of 2015 mainly reflects EBITDA performance (-€ 0.5 million) against the benefit from lower amortisation, depreciation and write-downs for € 0.5 million and lower net provisions for € 1.1 million. As at 31 March 2015, this item included some estimates of some substantial energy services contract costs for which precise and definitive rules were laid down during the year. Accordingly, these costs were recognised among costs for the period during 2015 and no longer among provisions. The stability of EBITDA in the *Laundrying & Sterilization* SBU (+ € 0.2 million compared to the same period of the previous year) in the first quarter of 2016, on the other hand, is seen in an improvement in the segment's EBIT, which showed an increase compared to the first quarter of the previous year, equal, in absolute terms, to € 0.7 million, which in turn reflected an increase in terms of margins (+2.8% on Revenues). In fact, the segment recorded lower amortisation and depreciation for € 0.6 million (mainly as a result of efficiency measures in the linen rental and laundry segment taking the form of a more rational management of investments in linen), together with higher write-downs of receivables for € 0.4 million (two specific positions not reported in 2015), partially offset by lower net provisions for € 0.3 million (relating to some legal disputes pending with staff members during the previous year, which were then settled at a later time).

The Other (€ 0.1 million) SBU only made a very slight contribution to EBIT in the first quarter of 2015 because it only contained the residual construction work of MACO S.p.A., which came to an end during 2015.

### Profit before taxes

To the consolidated EBIT must be added net income from companies valued at equity equal to € 0.9 million (€ 1.0 million at 31 March 2015), which reflected, among others, the Group's share of the result of associate Roma Multiservizi S.p.A. for € 0.7 million (€ 0.3 million at 31 March 2015).

Furthermore, there was the recognition of net financial charges of € 7.1 million (€ 8.4 million in the first quarter of 2015), thus obtaining a profit before taxes equal to € 13.7 million, at 31 March 2016, (€ 10.7 million at 31 March 2015).

Below is provided the breakdown by nature of net financial charges for the first quarter of 2016 and for the previous year:

(in thousands of Euro)	For the quarter ended 31 March		Change	%
	2016	2015		
Financial income	777	256	521	+203.2%
Financial charges	(7,853)	(8,627)	774	-9.0%
Profit (loss) on exchange rate		(6)	(6)	-103.0%
<b>NET FINANCIAL CHARGES</b>	<b>(7,076)</b>	<b>(8,377)</b>	<b>1,301</b>	<b>-15.5%</b>

*Financial income* recorded an increase of € 0.8 million compared to the first quarter of the previous year. Among other items there was € 0.7 million more in default interest, which was received in the framework of the settlement of some clients' old debts.

The impact of *financial charges* on the consolidated economic results in the quarter was equal to € 7.9 million, with a decrease of € 0.8 million over the same period of 2015.

First of all, the item recorded lower financial costs on the bond coupons for € 1.7 million. In fact, as at 31 March 2015, this item reported financial costs relating to the shares of Senior Secured Notes repurchased through the Tender Offer dated June 2015 over a total nominal value of € 80 million.

During the 2016 financial year higher charges were reported on bank loans for € 0.1 thousand, relating to the residual debt of the BPV loan (which was then repaid during the year) in the first quarter of 2015 and to the CCFS loan (which was obtained in the third quarter of 2015 only) in the first quarter of 2016.



Finally, during the first quarter of 2016, interest discount charges of € 0.6 million were recognised in connection with an assignment of tax receivables without recourse under Decree Law 201 of 6 December 2011, as amended and converted by Law no. 214 of 22 December 2011, which, in 2012, allowed various Group companies to submit applications for the refund of IRES corporate income tax, owing to the failure to deduct IRAP regional production activity tax for a total of € 12.4 million, of which € 10.0 within the tax consolidation in place with the parent company Manutencoop Società Cooperativa.

### Net result for the period

From the profit before taxes for the quarter (€ 13.7 million) must be deducted taxes of € 5.8 million thus obtaining a negative Net profit of € 7.9 million (€ 5.2 million at 31 March 2015, including a negative result from discontinued operations for € 0.2 million, mainly relating to the operations of subsidiary SMAIL S.p.A., which were disposed of during the last quarter of 2015).

The consolidated tax rate is shown below:

<i>(in thousands of Euro)</i>	For the quarter ended 31 March	
	2016	2015
Profit before taxes	13,685	10,744
Income taxes	(5,782)	(5,332)
<b>Tax rate from continuing operations</b>	<b>42.3%</b>	<b>49.6%</b>
Profit (loss) for the period from discontinued operations		(364)
Taxes related to the profit (loss) from discontinued operations		121
<b>Consolidated Net Result</b>	<b>7,903</b>	<b>5,169</b>
<b>Total tax rate</b>	<b>42.3%</b>	<b>50.2%</b>

Compared to the first quarter of the previous year, the Profit before taxes for the period showed an increase of € 2.9 million, against a total increase in the tax burden of € 0.5 million. The tax rate for the quarter ended 31 March 2016 was 42.3% against 50.2% over the same period of 2015, because some tax components were practically unchanged (IRAP tax and non-deductible IRES tax charges), the impact of which reduces when the result before taxes increases.

### 3.2 Analysis of the statement of financial position as at 31 March 2016

<i>(in thousands of Euro)</i>	31 March 2016	31 December 2015	Change
<b>USES</b>			
Trade receivables and advances to suppliers	539,473	519,194	20,279
Inventories	4,578	4,763	(185)
Trade payables and advances from customers	(361,306)	(380,215)	18,909
<b>Net operating working capital (NWOC)</b>	<b>182,745</b>	<b>143,742</b>	<b>39,003</b>
Other elements of working capital	(64,867)	(54,519)	(10,348)
<b>Net working capital (NWC)</b>	<b>117,878</b>	<b>89,223</b>	<b>28,655</b>
Property, plant and equipment	61,903	64,372	(2,469)
Goodwill and other intangible assets	395,936	396,461	(525)
Investments accounted for under the equity method	29,000	28,484	516
Other items of non-current assets	35,072	40,383	(5,311)
<b>Fixed assets</b>	<b>521,911</b>	<b>529,700</b>	<b>(7,789)</b>
Non-current liabilities	(87,439)	(88,357)	918
<b>NET INVESTED CAPITAL</b>	<b>552,350</b>	<b>530,566</b>	<b>21,784</b>
<b>SOURCES</b>			
Equity attributable to non-controlling interests	210	380	(170)
Equity attributable to equity holders of the Parent	297,250	289,585	7,665
<b>Shareholders' equity</b>	<b>297,460</b>	<b>289,965</b>	<b>7,495</b>
Net financial indebtedness	254,890	240,601	14,289
<b>FINANCING SOURCES</b>	<b>552,350</b>	<b>530,566</b>	<b>21,784</b>

#### Net working capital

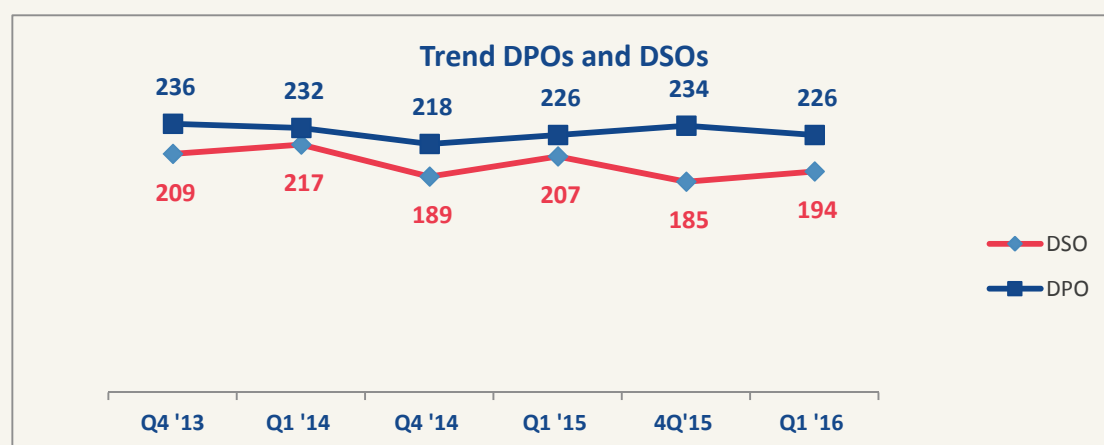
At 31 March 2016, Consolidated Net Working Capital (**NWC**) amounted to € 117.9 million, against an increase of € 28.7 million compared to 31 December 2015 (€ 89.2 million).

At 31 March 2016, consolidated net operating working capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and advances from customers, was equal to € 182.7 million against € 143.7 million at 31 December 2015. Considering the now residual balance of receivables assigned by the Group in the framework of the previous years' assignment without recourse programmes and not yet collected by the factoring agencies (which are currently no longer used and equal to € 1.4 million at 31 March 2016, which remained unchanged compared to 31 December 2015), the Adjusted NWOC came to € 184.1 million and € 145.1 million, respectively.

The change (+ € 39.0 million) was mainly linked to the increase in the balance of trade receivables (+ € 20.3 million). Average DSO at 31 March 2016 was 194 days, against 185 days at 31 December 2015 and 207 days at 31 March 2015.

The stock of trade payables came to € 361.3 million at 31 March 2016, showing a decrease compared to 31 December 2015 (€ 380.2 million) equal to € 18.9 million. The DPO trend fell in the first quarter of 2016 (226 days at 31 March 2016, against 234 days at 31 December 2015 and 226 days at 31 March 2015). As early as from the 2014 financial year, the Group started to report a downward trend in invoiced costs (costs for professional services, subcontracted services and industrial capex) which further affects a reduction in the average stock of trade payables.

As regards overall cash flow management, there was a natural slowdown in collections during the first part of the year and a quarter by quarter improvement which ended with a satisfactory level by the end of the financial year. On the other hand, the funds from some receipts tranches that had not been expected by the reporting date could not be used, at the end of the 2015 financial year, for payments to suppliers, which were only made in early January, with a consequent impact on the recognition of DPO of the last quarter of 2015.



The balance of the other elements in working capital at 31 March 2016 was a net liability of € 64.9 million, up by € 10.4 million compared to a net liability of € 54.5 million at 31 December 2015:

<i>(in thousands of Euro)</i>	31 March 2016	31 December 2015	Change
Current tax receivables	13,528	23,430	(9,902)
Other current assets	33,373	31,138	2,235
Provisions for risks and charges, current	(13,456)	(14,515)	1,059
Current tax payables	(5,837)	0	(5,837)
Other current liabilities	(92,475)	(94,572)	2,097
<b>OTHER ELEMENTS IN WORKING CAPITAL</b>	<b>(64,867)</b>	<b>(54,519)</b>	<b>(10,348)</b>

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

- › the seasonal movements of payables to/receivables from employees and the relative payables to/receivables from social security institutions and the tax authorities, which accounted for an increase in net liabilities of € 4.1 million;
- › a decrease of € 1.1 million in the short-term portion of provisions for risks and charges;
- › lower net payables for € 3.9 million for amounts collected on behalf of Temporary Associations of Companies in which the Group companies participate in the capacity of agents.

At 31 March 2016 net receivables for current taxes were also recognised for € 7.7 million against € 23.4 million at 31 December 2015, with a decrease totalling € 15.7 million, of which € 5.8 million for the recognition of tax payables for the period. During the quarter, an assignment of tax receivables without recourse was also carried out in relation to the application of Decree Law no. 201 of 6 December 2011, as amended and converted by Law no. 214 of 22 December 2011, which had allowed various group companies to file an application during 2012, for IRES tax refunds as a result of the non-deduction of IRAP tax for a total amount of € 12.4 million, of which € 10.0 within the tax consolidation in place with the parent company Manutencoop Società Cooperativa.

#### *Other long-term liabilities*

“Other long-term liabilities” mainly include liabilities relating to:

- › TFR (employee benefits), equal to € 18.2 million and € 18.4 million at 31 March 2016 and 31 December 2015, respectively;
- › long-term portion of provisions for future risks and charges (€ 58.2 million at 31 March 2016 against € 58.7 million at 31 December 2015);
- › deferred tax liabilities of € 11.1 million (€ 11.2 million at 31 December 2015).

#### **Consolidated net financial indebtedness**

Details of net financial indebtedness at 31 March 2016 are shown below, compared to the figures at 31 December 2015, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

<i>(in thousands of Euro)</i>	31 March 2016	31 December 2015	Change
A. Cash	35	34	1
B. c/a, bank deposits and consortia, non-proprietary accounts	103,815	114,357	(10,542)
C. Securities held for trading			
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>103,850</b>	<b>114,391</b>	<b>(10,541)</b>
<b>E. Current financial assets</b>	<b>10,238</b>	<b>5,257</b>	<b>4,981</b>
F. Current bank overdraft	33,187	34,064	(877)
G. Current portion of non-current debt	4,818	11,215	(6,397)
H. Other current financial liabilities	19,224	3,284	15,940
<b>I. Current financial indebtedness (F)+(G)+(H)</b>	<b>57,229</b>	<b>48,563</b>	<b>8,666</b>
<b>J. Current net financial indebtedness</b>	<b>(56,859)</b>	<b>(71,085)</b>	<b>14,226</b>

<i>(in thousands of Euro)</i>	31 March 2016	31 December 2015	Change
<b>(D) + (E) - (I)</b>			
K. Long-term bank debts and Senior Secured Notes	303,728	303,435	293
L. Other non-current financial liabilities	8,020	8,251	(231)
M. Derivatives			
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>311,748</b>	<b>311,686</b>	<b>62</b>
<b>O. NET FINANCIAL INDEBTEDNESS (J) + (N)</b>	<b>254,890</b>	<b>240,601</b>	<b>14,289</b>

In the first quarter 2016 the consolidated net financial debt saw an increase, passing from € 240.6 million at 31 December 2015 to € 254.9 million at 31 March 2016. The consolidated net “adjusted” financial debt for the amount of receivables assigned to factoring companies that had not been collected by the latter at the reporting date (equal to € 1.4 million at 31 March 2016, which remained unchanged compared to the value posted at 31 December 2015) would come to € 256.3 million (€ 242.0 at 31 December 2015). The main reason in the variation is linked to the absorption of cash flows generated by the variations in NWOC (€ 39.2 million) as against a cash generation from operating activities for € 21.1 million, in addition to a net outflows for investments and industrial and financial disinvestments, the utilisation of provisions and the variation in other assets items amounting to € 3.9 million.

The following is a breakdown of the net financial exposure for bank credit lines and obligations for finance leases ("*Net interest bearing financial indebtedness*"), compared to 31 December 2015:

<i>(in thousands of Euro)</i>	31 March 2016	31 December 2015
Cash and cash equivalents	(103,850)	(114,391)
Current bank overdraft, advance payments and hot money	33,187	34,064
Current portion of non-current bank debts	4,263	10,651
Long-term bank debts	10,000	10,000
Senior Secured Notes	293,728	293,435
Finance lease obligations	1,324	1,484
<b>NET INTEREST BEARING FINANCIAL INDEBTEDNESS</b>	<b>238,653</b>	<b>235,243</b>

The Net interest bearing financial Indebtedness reported an increase compared to 31 December 2015 passing from € 235.2 million to € 238.7 million.

This change was mainly attributable to a reduction of € 6.4 million in the current portion of non-current bank debt, which included net accrued expenses of € 10.6 million at 31 December 2015, relating to interest on the bond coupons paid in February 2016, while the net liability on 31 March 2016 for the coupons maturing in August 2016 was € 4.3 million.

There was a reduction in the balance of consolidated cash and cash equivalents of € 10.5 million, shown in the table below. The cash flows for the quarter are compared to the values posted in the same period of the previous year.

Annex IV to the Interim Report on Operations, to which reference should be made, contains a reconciliation between the items in this table and those in the statutory Statement of Cash Flows schedule presented in the Condensed Explanatory Notes pursuant to IAS 7.

	2016	2015
<b>At 1 January</b>	<b>114,391</b>	<b>113,382</b>
Cash flow from current operations	21,065	18,619
Uses of provisions for risks and charges and for employee termination indemnity	(2,275)	(3,049)
Change in adjusted NWOC	(39,237)	(19,141)
Industrial capex, net of disposals	(3,812)	(5,005)
Financial capex, net of disposals	4,676	101
Change in adjusted net financial liabilities	3,747	(7,832)
Other changes	5,295	(13,245)
<b>AT 31 MARCH</b>	<b>103,850</b>	<b>83,830</b>

The overall cash flows mainly reflect the net effect of:

- › a positive cash flow from operations of € 21.1 million (€ 18.6 million at 31 March 2016);
- › € 2.3 million in outflows from the utilisation of the provision for future risks and charges and for employee termination indemnity (€ 3.0 million at 31 March 2016);
- › a cash flow of € 39.2 million absorbed from changes in adjusted NWOC (compared with an absorbed cash flow of € 19.1 million at 31 March 2015) resulting from a negative flow correlated to a change in adjusted trade receivables for € 20.5 million (€ 16.3 million in the first quarter of 2015) and a change in trade payables of € 18.9 million (€ 2.7 million in the first quarter of 2015);
- › a € 3.8 million net cash flow used in investing activities (€ 5.1 million at 31 March 2016), net of disposals for € 0.2 million (€ 0.1 million at 31 March 2015). Furthermore, there were positive inflows arising from financial investments and financial disinvestments for € 4.7 million (€ 0.1 million at 31 March 2015);
- › an increase in net adjusted financial liabilities for € 3.7 million, mainly due to a change in the balance of accrued coupon interest on the Senior Secured Notes for € 6.4 million, owing to their timing and an increase in financial liabilities from assignments of receivables with recourse during the quarter for € 15.9 million, against an increase in short-term financial assets for € 5.0 million, as a result of the reclassification as short-term asset of the last portion equal to € 5 million of the price not yet collected on the transfer of the equity investment of MIA S.p.A. that

occurred in December 2014, previously escrowed. As of 31 March 2015 there was a € 7.8 million reduction in net adjusted financial liabilities, € 5.2 million of which arising from the timing of accrued expenses on bond coupons, as already mentioned;

- › changes in other assets and liabilities, which generated a total outflow of € 5.3 million (against € 13.2 million at 31 March 2015), mainly for the positive flow generated from the assignment of tax receivables without recourse for € 11.7 million, net of changes reported in the other operating assets and liabilities during the quarter, and in particular in the lower net credit balances concerning the Group companies' VAT.

#### *Financial and industrial Capex*

In the first 3 months of 2016, the Group made net capital expenditures which totalled € 4.0 million, compared to disinvestments of € 0.2 million:

<i>(in thousands of Euro)</i>	For the three months ended 31 March	
	2016	2015
Purchases of properties		
Purchases of plant and equipment	2,928	4,354
Other capital expenditures in intangible assets	1,042	729
<b>INDUSTRIAL CAPEX</b>	<b>3,970</b>	<b>5,083</b>

Purchases of plant and equipment mainly relate to the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, in which frequent periodic replacements are necessary (€ 2.3 million at 31 March 2016, against Euro 2.7 million at 31 March 2015). Investments in intangible assets for the financial year amounted to € 1.0 million (€ 0.1 million at 31 March 2015) and mainly related to investments on ICT. Finally, disinvestments of tangible assets were recorded for the period equal to € 0.2 million (€ 0.1 million at 31 March 2015).

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

<i>(in thousands of Euro)</i>	For the three months ended 31 March	
	2016	2015
Facility Management	1,213	958
Laundering & Sterilization	2,757	4,125
<b>INDUSTRIAL CAPEX</b>	<b>3,970</b>	<b>5,083</b>

The cash flow from financial investments was positive for € 4.7 million (€ 0.1 million at 31 March 2015) and emerges from the accounting reclassification, under short-term financial assets, of the second and last tranche of sums previously escrowed in connection with the disposal of MIA S.p.A., which took place in December 2014, for € 5 million, following the fulfilment of some contract conditions relating to the disposal itself.

#### *Change in net financial liabilities*

The table below shows the changes that were recorded in the quarter in the items making up consolidated financial liabilities, including the balance of the receivables assigned without recourse not yet collected by the factoring companies:

<i>(in thousands of Euro)</i>	31 December 2015	Refunds and payments for the period	New loans	Other changes	31 March 2016
Bank loans	10,000				10,000
Current account overdrafts, advance payments and hot money	34,064	(34,064)	33,187		33,187
Accrued income and prepaid expenses on loans	10,599	(12,750)		6,384	4,233
Senior Secured Notes	293,435			293	293,728
<b>BANK DEBTS</b>	<b>348,098</b>	<b>(46,814)</b>	<b>33,187</b>	<b>6,677</b>	<b>341,149</b>
Finance lease obligations	1,484	(160)			1,324
Debts related to receivables assigned to factoring companies with recourse	2,543	(3,088)	18,942		18,398
Other financial liabilities	8,124			(16)	8,107
<b>FINANCIAL LIABILITIES</b>	<b>360,249</b>	<b>(50,062)</b>	<b>52,130</b>	<b>6,661</b>	<b>368,978</b>
Current financial assets	(5,257)			(4,981)	(10,238)
<b>NET FINANCIAL LIABILITIES</b>	<b>354,992</b>	<b>(50,062)</b>	<b>52,130</b>	<b>1,680</b>	<b>358,740</b>
Outstanding amount of receivables assigned to factoring companies	1,400			(1)	1,399
<b>Adjusted NET FINANCIAL LIABILITIES</b>	<b>356,392</b>	<b>(50,062)</b>	<b>52,130</b>	<b>1,679</b>	<b>360,139</b>

The first quarter of 2016 saw the payment of the net six-monthly coupon on the Senior Secured Notes of € 12.7 million; the settlement date was 2 February. As already disclosed to the market, in the last quarter of the 2014 and in June 2015, MFM S.p.A. formalised buy-back operations of some of its Senior Secured Notes for a total nominal amount of € 125 million. All the Notes in the portfolio were not cancelled and kept in a securities account. A part of these securities (amounting to a nominal value of € 14 million) was pledged against a € 10 million committed credit line from CCFS, due 2018.



At the reporting date of the quarter, short-term credit lines for hot money and advances on invoices for € 33.2 million were used (€ 34.1 million at 31 December 2015), to meet cash requirement peaks in the normal course of business.

Furthermore, as early as in 2015, MFM S.p.A. entered into an agreement for the assignment with recourse (*pro-solvendo*), of trade receivables with Unicredit Factoring S.p.A., concerning receivables from customers in the Public sector. In the first quarter of 2016 assignments were made for a total nominal value of € 18.9 million, while the amount of receivables assigned but not yet collected by the factor at 31 March 2016 amounted to € 18.4 million (€ 2.5 million at 31 December 2015).

Finally, the balance of short-term financial assets increased by € 5 million mainly as a result of the reclassification as a short-term asset, as mentioned above, of the remaining uncollected € 5 million portion of the price of the disposal of MIA S.p.A. equity in December 2014, after which € 10 million were escrowed, to be progressively released when certain contractual provisions were satisfied.

#### **4. SUBSEQUENT EVENTS AND OUTLOOK**

One of the results of the review of its organisational structure which the Group commenced in 2015 was an overall revision of its corporate governance in early 2016.

The process of renewal of the management board, after the resignation of the Chairman and Chief Executive Officer, Claudio Levorato and of the majority of the Management Board members, was conducted in accordance with the provisions of the Articles of Association and ended on 29 April with the creation of the new structure. In order to assure full operational efficiency and market awareness, the Supervisory Board decided to avail itself of the experience which some top executives had gained in house. Professionals and experts with a proven track record whose authority in their profession is generally recognised were asked to join the new Management Board, which appointed Guido Dealessi as Chairman, granting him the functions specified by law and in the Articles of Association, changed the previous system of delegated powers and responsibilities, vesting Directors Milva Carletti, Guido De Alessi and Andrea Gozzi with the operational responsibilities for the business areas for which they are competent. This process is a part of a broader-based plan for revising the Company's strategic objectives, which is at an advanced stage of progress and is being drawn up by the Shareholders acting in concert. In the framework of this plan and with a view to further refining this ongoing process, the Company will be in a position to find a Chairman and CEO of indisputable authority and well known to the market to carry out the new strategy project.

We also report that on 4 May 2016 MFM S.p.A. was formally informed by Telecom Italia that it did not intend to exercise its right to withdraw from the contract in place with MFM S.p.A. (concerning hygiene and other Facility Management services) as it had warned it would do on 19 February 2016; therefore the contracts will continue until their original expiry date.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	NOTES	31 March 2016	31 December 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	59,809	62,155
Property, plant and equipment under lease	3	2,094	2,217
Goodwill	4-5	370,456	370,456
Other intangible assets	4	25,480	26,005
Investments accounted for under the equity method	6	29,000	28,484
Other investments	7	3,245	3,502
Non-current financial assets	7	10,784	15,657
Other non-current assets	7	2,038	2,180
Deferred tax assets		19,005	19,044
<b>TOTAL NON-CURRENT ASSETS</b>		<b>521,911</b>	<b>529,700</b>
<b>CURRENT ASSETS</b>			
Inventories		4,578	4,763
Trade receivables and advances to suppliers	8	539,473	519,194
Current tax receivables		13,528	23,430
Other current assets	8	33,373	31,138
Current financial assets	11	10,238	5,257
Cash and cash equivalents	11	103,850	114,391
<b>TOTAL CURRENT ASSETS</b>		<b>705,040</b>	<b>698,173</b>
Non-current assets classified as held for sale		0	0
<b>TOTAL NON-CURRENT ASSETS AS HELD FOR SALE</b>		<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>1,226,951</b>	<b>1,227,873</b>

<i>(in thousands of Euro)</i>	NOTES	31 March 2016	31 December 2015
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		109,150	109,150
Reserves		187,547	188,349
Retained earnings		(7,520)	37,498
Profit (loss) attributable to equity holders of the Parent		8,073	(45,412)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>297,250</b>	<b>289,585</b>
Capital and reserves attributable to non-controlling interests		380	337
Profit for the period attributable to non-controlling interests		(170)	43
<b>EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>		<b>210</b>	<b>380</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	10	<b>297,460</b>	<b>289,965</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee termination indemnity	12	18,212	18,424
Provisions for risks and charges, non-current	13	58,153	58,738
Long-term debt	11	311,749	311,686
Deferred tax liabilities		11,046	11,167
Other non-current liabilities		28	28
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>399,188</b>	<b>400,043</b>
<b>CURRENT LIABILITIES</b>			
Provisions for risks and charges, current	13	13,456	14,515
Trade payables and advances from customers	14	361,306	380,215
Current tax payables		5,837	0
Other current liabilities	14	92,475	94,572
Bank borrowings, including current portion of long-term debt, and other financial liabilities	11	57,229	48,563
<b>TOTAL CURRENT LIABILITIES</b>		<b>530,303</b>	<b>537,865</b>
Liabilities directly associated with non-current assets classified as held for sale		0	0
<b>TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>		<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>1,226,951</b>	<b>1,227,873</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTE	For the three months ended	
		31 March 2016	31 March 2015
<b>REVENUE</b>			
Revenue from sales and services		241,390	250,328
Other revenue		306	388
<b>TOTAL REVENUE</b>		<b>241,696</b>	<b>250,716</b>
<b>OPERATING COSTS</b>			
Costs of raw materials and consumables		(41,694)	(46,841)
Change in inventories of finished and semi-finished products		20	
Costs for services and use of third party assets		(75,782)	(79,540)
Personnel costs		(95,188)	(95,681)
Other operating costs		(1,804)	(1,023)
Amortization, depreciation, write-downs and write-backs of assets	4-5-8	(7,150)	(7,913)
Accrual of provisions for risks and charges	13	(208)	(1,617)
<b>TOTAL OPERATING COSTS</b>		<b>(221,806)</b>	<b>(232,615)</b>
<b>OPERATING INCOME</b>		<b>19,890</b>	<b>18,101</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Share of net of associates	6	871	1,020
Financial income		777	256
Financial charges		(7,853)	(8,627)
Profit (loss) on exchange rate		0	(6)
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>13,685</b>	<b>10,744</b>
Income taxes		(5,782)	(5,332)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>7,903</b>	<b>5,412</b>
Profit (loss) from discontinued operations		(2,887)	(243)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>7,903</b>	<b>5,169</b>
Net profit (loss) for the period attributable to non-controlling interests		170	6
<b>NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>8,073</b>	<b>5,175</b>

	For the three months ended	
	31 March 2016	31 March 2015
Basic earnings per share	0.074	0.047
Diluted earnings per share	0.074	0.047
Basic earnings per share from continuing operations	0.074	0.050
Diluted earnings per share from continuing operations	0.074	0.050

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(values in thousands of Euro)	NOTES	For the three months ended	
		31 March 2016	31 March 2015
<b>NET PROFIT FOR THE PERIOD</b>		<b>7,903</b>	<b>5,169</b>
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	6	(406)	(28)
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		(406)	(28)
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans			
Income taxes			
Actuarial gains (losses) on defined benefit plans	12	0	0
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	6	0	0
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		0	0
<b>TOTAL PROFITS (LOSSES) IN THE STATEMENT OF COMPREHENSIVE INCOME, NET OF TAXES</b>		<b>(406)</b>	<b>(28)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES</b>		<b>7,497</b>	<b>5,141</b>
Equity holders of the Parent		7,667	5,147
Non-controlling interests		(170)	(6)

# CONSOLIDATED STATEMENT OF CASH FLOWS

(values in thousands of Euro)	NOTES	For the three months ended	
		31 March 2016	31 March 2015
<b>Net profit (loss) from continuing operations for the period</b>		<b>7,903</b>	<b>5,210</b>
Income taxes for the period		5,782	5,211
<b>Profit before taxes from continuing operations</b>		<b>13,685</b>	<b>10,421</b>
Profit (loss) from discontinued operations for the period		0	(243)
(Capital gains) capital losses from the transfer of equity investments		0	41
Other write-downs of discontinued operations		0	121
Amortization, depreciation, write-downs and (write-backs) of assets		7,151	7,924
Accrual (reversal) of provisions for risks and charges		208	1,617
Employee termination indemnity provision		208	191
Payments of employee termination indemnity		(423)	(626)
Utilization of provisions		(1,852)	(2,423)
Share of net profit of associates		(871)	(1,020)
Financial charges (income) for the period		7,076	8,264
<b>Operating cash flows before movements in Working Capital</b>		<b>25,182</b>	<b>24,266</b>
Of which related to discontinued operations		0	(242)
Of which related to continuing operations		0	24,508
Decrease (increase) of inventories		185	(126)
Decrease (increase) of trade receivables		(20,514)	(16,340)
Decrease (increase) of other current assets		(2,093)	3,130
Increase (decrease) of trade payables and advances from customers		(18,909)	(2,719)
Increase (decrease) of other current liabilities		(2,083)	(16,375)
<b>Change in working capital</b>		<b>(43,414)</b>	<b>(32,430)</b>
Net interest received (paid) in the period		(12,519)	(15,965)
Income tax paid in the period		9,875	(433)
<b>Net cash flow from operating activities</b>		<b>(20,875)</b>	<b>(24,562)</b>
Purchase of intangible assets, net of sales	4	(1,042)	(729)
Purchase of property, plant and equipment	3	(2,928)	(4,354)
Proceeds from sales of property, plant and equipment	3	158	78
(Purchase of investments)		(197)	0
Decrease (increase) of financial assets		(108)	431
Discontinuing activities	9	0	50
<b>Net cash flow used in investing activities</b>		<b>(4,118)</b>	<b>(4,524)</b>
Proceeds from/(reimburse of) borrowings	11	14,452	(466)
<b>Net cash flow from / (used in) financing activities</b>		<b>14,452</b>	<b>(466)</b>
<b>Changes in cash and cash equivalents</b>		<b>(10,541)</b>	<b>(29,552)</b>
Cash and cash equivalents at the beginning of the period		114,391	113,382



## INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

<i>(values in thousands of Euro)</i>	NOTES	For the three months ended	
		31 March 2016	31 March 2015
Changes in cash and cash equivalents		(10,541)	(29,552)
<b>Cash and cash equivalents at the end of the period</b>		<b>103,850</b>	<b>83,830</b>
<b>Details of cash and cash equivalents:</b>			
Cash and bank current accounts		103,850	83,830
<b>TOTAL CASH AND CASH EQUIVALENT</b>		<b>103,850</b>	<b>83,830</b>

## SUPPLEMENTARY INFORMATION

<i>(values in thousands of Euro)</i>	For the three months ended	
	31 March 2016	31 March 2015
Interest paid	(13,857)	(16,211)
Interest received	1,058	246
Dividends received	0	0



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued capital	Reserves	Retained earnings	Result of the period	Group's shareholders' equity	Non-controlling interests	Total shareholders' equity
<b>1 January 2016</b>	<b>109,150</b>	<b>188,349</b>	<b>37,498</b>	<b>(45,412)</b>	<b>289,585</b>	<b>380</b>	<b>289,965</b>
Allocation of prior year result		(395)	(45,018)	45,412	0		0
Total comprehensive income for the period		(407)		8,073	7,666	(170)	7,496
<b>31 March 2016</b>	<b>109,150</b>	<b>187,547</b>	<b>(7,520)</b>	<b>8,073</b>	<b>297,250</b>	<b>210</b>	<b>297,460</b>

	Issued capital	Reserves	Retained earnings	Result of the period	Group's shareholders' equity	Non-controlling interests	Total shareholders' equity
<b>1 January 2015</b>	<b>109,150</b>	<b>167,797</b>	<b>33,606</b>	<b>13,747</b>	<b>324,300</b>	<b>1,955</b>	<b>326,255</b>
Allocation of prior year result		674	11,680	(12,354)	0		0
Total comprehensive income for the period		(28)		5,175	5,147	(6)	5,141
<b>31 March 2015</b>	<b>109,150</b>	<b>170,813</b>	<b>54,233</b>	<b>5,175</b>	<b>339,371</b>	<b>677</b>	<b>340,048</b>



## 1. GENERAL INFORMATION

The interim Report on operations of the Manutencoop Facility Management Group ("the MFM Group" or "the Group") for the period ended 31 March 2016 consists of the Interim Report and of the Condensed Consolidated Interim Financial Statements at 31 March 2016, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Interim Report on operations of MFM Group for the period ended 31 March 2015 was authorized by resolution of the Management Board of 13 May 2016.

The Group is 71.89% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa (BO), which in turn exercises management and coordination activities over the Group. Furthermore, on 1 July 2013 the company acquired an additional stake of 7.028% with retention of title ("*riserva di proprietà*"), whereby it is vested with related financial and administrative rights, pursuant to and for the purposes of article 1523 of the Italian Civil Code.

## 2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim financial statements at 31 March 2016 comprise the Consolidated statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes.

The amounts presented in the statements and in the explanatory notes are compared with those as at 31 December 2015, 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 3 months of 2015. The condensed consolidated interim Financial Statements at 31 March 2016 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

The Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The Statement of profit or loss classifies costs by nature and the 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 31 March 2016 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 31 March 2016 have been prepared in compliance with IAS 34 - *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements as at 31 December 2015.

## 2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements at 31 March 2016 are consistent with those used to prepare the annual consolidated Financial Statements as at 31 December 2015, 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 2016, in addition to the amendments to the standards already in force.

Specifically, there was the mandatory application of IFRS14 – *Regulatory Deferral Accounts*. The new standard is an interim rule whose purpose is to improve the comparability of the financial disclosures of entities that operate in government regulated markets, such as some industrial sectors in which governments control the prices of particular goods or services provided by private entities (i.e. gas, water, electricity). An entity that already provides its financial disclosures in conformity to IFRS need not apply IFRS 14. This standard, in fact, only allows an entity that is a first-time adopter to continue using the previous accounting standards if its production is regulated. It is not obligatory to adopt the standard, but if it is not adopted in an entity's first IFRS financial statements, the entity will not be entitled to adopt it in subsequent financial periods. The standard also requires the balances related to regulated activities to be presented separately in the statement of financial position, income statement and OCIs. Specific information must also be given regarding the nature of these activities and the risks attached to them.

The 2012-2014 series of "Annual Improvements to IFRS" has also come into force. The series includes minor amendments and clarifications of various previously issued standards.

The application of the standards and interpretations referred to above has not entailed any impact on the Consolidated interim abridged financial statements of the Group. The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.



## 2.3 Discretionary assessments and significant accounting assumptions

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

### Discretionary assessments

The main decisions taken by the Directors, on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards of the Group, with a significant effect on the values recognized in the accounts relate to the adoption, starting from 2007, of the *continuity of values* principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquiree and 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 31 March 2016, the carrying amount of the goodwill stood at € 370,456 thousand (which remained unchanged, € 370,456 thousand at 31 December 2015). More details are given in note 5.

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

The Group holds majority interests in subsidiaries in relation to which the minority shareholders hold PUT options, which can be exercised in the future at prices determined on the basis of certain parameters that require estimates from management for the purposes of reliable valuation. Similarly, the contract for the purchase of certain majority interests in subsidiaries provides for the transferors, i.e. the current minority shareholders, to be granted an earn-out upon the fulfilment of given conditions on a certain future date. In this case, the correct recognition in the financial statements of the related liability requires management to make some estimates to determine the expected relevant parameters.

#### *Income taxes for the period*

The income taxes for the period have been recognized by applying the best estimate of the expected weighted-average tax rate for the entire current financial year to the results for the period. A separate estimate is determined for IRES and IRAP, as provided by IAS 34 B.14.

The amounts allocated for taxes in the interim period are adjusted in subsequent interim periods of the same year pursuant to any changes in the estimated annual tax rate.

#### *Other financial position items*

Management also needed to use estimates in determining:

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

### **Consolidation principles**

The condensed Consolidated Interim Financial Statements include the financial statements of Manutencoop Facility Management S.p.A. (the “Parent Company, “MFM S.p.A.” or simply “MFM”) and its subsidiaries, prepared as at 31 March 2016. 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



## INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

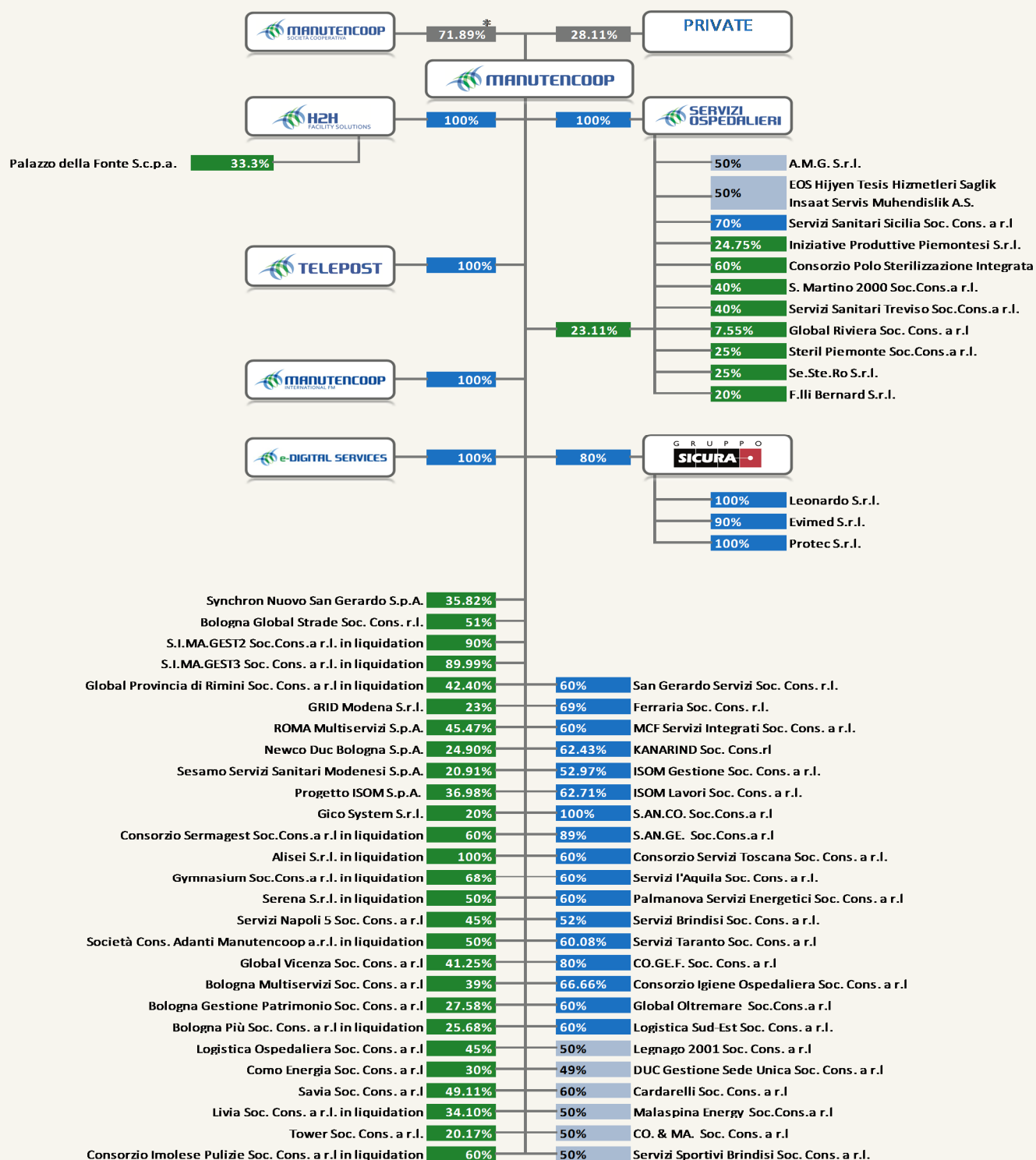
acquisition until the end of the fiscal year. Joint-venture with other shareholders and associates are accounted for under equity method.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

The consolidation area as at 31 March 2016 is shown below.

# INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016



Legend:

	Subsidiaries consolidated on a line-by-line basis
	Joint Ventures consolidated by equity method
	Associates and other companies consolidated by equity method

On 1 July 2013 an additional shareholding of 7.028% was acquired by Manutencoop Cooperativa with retention of title ("riserva di proprietà"), pursuant to and for the purpose of art. 1523 of the Italian Civil Code. The financial and administrative rights related to this share are attributed to the purchaser.



During the quarter:

- › The statutory, accounting and tax effects of the mergers of MACO S.p.A. and SMAIL S.p.A. by incorporation into MFM S.p.A. applied from 1 January 2016;
- › On 11 March 2016 MFM S.p.A. acquired an investment in Bologna Gestione Strade Soc. Cons a r.l., a company operating in the sector of maintenance services for the Bologna Municipality's road network.

### 3. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and under a financial lease) in the period ended 31 March 2016.

	Properties	Plant and Equipment	Properties under lease	Plant and equipment under lease	Total
<b>At 1 January 2016, net of accumulated depreciation and impairment</b>	<b>4,800</b>	<b>57,354</b>	<b>178</b>	<b>2,041</b>	<b>64,373</b>
Additions from acquisitions		2,928			2,928
Disposals		(158)			(158)
Depreciation for the period	(34)	(5,068)	(5)	(118)	(5,225)
Others		(24)			(14)
<b>At 31 March 2016</b>	<b>4,766</b>	<b>55,042</b>	<b>173</b>	<b>1,923</b>	<b>61,904</b>
<b>At 1 January 2016</b>					
Historical cost	6,949	321,550	375	4,953	333,827
Accumulated depreciation and impairment losses	(2,148)	(264,196)	(197)	(2,912)	(269,453)
<b>NET BOOK VALUE</b>	<b>4,800</b>	<b>57,354</b>	<b>178</b>	<b>2,041</b>	<b>64,373</b>
<b>At 31 March 2016</b>					
Historical cost	6,949	324,306	375	4,953	336,582
Accumulated depreciation and impairment losses	(2,183)	(269,264)	(202)	(3,030)	(274,678)
<b>NET BOOK VALUE</b>	<b>4,766</b>	<b>55,042</b>	<b>173</b>	<b>1,923</b>	<b>61,904</b>

The additions from acquisitions in the period relate to the purchase of linen in the Laundering&Sterilization segment (€ 2,311 thousand) and to the purchases of other machinery and specific equipment (€ 617 thousand).

In the period ended 31 March 2016, some plant and equipment were disposed of for a total amount of € 158 thousand, mainly relating to disposals concerning linen and surgical instrument (€ 150 thousand).



#### 4. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 31 March 2016.

	Other intangible assets	Goodwill	Total
<b>At 1 January 2016, net of accumulated amortization and impairment</b>	<b>26,005</b>	<b>370,456</b>	<b>396,461</b>
Additions from acquisitions	1,042		<b>1,042</b>
Amortization of the period	(1,568)		<b>(1,568)</b>
<b>At 31 March 2016</b>	<b>25,480</b>	<b>370,456</b>	<b>395,936</b>
<b>At 1 January 2016</b>			
Historical cost	96,076	372,849	<b>468,925</b>
Accumulated amortization and impairment losses	(70,071)	(2,393)	<b>(72,464)</b>
<b>NET BOOK VALUE</b>	<b>26,005</b>	<b>370,456</b>	<b>396,461</b>
<b>At 31 March 2016</b>			
Historical cost	97,226	372,849	<b>470,075</b>
Accumulated amortization and impairment losses	(71,746)	(2,393)	<b>(74,139)</b>
<b>NET BOOK VALUE</b>	<b>25,480</b>	<b>370,456</b>	<b>395,936</b>

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

*Other intangible assets*, amounting to € 25,480 thousand at 31 March 2016, 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 (€ 1,042 thousand) were attributable almost entirely to the investments in software used in the corporate IT systems within the Facility Management SBU (€ 752 thousand).

The amortisation charges of intangible fixed assets amounted to € 1,568 thousand in the period ended 31 March 2016.

#### 5. IMPAIRMENT TEST OF GOODWILL

The corporate restructuring process that involved the Group in the course of the previous financial years led to a redefinition of the CGUs, coinciding with the SBUs, regardless of legal entities. The Group's Management believe that the SBU structure should be reflected, consistently with the provisions of the accounting standards, also at the level of the CGUs used for impairment tests. The SBUs identified and their composition, in corporate terms, are defined as follows.

*SBU – Facility Management*

The SBU is identified with:



- › Manutencoop Facility Management S.p.A.
- › H2H Facility Solutions S.p.A.
- › the Group controlled by Sicura S.p.A., operating in the facility management segment as suppliers of specialist services
- › Telepost S.p.A. which provides internal mailing services for the Telecom Italia Group
- › Manutencoop International F.M. S.r.l. and e-Digital Services S.r.l. (newly-established companies)
- › other minor investee companies operating in the same segment.

With effect from 1 January 2016, SMAIL S.p.A. (operating in the public lighting sector until the 2015 financial year) was merged by incorporation into MFM S.p.A., after having assigned the business unit of its operations to third parties.

#### *SBU – Laundering & Sterilization*

The SBU is identified with:

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

#### *SBU – Other*

Until 31 December 2015 the SBU operated through MACO S.p.A., to which the business unit relating to Group “building” activities was contributed in 2009; this company has been the object of assessments by the Management, which have led to the exit from the market of this business, since Management does not consider it to be strategic any longer.

With effect from 1 January 2016, MACO S.p.A. was merged by incorporation into MFM S.p.A..

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated Financial Statements at 31 March 2016, relating to the different CGUs, which remained unchanged compared to the value reported in the Consolidated Financial Statements at 31 December 2015.

	31 March 2016	31 December 2015
Goodwill allocated to Facility Management CGU	358,693	358,693
Goodwill allocated to Laundering&Sterilization CGU	11,763	11,763
<b>CONSOLIDATED GOODWILL</b>	<b>370,456</b>	<b>370,456</b>

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 31 March 2016, the Management did not identify any elements for impairment on the cash generating units and, therefore, it did not proceed to update the impairment test performed at the time of the preparation of the consolidated Financial Statements as at 31 December 2015.

## 6. INVESTMENTS IN COMPANIES VALUED AT EQUITY

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

At 31 March 2016, the item of the investments valued at Equity amounted to € 28,933 thousand, against € 28,409 thousand at the end of the previous year.

	Net assets 31 March 2016	Net assets 31 December 2015
Investments valued at Equity	29,000	28,484
Provision for risks on investments	(67)	(65)
<b>INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD</b>	<b>28,933</b>	<b>28,419</b>

Details of changes during the period are shown in Annex II attached to the Interim Report on Operations.

In the first 3 months of 2016 investments accounted for under the equity method recorded a positive result equal to € 871 thousand, for the share attributable to the Group, as a result of the recording of income from equity investments of € 949 thousand and write-downs of € 78 thousand. Furthermore, negative effects were recognised directly under consolidated equity for a total of € 406 thousand.

## 7. OTHER ELEMENTS OF NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 March 2016 and at 31 December 2015:

	31 March 2016	31 December 2015
Other investments	3,245	3,502
Non-current financial assets	10,784	15,657

	31 March 2016	31 December 2015
Other non-current assets	2,038	2,180
<b>OTHER NON-CURRENT ASSETS</b>	<b>16,067</b>	<b>21,339</b>

The financial assets accounted for as “*Other investments*” relate to investments in companies in which the Group has no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities such as industrial laundering services, performed by minor companies that may also act as sub-contractors. 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 and other securities*, amounting to € 10,784 thousand at 31 March 2016 (€ 15,657 thousand at 31 December 2015), are composed of:

- › € 6,529 thousand of non-current financial receivables due from associates, affiliates and joint-ventures (€ 6,413 thousand at 31 December 2014). The face value of these receivables is € 6,637 thousand, while the discounting fund amounts to € 119 thousand. Some of these are non-interest bearing since they were drawn down proportionally from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread.
- › € 4,093 thousand of non-current financial receivables from third parties (€ 9,082 thousand at 31 December 2014). The change compared to last year mainly arises from the classification of the residual balance of receivable for amounts in escrow relating to the transfer of MIA S.p.A. that took place in December 2014, among short-term financial assets in conformity to some provisions of the sale agreement (nominal amount of € 5 million).
- › € 162 thousand of securities held to maturity (€ 162 thousand at 31 December 2015).

*Other non-current assets*, amounting to € 2,038 thousand as at 31 March 2016 (€ 2,180 thousand at 31 December 2015), mainly consist of security deposits related to long-term income-generating manufacturing contracts (€ 1,099 thousand) and long-term deferrals relating to some contracts (€ 657 thousand).

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 March 2016 and 31 December 2015:

	31 March 2016	of which from related parties	31 December 2015	of which from related parties
Inventories of contract work in progress	17,973		19,062	
Trade receivables, gross	506,461		489,519	
Allowance for doubtful accounts	(29,417)		(29,500)	
Provision for discounting of trade receivables	0		0	
<b>Trade receivables from third parties</b>	<b>495,017</b>		<b>479,081</b>	
Trade receivables from Parent Companies	44	44	74	74
Trade receivables from Associates	32,458	32,458	29,242	29,242
Trade receivables from Affiliates and Joint Ventures	8,698	8,698	7,992	7,992
<b>Trade receivables from Manutencoop Group</b>	<b>41,200</b>	<b>41,200</b>	<b>37,308</b>	<b>37,308</b>
Advances to suppliers	3,257	4	2,805	2
<b>TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS</b>	<b>539,473</b>	<b>41,204</b>	<b>519,194</b>	<b>37,310</b>
Other tax receivables due within 12 months	17,551		13,701	
Other current receivables from third parties	10,111		12,315	
Short-term receivables from social security institutions	3,187		2,898	
Short-term receivables from employees	446		472	
<b>Other current assets from third parties</b>	<b>31,295</b>		<b>29,386</b>	
Current assets from Manutencoop Società Cooperativa	25	25	5	5
Current assets from associates	649	649	649	649
<b>Other current assets from Manutencoop Group</b>	<b>674</b>	<b>674</b>	<b>654</b>	<b>654</b>
Accrued income	0		0	
Prepaid expenses	1,405		1,098	
<b>Accrued income and prepaid expenses</b>	<b>1,405</b>		<b>1,098</b>	
<b>OTHER CURRENT ASSETS</b>	<b>33,374</b>	<b>674</b>	<b>31,138</b>	<b>654</b>

The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to € 539,473 thousand as at 31 March 2016, up by € 20,279 thousand compared to 31 December 2015 (€ 519,194 thousand). The changes reported in the period mainly concerned increase in trade receivables from third parties, which amounted to € 495,017 thousand at 31 March 2016 (31 December 2015: € 479,532 thousand).

Finally, trade receivables from the Group amounted to € 41,200 thousand (€ 36,858 thousand at 31 December 2015).

A specific allowance for doubtful accounts was recorded in connection with non-performing receivables, which are difficult to fully recover, amounting to € 29,417 thousand at 31 March 2015



(at 31 December 2015: € 29,500 thousand). Changes in the provision during the quarter are detailed as follows:

	31 December 2015	Increases	Utilizations	Releases	Other changes	31 March 2016
Allowance for doubtful accounts	29,500	262	(371)	(28)	54	29,417

The other changes relate to increase in the consolidated provision for write-down of default interest.

*Other current assets*, equal to € 33,374 thousand (€ 31,138 thousand at 31 December 2015), increased by an overall amount of € 2,236 thousand in the period.

This item includes the receivables arising from the periodic VAT settlements of some Group companies (€ 16,864 thousand compared to € 10,648 thousand at 31 December 2015). The same item had also been recognizing, since 2012, receivables of € 2,587 thousand from the Tax Authorities on account of refund following the petition submitted for the deduction of IRAP tax from the IRES tax base by companies not adhering to the National Tax Consolidation agreement with Manutencoop Società Cooperativa. These receivables were assigned, without recourse, to Banca Farmafactoring during the first quarter of 2016.

Finally, the item also recognizes € 2,175 thousand of credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract stipulated with the aforementioned authority. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*.

## 9. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As early as from the 2014 financial year, MFM S.p.A. classified the business which deals with public lighting, an activity exclusively conducted by subsidiary SMAIL S.p.A. as held for sale, which was then transferred to third parties on 13 November 2015. Furthermore, on 30 December 2014 MFM S.p.A. transferred the total stake held in MIA S.p.A., the sub-holding company of the group that operates in the maintenance and installation of lifting equipment (MIA Group).

In the interim condensed consolidated Financial Statements at 31 March 2016, as well as at 31 March 2015, the economic results achieved by these activities have been excluded from the perimeter of "Continuing operations" and are recognized under a single item of the Statement of Profit or Loss as "Profit (loss) from discontinued operations", in accordance with IFRS5.

#### Income from discontinued operations

Below is the breakdown of income from discontinued operations:

	31 March 2016	31 March 2015 Restated
Revenue		814
Operating costs		(1,262)
<b>GROSS MARGIN</b>	<b>0</b>	<b>(448)</b>
Amortization, depreciation, write-downs and write-backs		(4)
Accrual of provisions for risks and charges		15
Net financial charges		113
Other unrealized impairment on discontinued operations		(41)
<b>PROFIT (LOSS) BEFORE TAXES FROM DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>(364)</b>
Income taxes from discontinued operations:		
- related to profit (loss) for the period		121
<b>PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>(243)</b>
Basic earnings per share from discontinued operations	(0.0000)	(0.0022)
Diluted earnings per share from discontinued operations	(0.0000)	(0.0022)

At 31 March 2015 the profit (loss) from discontinued operations, relating to the first quarter, reported a loss of € 243 thousand that was generated by the economic values of SMAIL S.p.A., which recorded a loss of € 202 thousand in the first quarter, increased by the capital loss realised from the sale of the sub-holding MIA S.p.A. (€ 41 thousand).

#### Cash flows generated from /absorbed by discontinued operations

In the first 3 months of 2015, discontinued operations generated the following cash outflows:

	31 March 2016	31 March 2015
<b>Profit /(loss) for the period from discontinued operations</b>		<b>(81)</b>
Amortization, depreciation, write-downs and (write-backs) of assets		(11)
Employee termination indemnity provision		2
Payments of employee termination indemnity		(23)
Utilization of provisions		(11)
Financial charges (income) for the period		(118)

	31 March 2016	31 March 2015
<b>CASH FLOWS RELATED TO PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>(242)</b>
Residual consideration related to the disposal of Energyproject S.r.l.		50
<b>CASH FLOW FROM INVESTMENTS</b>	<b>0</b>	<b>50</b>

The agreement for the transfer of the quota held in Energyproject S.r.l. provided, among others, for the procedures to repay the loan granted by MFM S.p.A. to the same company, equal to € 4,155 thousand as at the date of execution of the agreement. A portion of the same was collected in 2015 (€ 50 thousand).

The transfer of the total quota held in MIA S.p.A. (the sub-holding company of the related group of companies operating in the market of lifting equipment installation and maintenance) took place on 30 December 2014. The transfer agreement provided for the definition of a preliminary price of the investment, in addition to the full repayment of the intragroup loan, which was outstanding, as at that date, between the transferred company and the transferor MFM S.p.A.. On the closing date the buyer followed up the payment, totalling € 60,405 thousand, in connection with the repayment of the intragroup loan and a portion of the preliminary consideration relating to the transfer of the equity, while a portion of the transfer price (€ 10 million) was paid by the buyer into an escrow account, as security for the future commitments entered into by the parties. According to the transfer agreement, the price set before closing would have been the object of a settlement. At 31 December 2014, the management had made an estimate of this price adjustment, on the basis of the information to hand at the time, while, as at the reporting date of the financial statements at 31 March 2015, there was the final calculation of this adjustment, thus entailing the recognition of a negative differential of € 41 thousand in the income statement. The financial item was settled through bank transfer in April 2015.

Finally, there was an absorption of cash flows relating to the profit (loss) from discontinued operations made up of the business of SMAIL S.p.A., which was classified as held for sale.

## 10. SHARE CAPITAL AND RESERVES

	31 March 2016	31 December 2015
Share Capital - Ordinary shares	109,150	109,150



Ordinary shares have a nominal value of Euro 1 each.

Ordinary shares issued and fully paid up at 31 March 2016 amounted to 109,149,600. The Parent Company does not hold own shares.

### Reserves and Retained Earnings

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

	Share premium reserve	Legal reserve	SE reserves companies valued at equity	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
<b>1 January 2015 Restated</b>	<b>145,018</b>	<b>17,736</b>	<b>(855)</b>	<b>0</b>	<b>(5,781)</b>	<b>14,047</b>	<b>170,167</b>
Allocation of profits of previous years		646	3,804		673	12,286	17,409
Economic effects on shareholders' equity			130		643		773
<b>31 December 2015</b>	<b>145,018</b>	<b>18,382</b>	<b>3,079</b>	<b>0</b>	<b>(4,465)</b>	<b>26,334</b>	<b>188,349</b>
Allocation of profits of previous years					(396)		(396)
Economic effects on shareholders' equity			(406)				(406)
<b>31 December 2015</b>	<b>145,018</b>	<b>18,382</b>	<b>2,673</b>	<b>0</b>	<b>(4,861)</b>	<b>26,334</b>	<b>187,547</b>

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

- › The reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a negative amount of € 45,400 thousand as at 31 March 2016.
- › The Parent Company's extraordinary reserve (€ 73,229 thousand).

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
<b>1 January 2015</b>	<b>3,809</b>	<b>38,744</b>	<b>42,553</b>
Allocation of profits of previous years		(5,055)	(5,055)
<b>31 December 2015</b>	<b>3,809</b>	<b>33,689</b>	<b>37,498</b>
Allocation of profits of previous years	(44,257)	(761)	(45,018)
<b>31 March 2016</b>	<b>(40,448)</b>	<b>32,928</b>	<b>(7,520)</b>

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

	31 March 2016	31 December 2015
<b>Equity attributable to minority interests</b>	<b>210</b>	<b>380</b>
<i>of which attributable to:</i>		
<i>Subsidiaries of Sicura S.p.A.</i>	136	306
<i>Other minor consortia</i>	74	74

MFM S.p.A. holds a stake of 80% in the share capital of Sicura S.p.A.. However, no equity attributable to minority interests has been recognized as the Parent Company holds a Call option on the minority interest, linked to a put option in favour of the minority shareholder which is recognised as a financial liability. Therefore, the equity attributable to minority interests relates to the minorities present in some indirect subsidiaries relating to the same sub-group.

## 11. NET FINANCIAL INDEBTEDNESS

Net financial indebtedness as of 31 March 2016 amounted to € 254,890 thousand, compared to € 240,601 thousand as of 31 December 2015. Below is the related breakdown by balance sheet lines:

	31 March 2016	31 December 2015	Change
Long-term financial debt	311,749	311,685	64
Bank borrowings, including current portion of long-term debt, and other financial liabilities	57,229	48,563	8,665
<b>Financial liabilities</b>	<b>368,977</b>	<b>360,248</b>	<b>8,729</b>
Medium/long-term derivatives	0	0	0
<b>Gross financial indebtedness</b>	<b>368,977</b>	<b>360,248</b>	<b>8,729</b>
Cash and cash equivalents	(103,850)	(114,391)	10,541
Current financial assets	(10,238)	(5,257)	(4,981)
<b>NET FINANCIAL INDEBTEDNESS</b>	<b>254,890</b>	<b>240,601</b>	<b>14,289</b>

### Bank borrowings, including current portion of long-term debt and other financial liabilities

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 March 2016 and 31 December 2015.

INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

	31 March 2016	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	293,728			
C.C.F.S. loan	10,000			
Prepaid expenses on financial interest	(30)	(30)		
Accrued interest expense	4,263	4,263		
<b>Long-term bank borrowings and current portion of long-term bank borrowings</b>	<b>307,961</b>	<b>4,233</b>	<b>303,728</b>	
Current account overdrafts, advance payments and hot money	33,1887	33,187		
Finance lease obligations	1,326	555	755	15
Loans from syndicated shareholders	347	347		
Loan from the parent company Manutencoop Cooperativa	2	2		
Other current financial liabilities	3	3		
Obligations from assignments of receivables with recourse	18,398	18,398		
Debt for the acquisition of investments	226	226		
Options on subsidiaries' minority shareholdings	7,250		7,250	
Capital contribution to be paid into associates	277	277		
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>368,977</b>	<b>57,229</b>	<b>311,734</b>	<b>15</b>

	31 December 2015	within 1 year	from 1 to 5 years	after 5 years
Senior Secured Notes	293,435		293,435	
C.C.F.S. loan	10,000		10,000	
Prepaid expenses on financial interest	(52)	(52)		
Accrued interest expense	10,651	10,651		
<b>Long-term bank borrowings and current portion of long-term bank borrowings</b>	<b>314,034</b>	<b>10,599</b>	<b>303,435</b>	<b>0</b>
Current account overdrafts, advance payments and hot money	34,064	34,064		
Finance lease obligations	1,484	564	888	32
Loans from syndicated shareholders	351	351		
Loan from the parent company Manutencoop Cooperativa	15	15		
Other current financial liabilities	3	3		
Obligations from assignments of receivables with recourse	2,543	2,543		
Debt for the acquisition of investments	226	146	80	
Options on subsidiaries' minority shareholdings	7,250		7,250	
Capital contribution to be paid into associates	277	277		
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>360,248</b>	<b>48,562</b>	<b>311,653</b>	<b>32</b>

*Senior Secured Notes (MFM S.p.A.)*

On 2 August 2013 the Parent Company MFM S.p.A. issued secured High Yield bonds (Senior Secured Notes) due 1 August 2020, restricted to institutional investors. The proceeds of the transaction were used to repay most of the existing bank loans and replace the revolving programmes for the assignment of trade receivables without recourse. The bonds, which are listed on the Euro MTF



Market of the Luxembourg Stock Exchange and on the Extra MOT Pro Segment of the Italian Stock Exchange, was issued for a nominal value of € 425 million, with an issue price below par by 98.713%, with a fixed annual 8.5% coupon on a six-monthly settlement basis. At 31 March 2016 the nominal value recognised in the accounts was € 300 million, given the buy-back operations carried out in 2014 and 2015, respectively, for € 45 million and € 80 million of nominal portions. None of the notes purchased (nominal value € 125 million) were cancelled; they were deposited in a securities account with Unicredit S.p.A. and are reported in the Statement of Financial Position as a straight reduction of total financial debt since, from the accounting point of view, they constitute the repayment of a debt. Furthermore, an amount of € 14 million of the same were pledged against the committed 3-year credit line of € 10 million obtained from CCFS.

Finally, financial costs were accounted for in the period for € 293 thousand, against the upfront fees paid when the bonds were issued, accounted for at amortised cost, in compliance with IAS 39.

To protect the investment of the Bondholders of the so-called notes, the rules governing the bond issue provide for a system of guarantees and restrictions (covenants). In fact, some limitations are envisaged on the financial operations of the Issuer and of its subsidiaries, while leaving the Group the freedom of movement insofar as the operations undertaken contribute, at least potentially, added value and cash flows to the Group. These restrictions consist of limitations on the possibility of incurrence of indebtedness and of making distributions of dividends, investments and some types of payments that fall outside the scope of the so-called Restricted Group payments. Furthermore, there are provisions in relation to the allocation of sums obtained from the transfer of fixed assets, extraordinary operations and transactions with related parties and the issue of collaterals to third parties on corporate assets. The restrictions in question lie not so much in the absolute prohibition on carrying out the abovementioned operations, but rather in checking for compliance with certain financial ratios (incurrence base financial covenants), the presence of certain conditions or a quantitative limit on the performance of the above operations. Finally, periodic disclosure obligations are provided for in relation to the Group's financial position, results of operation and cash flows.

The limits and provisions envisaged in the rules governing the bond issue are in line with the market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that express a state of insolvency, constitute events of default. For the most of them, there is the possibility of remediation within a certain period of time. The event of default relating to the state of insolvency or the absence of remediation of any other events of default are a reason for acceleration, i.e. the forfeiture of the right to the time limit and the early redemption of the bonds. As at the reporting date of these financial statements, no events of default had occurred and the financial covenants, in relation to which no periodic check is required, had been complied with.

*C.C.F.S. loan*

On 6 August 2015, the Parent Company entered into a loan agreement with CCFS of € 10,000 thousand, due August 2018. The loan has a fixed interest rate, net of a spread with quarterly settlement and is backed by a pledge over the Notes for € 14 million.

*Accrued interest expense*

At 31 March 2016, the Group recognised accrued expenses on interest payable of € 4,263 thousand, of which € 4,250 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 2 August 2016. The balance of the latter items includes an amount accrued on the total coupons being paid equal to € 6,021 thousand, net of accrued income of € 1,771 thousand relating to the Notes held on securities accounts.

*Obligations arising from finance lease*

The lease agreements entered into are not secured and refer to the companies MFM S.p.A., Servizi Ospedalieri S.p.A. and Sicura S.p.A.. They refer to motor vehicles and plant and machinery mainly used by Servizi Ospedalieri S.p.A. in the laundering and sterilization production processes.

*Syndicated loans*

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

The balance of this item, equal to € 347 thousand, remained almost unchanged compared to 31 December 2015.

*Options on minority interests in subsidiaries*

The options on minority interests in subsidiaries, recognised to an amount of € 7,250 thousand, fully related to the current value of the Put option held by the minorities of Gruppo Sicura S.r.l. (acquired in 2008 and now merged into Sicura S.p.A.) in relation to 20% of the share capital that is still owned by them.

**Current financial assets**

At 31 March 2016, Current financial assets amounted to € 10,238 thousand (at 31 December 2015: € 5,257 thousand), mainly including:

- › receivables for amounts yet to be collected on disposals of equity investments in previous years for € 8,738 thousand, in conformity to provisions in the agreement;
- › € 1,420 thousand of receivables from short-term loans and financial accounts held with non-consolidated companies belonging to the Group.

## 12. EMPLOYEE TERMINATION INDEMNITY

Changes in employee termination indemnity ("T.F.R.") occurred during the first three months of 2016 are shown below, compared with changes in the same period of the last year.

	For the three months ended	
	31 March 2016	31 March 2015
<b>At 1 January</b>	<b>18,424</b>	<b>21,207</b>
Additions from business combinations		
Service cost	118	112
Interest costs on benefit obligation	90	82
Benefits paid	(370)	(626)
Net actuarial (gains)/ losses recognized in the period		
Other changes	(50)	(2)
<b>AT 31 MARCH</b>	<b>18,212</b>	<b>20,772</b>

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

	For the three months ended	
	31 March 2016	31 March 2015
Current service cost	118	112
Interest costs on benefits obligation	90	82
<b>Net cost of the benefits recognized in the statement of profit or loss</b>	<b>208</b>	<b>193</b>
Net actuarial (gains)/ losses recognized in the period	0	0
<b>TOTAL COST OF THE BENEFIT</b>	<b>208</b>	<b>193</b>

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 three months ended	
	31 March 2016	31 March 2015
Executives	59	56
Office workers	1,282	1,445
Manual workers	15,129	14,611
<b>AVERAGE STAFF</b>	<b>16,469</b>	<b>16,112</b>

The average number of leased employees provided to the Group by Manutencoop Società Cooperativa was equal to no. 480 units at 31 March 2016 (31 March 2015: no. 541 units).

### 13. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 31 March 2016:

	Risks on investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Restructuring	Bonuses	Other provisions	Total
<b>At 1 January 2016</b>	<b>65</b>	<b>8,157</b>	<b>57,717</b>	<b>478</b>	<b>192</b>	<b>4,254</b>	<b>1,326</b>	<b>1,064</b>	<b>73,253</b>
Accruals	2	198	152						353
Utilizations (payments)		(298)	(688)			(836)		(30)	(1,852)
Unused and reversed			(141)				(4)		(145)
Other									
<b>At 31 March 2016</b>	<b>67</b>	<b>8,057</b>	<b>57,041</b>	<b>478</b>	<b>192</b>	<b>3,419</b>	<b>1,322</b>	<b>1,034</b>	<b>71,609</b>
<i>At 31 March 2016:</i>									
Current	67	7,785	330	478		3,419	1,322	55	13,456
Non-current		272	56,711		191			979	58,153
<i>At 31 December 2015:</i>									
Current	65	7,885	432	478		4,254	1,326	75	14,515
Non-current		272	57,285		192			989	58,738

#### *Provision for risks on investments*

The item, amounting to € 67 thousand as at 31 March 2016, includes the provision for unrecoverable future losses of Group companies and fully related to the subsidiary Alisei S.r.l. in liquidation.



#### *Provision for risks on job orders*

This provision includes, at consolidated level:

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

The year-end balance was equal to € 8,057 thousand, against accruals of € 198 thousand, in addition to uses, releases and other changes that entailed a decrease of € 298 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 other. During the period ended 31 March 2016 the provision reported increases for accruals totalling € 152 thousand and decreases for uses, releases and other changes of € 828 thousand.

Accruals were mainly recognized to cover risks of Servizi Ospedalieri S.p.A. for € 100 thousand. Utilization and reversal in the period, totalling € 828 thousand, refer to the provisions recorded in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties.

On 20 January 2016 the Competition Authority (the “Authority”), considered that it had found a breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 and levied a fine of € 48,510 thousand against the parent company MFM S.p.A., which rejects the arguments on which the charge was based and will lodge an appeal against the Authority’s order with the Lazio Regional Administrative Court (*Tribunale Amministrativo Regionale, TAR*), at the same time submitting an interim application to stay the payment of the fine.

The Directors have obtained the opinion of the Company’s lawyers and continue to place reliance on the case for the defence but advise a conservative approach in calculating the estimate of the amount to recognise in the accounts for this dispute, in which they see some uncertain factors. Therefore, in view of the uncertainty surrounding the final outcome of the hearing at which the merits of the case are to be considered, they decided that setting aside the amount of the fine in full is the solution which is the most coherent with the requirements of IAS 37 for the purposes of recognising provisions for risks and charges. Additional risks associated with measures that could take CONSIP against possible reject of the appeal against the Authority’s order, as described in Note 32 (Commitments and contingent liabilities) were considered by Management as possible but not probable.

#### *Severance provision*

This provision relates to the amounts due for severance and employee redundancy costs, as part of the restructuring plans implemented by some Group companies over the last few years. At 31



December 2015 the Group had recognized provisions totalling € 4,254 thousand (of which € 3,285 thousand in MFM S.p.A., € 704 thousand in Telepost S.p.A. and € 266 thousand in Servizi Ospedalieri S.p.A.). In 2016 there were uses of € 836 thousand (€ 748 thousand of which in MFM S.p.A.).

#### *Provision for bonuses*

This provision includes accrual for future payments in relation to the bonus system adopted by the Group in favour of the top and middle management. As early as in the course of 2014 this incentive plan was not applied and, therefore, there was an allocation of the residual amounts only until 31 December 2015.

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

The table below sets forth the breakdown of the item as at 31 March 2016 and 31 December 2015:

	31 March 2016	of which to related parties	31 December 2014	of which to related parties
Trade payables	330,309		345,833	
<b>Trade payables to third parties</b>	<b>330,309</b>	<b>0</b>	<b>345,833</b>	
Trade payables to Manutencoop Cooperativa	2,390	2,390	6,421	6,421
Trade payables to associates within 12 months	16,487	16,487	17,016	17,016
<b>Trade payables to related parties</b>	<b>18,877</b>	<b>18,877</b>	<b>23,437</b>	<b>23,437</b>
Advances from customers and payables for work to be performed	12,120		10,945	
<b>TRADE PAYABLES AND ADVANCES FROM CUSTOMERS</b>	<b>361,306</b>	<b>18,877</b>	<b>380,215</b>	<b>23,437</b>
Payables to directors and statutory auditors	366		552	
Tax payables	8,980		12,148	
Payables to social security within 12 months	7,503		8,282	
Other payables to TJA ("Associazione temporanea di Imprese")	4,787		10,477	
Payables to employees within 12 months	55,935		48,875	
Other payables within 12 months	11,231		10,292	
Property collection on behalf of customers	2,176		2,176	
<b>Other current operating payables to third parties</b>	<b>90,978</b>	<b>0</b>	<b>92,802</b>	
Other current payables to Manutencoop Cooperativa	80	80	131	131
Other payables to associates	234	234	462	462
<b>Other current operating payables to the related parties</b>	<b>314</b>	<b>314</b>	<b>593</b>	<b>593</b>
Accrued expenses	10		10	
Deferred income	1,173		1,167	
<b>Accrued expenses and deferred income</b>	<b>1,183</b>	<b>0</b>	<b>1,177</b>	
<b>OTHER CURRENT LIABILITIES</b>	<b>92,475</b>	<b>314</b>	<b>94,572</b>	<b>593</b>



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 payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for deferred VAT payments settled at the moment of collection of the related trade receivables.

Trade payables and advances from customers as at 31 March 2015 amounted to € 361,306 thousand, against a balance of € 380,215 thousand at 31 December 2015.

*Other current operating payables* showed a balance of € 92,475 at 31 March 2016 and are mainly made up of the following items:

- › payables to employees of € 55,935 thousand, including the current monthly salaries to be paid in the months after the closing of the financial year, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid 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 € 7,503 thousand;
- › payables due to tax authorities for € 8,980 thousand, mainly related to the balance of the VAT payables due from subsidiaries of the Group and the payable relating to the employees' IRPEF personal income tax (€ 12,148 thousand at 31 December 2015);
- › collections on behalf of Temporary Associations of Companies for € 4,787 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 10,477 thousand at 31 December 2015).

## 15. COMMITMENTS AND CONTINGENT LIABILITIES

### *Financial leasing*

The Group signed financial leases primarily for plant and machinery used in the production processes of the Laundering&Sterilization SBU and for motor vehicles. The table below details the amount of future rental fees deriving from financial leases and the current value of these fees:

	31 March 2016		31 December 2015	
	Rental fees	Current value of rental fees	Rental fees	Current value of rental fees
Within one year	613	555	632	564
From one year to five years	789	755	929	888
After five years	15	15	33	32

	31 March 2016		31 December 2015	
	Rental fees	Current value of rental fees	Rental fees	Current value of rental fees
<b>TOTAL LEASE FEES</b>	<b>1,417</b>	<b>1,326</b>	<b>1,593</b>	<b>1,484</b>
Financial charges	(92)		(109)	
<b>CURRENT VALUE OF LEASE FEES</b>	<b>1,326</b>	<b>1,326</b>	<b>1,484</b>	<b>1,484</b>

As at 31 March 2016, the Group granted sureties to third parties for:

- › guarantees in favour of associates amounting to € 18,544 thousand (31 December 2015: € 21,027 thousand);
- › other sureties granted to third parties: i) to ensure the correct fulfilment of contract obligations in place with customers amounting to € 229,481 thousand (31 December 2015: € 237,556 thousand) ii) to replace security deposits required to activate utilities or for lease contracts, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 1,967 thousand (31 December 2015: € 2,098 thousand);
- › guarantees in favour of Factoring Agencies amounting to € 2,104 thousand (31 December 2015: € 2,104 thousand), to ensure correct fulfilment of factoring contracts;
- › guarantees in favour of Factoring Agencies amounting to € 2,104 thousand (31 December 2014: € 2,104 thousand), to ensure correct fulfilment of factoring contracts.

#### *Guarantees given within the bond issue*

The Parent Company MFM S.p.A. and the subsidiaries Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. have issued, in favour of the bondholders the following collaterals:

- › first-recorded pledge on the shares held by MFM S.p.A. H2H Facility Solutions S.p.A. and in Servizi Ospedalieri S.p.A., equal to 100% of the capital of the same;
- › assignment as security of receivables from private customers claimed by MFM S.p.A. and H2H Facility Solutions S.p.A.. At 31 December 2015 the receivables assigned as security amounted to € 63,103 thousand (€ 75,459 thousand at 31 December 2015);
- › execution of a deed of pledge on the current accounts held with Unicredit S.p.A., which were credited with the amounts collected from private customers assigned as security. The balance of these current accounts at 31 December 2015 was equal to € 6,571 thousand;
- › the release by Servizi Ospedalieri S.p.A. and H2H Facility Solutions S.p.A. of a personal security for an overall maximum amount of € 48,411 thousand and € 16,907 thousand, respectively, at 31 December 2016.



The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 31 March 2016 no events of default had occurred.

## 16. MANAGEMENT OF FINANCIAL RISKS

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

In 2013 the Parent Company issued secured high-yield bond due August 2020, which radically revised the composition of the sources of financing. The bond issue that has been described has then rationalised our debt structure with a view to greater future financial stability that is more consistent with medium- and long-term strategic growth and development targets. The other financial instruments that are traditionally used by the Group Companies are made up of:

- › short-term loans and revolving non-recourse and recourse factoring transactions targeted at funding working capital. During 2015 assignments with recourse were effected with Unicredit Factoring, while in early 2016 a 3-year programme was signed with Banca Farmafactoring for assignments with recourse;
- › the very short-term credit facilities used for contingent cash requirements;
- › medium/long-term loans with a multi-year repayment plan to cover investments in fixed assets and acquisitions of companies and business units.

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

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

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

The table below shows the hierarchy for each class of financial asset measured at fair value at 31 March 2016 and 31 December 2015.

	Hierarchy				Hierarchy			
	31 March 2016	Level 1	Level 2	Level 3	31 December 2015	Level 1	Level 2	Level 3
<b>Financial assets carried at fair value in the income statement</b>								
Financial receivables, securities and other non-current financial assets	162	162			162	162		
- of which securities	162	162			162	162		
<b>Available-for-sale financial assets</b>								
Financial receivables and other current financial assets	0	0			0	0		
- hedging derivatives	0	0			0	0		
- non-hedging derivatives	0	0			0	0		
<b>TOTAL FINANCIAL ASSETS</b>	<b>162</b>	<b>162</b>			<b>162</b>	<b>162</b>		

The other financial assets posted in the Statement of financial position are not measured at fair value.

The Group has no financial liabilities measured at fair value at 31 March 2016 and 31 December 2015.

In 2015 there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset.

The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

### Capital management

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

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

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

	31 March 2016	31 December 2015
Employee termination indemnity	18,212	18,424
Interest-bearing loans	344,939	345,767
Trade payables and advances from customers	361,306	380,215
Other current payables	92,475	94,572
Other current financial liabilities	24,039	14,482
Cash and cash equivalents	(103,850)	(114,391)
Other current financial assets	(10,238)	(5,257)
<b>Total Net Debt</b>	<b>726,883</b>	<b>733,811</b>
Group shareholders' equity	297,250	289,585
Undistributed net profit (loss)	(8,073)	45,412
<b>Total capital</b>	<b>289,177</b>	<b>334,997</b>
<b>EQUITY AND NET DEBT</b>	<b>1,016,060</b>	<b>1,068,808</b>
Indebtedness ratio	71.5%	68.7%

A change was recorded in the debt ratio compared to 31 December 2015 of 2.9%, which was mainly due to a reduction of € 6.9 million, against a decrease in the capital equal to € 45.8 million for the allocation of the 2015 loss to reserves.

## 17. OPERATING SEGMENTS

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

### *Facility Management SBU*

The Facility Management Segment offers a collection of logistic and organizational support services targeted at users of properties and aimed to optimize the management of property-related activities. The so-called "traditional" Facility Management services provided by the MFM Group include the following activities:

- › Cleaning;
- › Technical Services;
- › Landscaping.

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

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

- › design and implementation of redevelopment and adjustment work into 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 include both the planning and implementation of maintenance of properties' green areas, and services for the area.

Starting from 2008, as a consequence of the diversification and horizontal integration strategy, the Group expanded its range of services through a series of acquisitions, providing certain specialist facility management services alongside its "traditional" Facility Management services, such as:

- › services related to building security;
- › public lighting services;
- › mail services;
- › document management.

#### *SBU Laundering&Sterilization*

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

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

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

#### *SBU Other*

The Other activities SBU includes all the remaining activities of the Group and until 31 December 2015 it included the building activities relating to construction projects only, not particularly significant in respect of total Group production, also carried out on behalf of other Manutencoop

## INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

Group companies. The SBU operated through MACO S.p.A. and other minor investee companies. With effect from 1 January 2016, MACO S.p.A. was merged into MFM S.p.A..

The following table shows the economic results by segment for the periods ended 31 March 2016 and 31 March 2015:

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
Segment revenues	209,051	33,352		(707)	241,696
Segment costs	(192,762)	(29,752)		707	(221,806)
<b>Operating income (loss) by segment</b>	<b>16,290</b>	<b>3,600</b>		<b>0</b>	<b>19,890</b>
Share of net profit of associates	839	32			871
Net financial income (charges)					(7,076)
<b>Profit (loss) before taxes</b>					<b>13,685</b>
Income taxes					(5,782)
<b>SEGMENT LIABILITIES AT 31 MARCH 2016</b>					<b>7,903</b>

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
Segment revenues	215,193	34,496	1,895	(868)	250,716
Segment costs	(200,042)	(31,614)	(1,826)	868	(232,615)
<b>Operating income (loss) by segment</b>	<b>15,151</b>	<b>2,882</b>	<b>68</b>	<b>0</b>	<b>18,101</b>
Share of net profit of associates	988	31			1,019
Net financial income (charges)					(8,377)
<b>Profit (loss) before taxes</b>					<b>10,744</b>
Income taxes					(5,332)
Profit (loss) from discontinued operations	(243)				(243)
<b>NET PROFIT (LOSS) FOR THE YEAR ENDED 31 MARCH 2015</b>					<b>5,169</b>

Below are reported the data related to assets and liabilities by operating segments of the Group at 31 March 2016 and 31 December 2015.

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
<b>Assets allocated to the segment</b>	<b>537,854</b>	<b>129,229</b>		<b>(2,277)</b>	<b>664,806</b>
Goodwill	358,693	11,763			370,456
Investments	26,137	6,108			32,245
Other assets not allocated and related taxes					159,444
<b>SEGMENT ASSETS AT 31 MARCH 2016</b>	<b>922,864</b>	<b>147,101</b>		<b>(2,277)</b>	<b>1,226,951</b>



	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
<b>Liabilities allocated to the segment</b>	<b>490,017</b>	<b>55,863</b>		<b>(2,277)</b>	<b>543,603</b>
Other liabilities not allocated and related taxes					385,888
<b>SEGMENT LIABILITIES AT 31 MARCH 2016</b>	<b>490,017</b>	<b>55,863</b>		<b>(2,277)</b>	<b>929,491</b>

	Facility Management	Laundering & Sterilization	Other Activities	Eliminations	Total
<b>Assets allocated to the segment</b>	<b>520,986</b>	<b>125,939</b>	<b>822</b>	<b>(2,275)</b>	<b>645,472</b>
Goodwill	358,693	11,763			370,456
Investments	25,058	6,076	852		31,986
Assets held for sale					
Other assets not allocated and related taxes					179,960
<b>SEGMENT ASSETS AT 31 DECEMBER 2015</b>	<b>904,737</b>	<b>143,778</b>	<b>1,673</b>	<b>(2,275)</b>	<b>1,227,874</b>
<b>Liabilities allocated to the segment</b>	<b>507,842</b>	<b>59,179</b>	<b>1,719</b>	<b>(2,275)</b>	<b>566,466</b>
Other liabilities not allocated and related taxes					371,443
<b>SEGMENT LIABILITIES AT 31 DECEMBER 2015</b>	<b>507,842</b>	<b>59,179</b>	<b>1,719</b>	<b>(2,275)</b>	<b>937,909</b>

## 18. RELATED PARTIES TRANSACTIONS

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

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

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies.

The Parent Company also has some administrative, financial and lease service contracts in place with its parent company Manutencoop Società Cooperativa.

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



- › e-Digital Solutions S.r.l. signed a contract with associate Roma Multiservizi S.p.A. on the basis of which it is committed to providing an Information System service. The contract, expiring on 31 December 2017, makes provision for an annual consideration of € 815 thousand.
- › Manutencoop Cooperativa sub-leased to MFM S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The duration of the lease has a 5-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 1,722 thousand, to be paid in 12 monthly instalments. The contract is now being renewed.
- › The affiliate company Manutencoop Immobiliare S.p.A. leased to Sicura S.r.l. Group the property located in Vicenza (VI), at via Zamenhof 363, for use as offices/warehouse. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 390 thousand, to be paid in 12 monthly instalments.
- › The affiliate company Manutencoop Immobiliare S.p.A. leased to MFM S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The duration of the lease has a 6-year term and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 348 thousand, to be paid in 12 monthly instalments.
- › On 6 July 2007, MFM S.p.A. signed a framework agreement with its parent company, Manutencoop Cooperativa, in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to MFM S.p.A, pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not provide rights to third parties, MFM and the parent company Manutencoop Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and resolving said contracts.
- › Manutencoop Cooperativa is committed, on the basis of contracts stipulated with the individual companies of the MFM Group, to preparing pay packets.
- › MFM S.p.A. signed agreements with Manutencoop Cooperativa and its subsidiaries, for the provision of tax consultancy services.

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

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

## 19. SUBSEQUENT EVENTS

On 4 May 2016 MFM S.p.A. was formally informed by Telecom Italia that it did not intend to exercise its right of withdrawal from its contract with MFM S.p.A. (concerning hygiene and other Facility Management services) as it had warned it would do on 19 February 2016; therefore the contracts will continue until their original expiry date.

Zola Predosa, 13 May 2016

**The Chairman of the Management Board**

Guido Maria Luigi Dealessi

## ANNEX I

### GROUP COMPANIES

#### PARENT COMPANY

Name	Registered Office	City
Manutencoop Facility Management S.p.A.	Via Poli no. 4	Zola Predosa (BO)

#### SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% held	Type
CO.GE.F. Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	80%	Subsidiary
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	66.66%	Subsidiary
Consorzio Servizi Toscana Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Evimed S.r.l.	Via Zamenhof 363	Vicenza	90%	Subsidiary
e-Digital Services S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
Ferraria Soc. cons. a r.l.	Via Poli 4	Zola Predosa (BO)	69%	Subsidiary
Global Oltremare Soc.Cons. r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
H2H Facility Solutions S.p.A.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
ISOM Lavori Soc. Cons.rl	Via Poli 4	Zola Predosa (BO)	62.71%	Subsidiary
ISOM Gestione Soc. Cons.rl	Via Poli 4	Zola Predosa (BO)	52.97%	Subsidiary
KANARIND Soc. Cons.rl	Via Poli 4	Zola Predosa (BO)	62.43%	Subsidiary
Leonardo S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
Logistica Sud Est Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Manutencoop International FM S.r.l.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary
MCF servizi Integrati Soc. cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Palmanova Servizi Energetici Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Protec S.r.l.	Via Zamenhof 363	Vicenza	100%	Subsidiary
S.AN.CO S.c.a.r.l.	Via A. Saffi. 51	Bologna	100%	Subsidiary
S.AN.GE S.c.a.r.l.	Viale Piero Alberto Pirelli 21	Milan	89%	Subsidiary
San Gerardo Servizi Soc. Cons. r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Servizi Brindisi Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	52%	Subsidiary
Servizi l'Aquila Soc. Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60%	Subsidiary
Servizi Ospedalieri S.p.A.	Via Calvino 33	Ferrara	100%	Subsidiary
Servizi Sanitari Sicilia Soc.Cons.a r.l.	Via Calvino 33	Ferrara	70%	Subsidiary
Servizi Taranto Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	60.08%	Subsidiary
Sicura S.p.A.	Via Zamenhof 363	Vicenza	80%	Subsidiary
Telepost S.p.A.	Via Poli 4	Zola Predosa (BO)	100%	Subsidiary

# JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% held	Type
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Joint Venture
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11.900 Zona A.s.i. Aversa Nord	Carinaro (CE)	60%	Joint Venture
CO. & MA. Soc. Cons. a r.l.	Via del Parco n. 16	Tremestieri Etneo (CT)	50%	Joint Venture
DUC Gestione Sede Unica Soc.cons.r.l.	Via Poli 4	Zola Predosa (BO)	49%	Joint Venture
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi. Bilkent Plaza. A3 Blok. n. 4	Çankaya/ Ankara	50%	Joint Venture
Legnago 2001 Soc.cons.r.l.	Via Poli 4	Zola Predosa (BO)	50%	Joint Venture
Malaspina Energy Soc.cons.r.l.	Via Varesina 118	Lurate Caccivio (CO)	50%	Joint Venture
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri 93	Rome	50%	Joint Venture

# ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% held	Type
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	In liquidation
Bologna Gestione Patrimonio Soc.Cons. r.l.	Via della Cooperazione 9	Bologna	27.58%	Associate
Bologna Global Strade Soc.Cons. r.l.	Via Zanardi n372	Bologna	51%	Associate
Bologna Multiservizi Soc.Cons. r.l.	Via Del Lavoro 23/4	Casalecchio di Reno (BO)	39%	Associate
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido 182/2	Bologna	25.68%	In liquidation
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano 22	Imola (BO)	60%	In liquidation
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi 2	Como	30%	Associate
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati 84	Padua	60%	Associate
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	In liquidation
F.Ili Bernard S.r.l.	Stradella Aquedotto 21	Bari	20%	Associate
Gico System S.r.l.	Via Finelli 8	Calderara di Reno (BO)	20%	Associate
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	42.40%	In liquidation
Global Riviera Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	30.66%	Associate
Global Vicenza Soc.Cons. a r.l.	Via Grandi 39	Concordia Sulla Secchia (MO)	41.25%	Associate
Gymnasium Soc.Cons. r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	68%	In liquidation
GRID Modena S.r.l.	Via Divisione Acqui. 129	Modena (MO)	23%	Associate
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi 18	Turin	24.75%	Associate
Livia Soc.Cons. a r.l. in liquidation	Via Roma 57/B	Zola Predosa (BO)	34.10%	In liquidation
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Associate
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Associate
Palazzo della Fonte S.c.p.a.	Via Calamandrei. 255	Arezzo (AR)	33.30%	Associate
Progetto ISOM S.p.A.	Via Poli 4	Zola Predosa (BO)	36.98%	Associate
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Associate
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Associate
Savia Soc.Cons. a r.l.	Via B. Vanzetti 1	Forlì	49.11%	Associate
Società Consortile Adanti Manutencoop a r.l.in liquidation	Via Poli 4	Zola Predosa (BO)	50%	In liquidation



## INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

Name	Registered Office	City	% held	Type
Serena S.r.l. in liquidation	Via Poli 4	Zola Predosa (BO)	50%	In liquidation
Se.Ste.Ro S.r.l.	Via San Pietro 59/B	fraz. Castellina - Soragna (PR)	25%	Associate
Servizi Napoli 5 Soc.Cons. a r.l.	Via Poli 4	Zola Predosa (BO)	45%	Associate
Servizi Sanitari Treviso Soc.Cons.a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Associate
Sesamo S.p.A.	Via C. Pisacane 2	Carpi (MO)	20.91%	Associate
Simagest 2 Soc. Cons. a r.l in liquidation	Via Poli 4	Zola Predosa (BO)	90%	In liquidation
Simagest 3 Soc. Cons. a r.l in liquidation	Via Poli 4	Zola Predosa (BO)	89.99%	In liquidation
Synchron Nuovo San Gerardo S.p.A.	Via Poli 4	Zola Predosa (BO)	35.82%	Associate
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi 18	Turin	25%	Associate
Tower Soc.Cons. a r.l. in liquidation	Via Zanardi 372	Bologna	20.17%	Associate

## ANNEX II

VALUATION OF INVESTMENTS  
USING THE EQUITY METHOD

	%	Net Book Value, December 31, 2015	Changes of the period				Net Book Value, March 31, 2016	Book value	Investment Provision
			Additions/Disposals	Dividends	Share of net profit / Write-downs	Provisions			
Alisei s.r.l. in liquidation	100%	(65)				(2)	(67)		(67)
A.M.G. S.r.l.	50%	2,257			34		2,292	2,292	
Bologna Gestione Patrimonio	27.58%	6					6	6	
Bologna Global Strade Soc. Cons. a r.l.	51%	0	51				51	51	
Bologna Multiservizi Soc.Cons. a r.l.	39%	4					4	4	
Bologna Più Soc.Cons. a R.L.	25.68%	5					5	5	
Cardarelli Soc.Cons. a r.l.	60%	5					5	5	
Co. & Ma. Soc.Cons. a r.l.	50%	5					5	5	
Como Energia Soc.Cons. a R.L.	30%	11					11	11	
Consorzio Imolese Pulizie Soc. Cons. a r.l. in liquidation	60%	6					6	6	
Consorzio Polo sterilizzazione Integrata	60%	23					23	23	
Consorzio Sermagest in liquidation	60%	0					0	0	
DUC Gestioni Soc.Cons. a r.l.	49%	10					10	10	
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	50%	391					391	391	
F.Ili Bernard S.r.l.	20%	1,239			20		1,260	1,260	
GICO Systems S.r.l.	20%	79			40		120	120	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4					4	4	
Global Riviera Soc.Cons. a r.l.	30.66%	9					9	9	
Global Vicenza Soc.Cons. a r.l.	41.25%	4					4	4	
Gymnasium soc. Cons. A r.l. in liquidation	68%	7					7	7	
GRID Modena S.r.l.	23%	24					24	24	
IPP S.r.l.	25%	434			(23)		412	412	

INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

	%	Net Book Value, December 31, 2015	Changes of the period					Net Book Value, March 31, 2016	Book value	Investment Provision
			Additions/Disposals	Dividends	Share of net profit / Write-downs	Provision	Reserves			
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
LIVIA Soc. Cons. a r.l.	34.10%	3						3	3	
Logistica Ospedaliera Soc. Cons. a r.l.	45%	5						5	5	
Malaspina Energy Soc. Cons. a r.l.	50%	50						50	50	
Newco DUC Bologna S.p.A.	24.90%	387			(16)		(470)	(100)	(100)	
Palazzo della Fonte S.c.p.a.	33.30%	8,000						8,000	8,000	
Progetto ISOM S.p.A.	36.98%	1,143			(39)		64	1,169	1,169	
ROMA Multiservizi S.p.A.	45.47%	6,540			660			7,200	7,200	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	5						5	5	
Società Consortile Adanti										
Manutencoop a r.l. in liquidation	50%	10						10	10	
SE.SA.MO. S.p.A.	20.91%	1,724			117			1,841	1,841	
Se.Ste.Ro S.r.l.	25%	139						139	139	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sanitari Treviso (SE.SA.TRE)	40%	8						8	8	
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Synchron Nuovo San Gerardo S.p.A.	35.82%	4,808			77			4,885	4,885	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000						1,000	1,000	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
<b>NET BOOK VALUE</b>		<b>28,419</b>	<b>51</b>	<b>0</b>	<b>871</b>	<b>(2)</b>	<b>(406)</b>	<b>28,993</b>	<b>29,000</b>	<b>(67)</b>



## ANNEX III

## RELATED PARTY TRANSACTIONS

## PARENT COMPANY

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Manutencoop	31-Mar-15	45	8,568			31-Dec-15	74	18,384	6,421	145
Società Cooperativa	31-Mar-16	29	7,208	1	501	31-Mar-16	44	9,392	2,390	3,144

## ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Alisei s.r.l. in liquidation	31-Mar-15					31-Dec-15	3			1
	31-Mar-16					31-Mar-16	3			1
AMG S.r.l.	31-Mar-15		63	1		31-Dec-15	19	502	162	
	31-Mar-16		62			31-Mar-16	2	500	143	
Bologna Gestione Patrimonio Soc.Cons. a r.l.	31-Mar-15	16	33			31-Dec-15	175		50	
	31-Mar-16					31-Mar-16	175		50	
Bologna Multiservizi Soc.Cons. a r.l.	31-Mar-15					31-Dec-15	195		1,619	
	31-Mar-16		23			31-Mar-16	195		1,317	
Bologna Più Soc.Cons. a r.l. in liquidation	31-Mar-15					31-Dec-15	(2)	39	13	
	31-Mar-16					31-Mar-16	(2)	29	13	
Bologna Global Strade Soc. Cons. a r.l.	31-Mar-15					31-Dec-15				
	31-Mar-16	45	289			31-Mar-16	45		289	
Cardarelli Soc. Cons. a r.l.	31-Mar-15		458			31-Dec-15			1,042	
	31-Mar-16		300			31-Mar-16			740	
Como Energia Soc.Cons. a r.l.	31-Mar-15		352			31-Dec-15			900	
	31-Mar-16		312			31-Mar-16			699	
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Mar-15					31-Dec-15	49	36	48	
	31-Mar-16					31-Mar-16	49	36	48	
Consorzio Leader Soc. Cons. a r.l. in liquidation	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16				
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16				
CO.& MA. Soc. Cons. a	31-Mar-15	90	329			31-Dec-15	360	20	2,287	

INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
r.l.	31-Mar-16	90	388			31-Mar-16	150	20	870	
DUC Gestione Sede	31-Mar-15	1,343	679			31-Dec-15	5,799		997	
Unica Soc. Cons. a r.l.	31-Mar-16	1,698	781			31-Mar-16	7,037		1,252	(137)
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	31-Mar-15	5			10	31-Dec-15	188	2	54	267
	31-Mar-16	15				31-Mar-16	203	2	30	267
Fr.Ili Bernard s.r.l.	31-Mar-15	3				31-Dec-15	58	50		
	31-Mar-16	3				31-Mar-16	61	50		
Gestlotta 6 Soc. cons. a r.l in liquidation	31-Mar-15		3			31-Dec-15				
	31-Mar-16					31-Mar-16				
Gico Systems S.r.l.	31-Mar-15		79			31-Dec-15	9		624	
	31-Mar-16	2	74			31-Mar-16	8		224	(25)
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Mar-15					31-Dec-15	25	70	18	
	31-Mar-16					31-Mar-16	25	70	18	
Global Riviera Soc.Cons.a r.l.	31-Mar-15		3			31-Dec-15	55		(105)	
	31-Mar-16		3			31-Mar-16	55		(101)	
Global Vicenza Soc.Cons. a r.l.	31-Mar-15	65	558			31-Dec-15	34	570	933	
	31-Mar-16	59	615			31-Mar-16	100	570	1,373	
Grid Modena S.r.l.	31-Mar-15		12			31-Dec-15	2			
	31-Mar-16					31-Mar-16	2			
Gymnasium Soc. cons. a r.l in liquidation	31-Mar-15					31-Dec-15	1	7	33	5
	31-Mar-16					31-Mar-16	1	7	33	5
HEADMOST in liquidation	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16				
IPP S.r.l.	31-Mar-15	97	87			31-Dec-15	313	60	152	
	31-Mar-16	106	49			31-Mar-16	310	59	99	(2)
Legnago 2001 Soc. Cons. r.l.	31-Mar-15		1			31-Dec-15	216		84	
	31-Mar-16		1			31-Mar-16	216		85	
Livia Soc. cons. a r.l.	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16				(5)
Logistica Ospedaliera Soc. Cons. a r.l.	31-Mar-15		104			31-Dec-15			140	
	31-Mar-16		113			31-Mar-16			158	
Malaspina Energy Soc. Cons. a r.l.	31-Mar-15		11	14		31-Dec-15	1,047	180	91	
	31-Mar-16		1	1		31-Mar-16	1,047	181	91	
Newco DUC Bologna S.p.A	31-Mar-15					31-Dec-15			25	
	31-Mar-16		4			31-Mar-16			29	
Palazzo della Fonte S.c.p.a.	31-Mar-15	569				31-Dec-15	723			
	31-Mar-16	616				31-Mar-16	816			
P.B.S. Soc.Cons. a r.l. in liquidation	31-Mar-15					31-Dec-15		1		
	31-Mar-16					31-Mar-16				
Progetto ISOM S.p.A.	31-Mar-15	59	25	3		31-Dec-15	13,630	1,802	131	
	31-Mar-16	64	13	30		31-Mar-16	14,502	1,832	145	893
Progetto Nuovo	31-Mar-15	43		25		31-Dec-15				

INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Sant'Anna S.r.l.	31-Mar-16					31-Mar-16				
Roma Multiservizi S.p.A.	31-Mar-15	395	513			31-Dec-15	516		1,330	462
	31-Mar-16	380	444		(4)	31-Mar-16	449		1,217	299
San Martino 2000 Soc.Cons. r.l.	31-Mar-15	440	860			31-Dec-15	717		675	
	31-Mar-16	406	840			31-Mar-16	1,383		1,376	
Savia Soc. Cons. a r.l.	31-Mar-15		260			31-Dec-15	18		965	
	31-Mar-16					31-Mar-16	18		651	7
Serena S.r.l. - in liquidation	31-Mar-15					31-Dec-15		3	1	
	31-Mar-16					31-Mar-16		3		
Servizi Luce Soc. Cons. a r.l.	31-Mar-15	4	453			31-Dec-15	339		(93)	
	31-Mar-16					31-Mar-16				
Servizi Marche Soc. Cons. r.l. in liquidation	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16				
Servizi Napoli 5 Soc.Cons. a r.l.	31-Mar-15	362	321			31-Dec-15	2,076		1,287	
	31-Mar-16	31	317			31-Mar-16	2,111		1,603	
Se.Sa.Mo. S.p.A.	31-Mar-15	1,283		5		31-Dec-15	2,608	606	6	
	31-Mar-16	1,298		7		31-Mar-16	2,926	613	6	
SESATRE S.cons. a r.l.	31-Mar-15	4	1,082	5		31-Dec-15	(14)	1,221	1,475	
	31-Mar-16	4	1,113	3		31-Mar-16	(9)	1,204	2,249	
Se.Ste.Ro S.r.l.	31-Mar-15	2	113			31-Dec-15	46		921	
	31-Mar-16					31-Mar-16	46		833	53
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Mar-15					31-Dec-15	20	75	4	2
	31-Mar-16					31-Mar-16	20	75	4	2
S.I.MA.GEST3 Soc. Cons. r.l. in liquidation	31-Mar-15					31-Dec-15			3	
	31-Mar-16					31-Mar-16			3	
Società Consortile Adanti Manutencoop in liquidation	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16	12		11	
Steril Piemonte Soc. cons. a.r.l.	31-Mar-15		188	1		31-Dec-15	11	578	334	
	31-Mar-16		183			31-Mar-16	10	575	425	42
Synchron Nuovo San Gerardo S.p.A.	31-Mar-15	2,104	16			31-Dec-15	7,915	2,123	646	
	31-Mar-16	1,220	18	43		31-Mar-16	9,057	2,206	506	(2)
Tower Soc.Cons. a r.l. in liquidation	31-Mar-15					31-Dec-15		11		
	31-Mar-16					31-Mar-16	33	17	(11)	

# INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016

## SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Cerpac S.r.l. in liquidation	31-Mar-15					31-Dec-15	1			
	31-Mar-16					31-Mar-16	1			
Manutencoop Immobiliare S.p.A.	31-Mar-15	3	620			31-Dec-15	6		114	
	31-Mar-16	3	622			31-Mar-16	3		1	(71)
Nugareto Società Agricola Vinicola S.r.l.	31-Mar-15	1	2			31-Dec-15	8		39	
	31-Mar-16	7	(1)			31-Mar-16	13		(2)	
Segesta servizi per l'Ambiente S.r.l.	31-Mar-15	4				31-Dec-15	9			
	31-Mar-16	4				31-Mar-16	14			

## ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
Consorzio Karabak Società Cooperativa	31-Mar-15	19				31-Dec-15	11		2	
	31-Mar-16	22				31-Mar-16	21		2	
Consorzio Karabak 2 Società Cooperativa	31-Mar-15	1				31-Dec-15			1	
	31-Mar-16	1				31-Mar-16				
Consorzio Karabak 3 Società Cooperativa	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16				
Consorzio Karabak 4 Società Cooperativa	31-Mar-15					31-Dec-15				
	31-Mar-16					31-Mar-16		0	1	
Consorzio Karabak 6 Società Cooperativa	31-Mar-15					31-Dec-15		1		
	31-Mar-16					31-Mar-16				
Sacoa S.r.l.	31-Mar-15	24				31-Dec-15	50		8	
	31-Mar-16	18				31-Mar-16	52		8	

		Revenues	Costs	Financial income	Financial expenses		Trade receivables	Financial assets and other	Trade payables	Financial liabilities and other
TOTAL	31-Mar-15	6,981	15,793	54	10	31-Dec-15	37,310	26,340	23,437	882
	31-Mar-16	6,121	13,772	85	497	31-Mar-16	41,204	17,441	18,877	4,471

## ANNEX IV

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

	For the quarter ended 31 March			
	2016		2015	
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>114,391</b>		<b>113,382</b>
<b>CASH FLOW FROM CURRENT OPERATIONS:</b>		<b>21,065</b>		<b>18,619</b>
<i>Profit before taxes for the period</i>	13,685		10,421	
<i>Profit (loss) from discontinued operation</i>	0		(243)	
<i>Capital gain on disposal of discontinued operation</i>	0		41	
<i>Other impairment on discontinued operations</i>	0		121	
<i>Amortization, depreciation, write-downs and (write-backs) of assets</i>	7,151		7,924	
<i>Accrual (reversal) of provisions for risks and charges</i>	208		1,617	
<i>Employee termination indemnity provision</i>	208		191	
<i>Share of net profit of associates, net of dividends collected</i>	(871)		(1,020)	
<i>Financial charges (income) for the period</i>	7,076		8,264	
<i>Net interest received (paid) in the period</i>	(12,519)		(15,965)	
<i>Income tax paid in the period</i>	9,875		(433)	
<b>Reclassifications:</b>				
<i>Non-cash net financial charges accounted for under the Statement of profit or loss</i>	5,723		7,702	
<i>Cash flow from the assignment of tax receivables without recourse under tax consolidation, included under changes in other operating assets</i>	(9,471)			
<b>USES OF PROVISIONS FOR RISKS AND CHARGES AND PAYMENTS OF THE EMPLOYEE TERMINATION INDEMNITY:</b>		<b>(2,275)</b>		<b>(3,049)</b>
<i>Payments of Employee termination indemnity</i>	(423)		(626)	
<i>Utilization of provisions</i>	(1,852)		(2,423)	
<b>CHANGE IN ADJUSTED NWOC:</b>		<b>(39,237)</b>		<b>(19,141)</b>
<i>Decrease (increase) of inventories</i>	185		(126)	
<i>Decrease (increase) of trade receivables</i>	(20,514)		(16,340)	
<i>Increase (decrease) of trade payables and advances from customers</i>	(18,909)		(2,719)	
<b>Adjustments:</b>				
<i>Change in the amount of trade receivables assigned without recourse to Factoring agencies and not yet collected by the latter</i>	1		44	
<b>INDUSTRIAL AND FINANCIAL CAPEX:</b>		<b>863</b>		<b>(4,904)</b>
<i>(Purchase of intangible assets, net of sales)</i>	(1,042)		(729)	

INTERIM REPORT ON OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2016



	For the quarter ended 31 March			
	2016		2015	
<i>(Purchase of property, plant and equipment)</i>	(2,928)		(4,354)	
<i>Proceeds from sales of property, plant and equipment</i>	158		78	
<i>(Acquisition of investments)</i>	(197)		0	
<i>Decrease (increase) of financial assets</i>	(108)		431	
<i>Discontinuing activities</i>	0		50	
<b>Reclassifications:</b>				
<i>Change in current financial assets, to be included in Net Financial Liabilities</i>	4,981		(380)	
<b>CHANGE IN ADJUSTED NET FINANCIAL LIABILITIES:</b>		<b>3,747</b>		<b>(7,832)</b>
<i>Net proceeds from/(reimburse of) borrowings</i>	14,452		(466)	
<b>Adjustments:</b>				
<i>Change in the amount of receivables assigned without recourse to Factoring agencies and not yet collected by the latter</i>	(1)		(44)	
<b>Reclassifications:</b>				
<i>Non-cash net financial charges accounted for under the Statement of Profit or Loss</i>	(5,723)		(7,702)	
<i>Change in current financial assets, to be included in Net Financial Liabilities</i>	(4,981)		380	
<b>OTHER CHANGES:</b>		<b>5,295</b>		<b>(13,245)</b>
<i>Decrease (increase) of other current assets</i>	(2,093)		3,130	
<i>Increase (decrease) of other current liabilities</i>	(2,083)		(16,375)	
<b>Reclassifications:</b>				
<i>Cash flow from the assignment of tax receivables without recourse under tax consolidation, included under changes in other operating assets.</i>	9,471			
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>103,850</b>		<b>83,830</b>

**Manutencoop Facility Management S.p.A.**

Registered office: Zola Predosa (BO)

Via U. Poli no. 4

F.C.– VAT – Bologna Register of Companies

no. 02402671206

Share Capital: € 109,149,600.00 fully paid-up

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