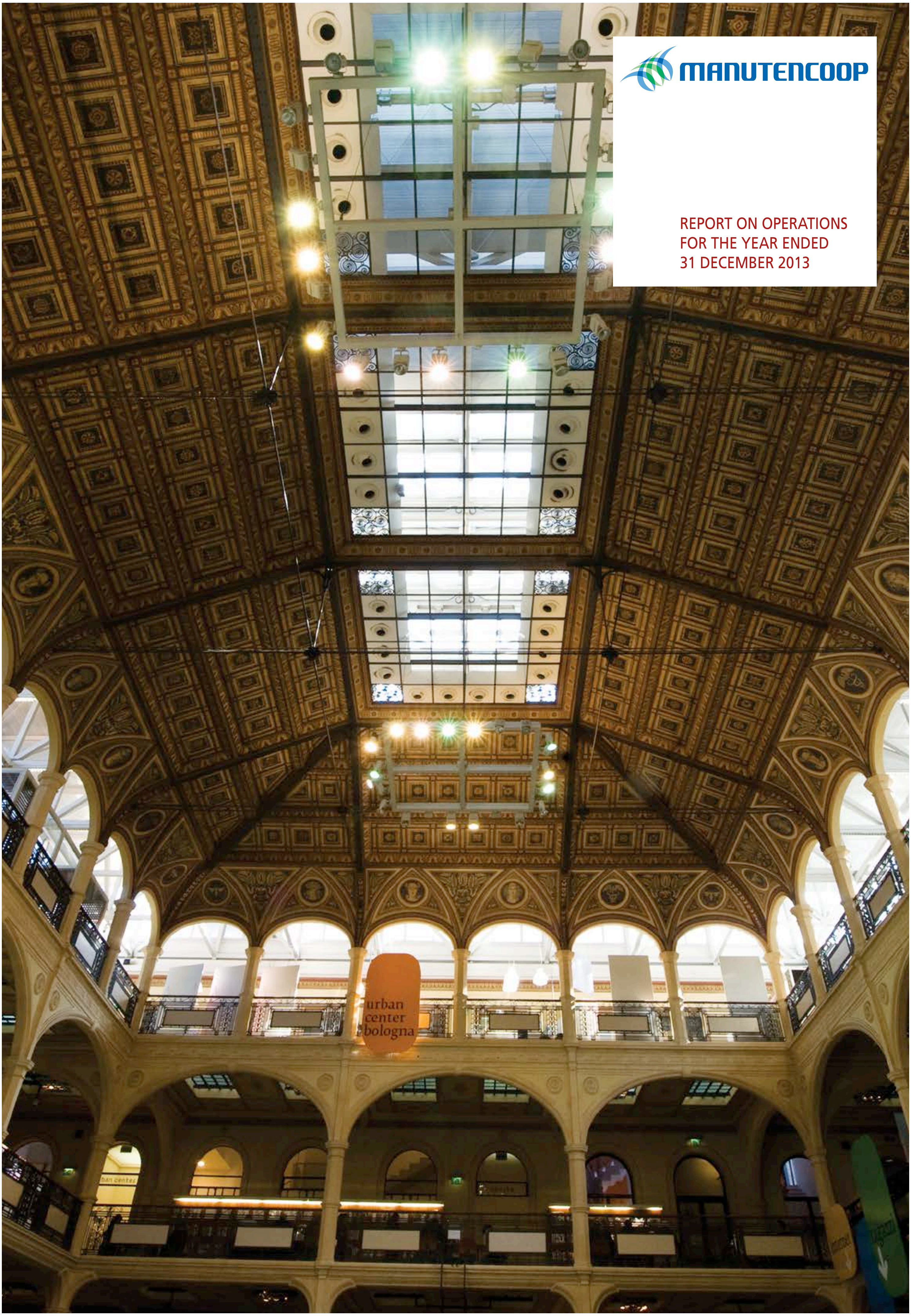


REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2013

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

MANAGEMENT BOARD

Appointed by the Supervisory Board
of 29.04.2013

CHAIRMAN AND MANAGING DIRECTOR
Claudio Levorato

MANAGEMENT BOARD
Benito Benati
Leonardo Bruzzichesi
(term of office expired on 28.02.2014)
Marco Bulgarelli
Marco Canale
Giuliano Di Bernardo
Massimo Ferlini
Mauro Masi
Marco Monis
Stefano Caspani
Luca Stanzani
Pier Paolo Quaranta

SUPERVISORY BOARD

Appointed by Shareholders' Meeting
of 29.04.2011

CHAIRMAN
Fabio Carpanelli

VICE CHAIRMAN
Antonio Rizzi

SUPERVISORY BOARD DIRECTORS
Stefano Caselli
Roberto Chiusoli
Guido Giuseppe Maria Corbetta
Massimiliano Marzo
Massimo Scarafuggi
Pierluigi Stefanini
Giovanni Toniolo

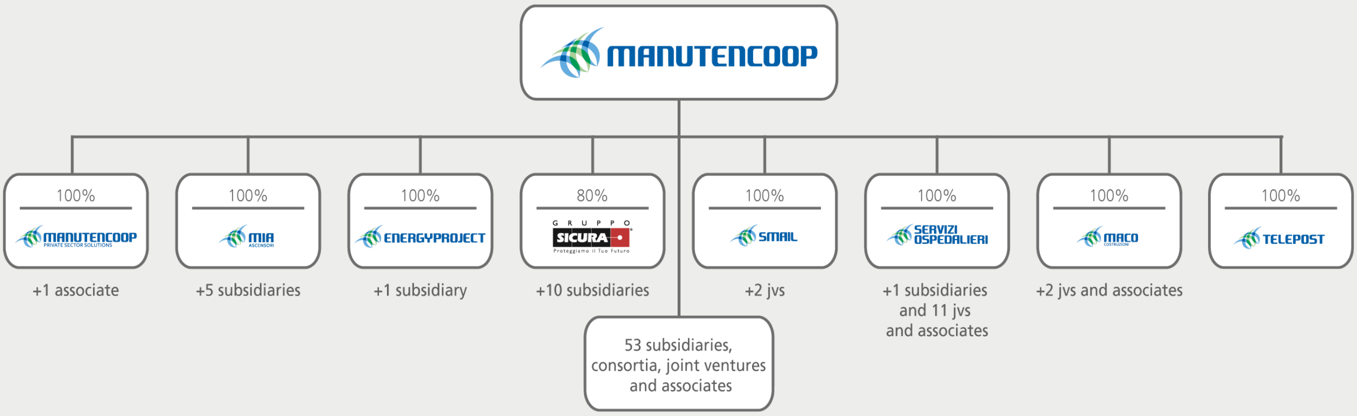
INDIPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

PREAMBLE

The Report on Operations for Manutencoop Facility Management S.p.A. (“MFM”) was drafted in accordance with art. 2428 of the Italian Civil Code and, as provided for under art. 40 of Legislative Decree 127/1991, it is presented in a single document. Where appropriate, priority is given to issues considered important to the companies included in the scope of consolidation as a whole.

At 31 December 2013 the Group controlled by Manutencoop Facility Management S.p.A. (“MFM Group” and “MFM S.p.A.”, respectively) was made up as follows:



The MFM Group 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 a diversification strategy has been 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, maintenance services for lifting equipment (lifts and hoists) and operating lighting systems, in addition to linen rental and laundry services and surgical instrument sterilization at healthcare facilities.

1. MACROECONOMIC AND MARKET SCENARIO

At world level, economic recovery is still modest, with differences from one area to another, but with growth dynamics gradually shifting towards the advanced economies. The economic cycle indicators show that business is expanding globally, also supported by the stabilisation of international financial conditions. Improved prospects are forecast for the advanced economies in the medium term, while expectations for emerging markets are that growth will be slower than past years. On the whole there is still a risk of a decline in economic activity.

In Europe, as regards the financial analysis, the GDP in real terms in the Eurozone recorded an increase of 0.3% in the second quarter of 2013, while it increased by 0.1% in the third quarter compared to the previous period.

In November 2013 the European Central Bank decided to reduce interests rates on the main refinancing operations of the Eurosystem by 25 basis points, down to 0.25%, so as to continue to support the gradual recovery of economy.

In Italy, the deficit/GDP ratio is expected to be 3% in 2013, as against the 2.9% target set in the revised stability plan for the year. The discrepancy is mainly due to a deterioration in macroeconomic conditions in spite of the fact that further recovery measures were taken in October. The Government presented a spending review aiming at cuts of € 23.2 billion (about 1.4% of GDP) in the period 2015-2017.

According to the International Monetary Fund, Italy ended 2013 with a 1.8% drop in GDP. Spain fell by 1.2%, while Germany, France and the United Kingdom rose by 0.5%, 0.2% and 1.7%, respectively. Beyond the borders of Europe, Japan saw 2013 to an end with a 1.7% rise in GDP and the United States with 1.9%.

Employment figures are still critically low in some European countries: Italy's expected unemployment rate in 2013 is 12.5%, Spain's 26.9% and France's 11%. The situation is different in Germany, whose unemployment rate is 5.6%.

The prospects for 2014 and 2015, according to the European Central Bank, are a slow recovery in GDP resulting from improved domestic demand sustained by an accommodating monetary policy approach. Economic activity should also be assisted by stronger demand for exports. At the same time unemployment remains high and the necessary adjustments to finances in the public and private sector will continue to be a drag on the economy.

Obvious fragmentation still characterises the outsourced Facility Management market, estimated to be worth € 26 billion. The first 10 operators in this sector hold a share of about 20% of total annual turnover and the Manutencoop Group, with its turnover of € 1.1 billion, is again the leading Italian operator.

Although it is expected to rise slightly in value, the Italian Facility Management market is still subject to considerable pressure on prices, while the tendency to outsource, especially in the public sector, is unaltered. Also noticed is a downward trend in the number of tenders called, counter-balanced, however, by an average rise in volumes. This shows the significant effect of the activities of CONSIP, through which public authorities' services supply requirements are channelled. As regards payment times, the facility management sector also benefits from the effects of the € 40 billion that Decree Law 35 provides for the payment of overdue trade payables. Less tangible, on the other hand, are the effects of Directive 2011/07/EU, which prescribes a binding maximum 60 calendar day payment deadline for contracts with the Member States' public administrations.

As in 2012, the private sector continues to feel the effects of the macroeconomic crisis, which is seen in movements towards carrying out services in house once more, or outsourcing them on a short-term basis. A basic cost cutting trend in the criteria for the selection of suppliers is becoming more pronounced, even to the detriment of quality and innovation.

2. MAIN EVENTS IN 2013

The MFM Group ended the 2013 financial year marked, as regards results, by revenues holding firm (+ 0.7% compared to 2012) in spite of the reduction in the volumes of work in the contract with the Telecom Italia Group from November 2013 (the effect on 2013 revenues was a fall of € 20.9 million). This result was accompanied by an improvement in operating margin, both in terms of EBITDA, which rose from 10.7% to 11.0% of revenues, and EBIT, which came to 5.9% of revenues in 2013 compared to 5.6% in 2012. The result in terms of profits (with EBITDA rising from 10.7% of revenues in 2012 to 11.0% in 2013, and EBIT rising from 5.6% of revenues in 2012 to 5.9% in 2013), confirms the Group's capacity to aim at high profitability services and at the same time achieve a good level of structural efficiency thanks to a far-sighted policy of reining in overheads.

The Group's best performance in 2013, however, was in the areas of its financial position and cash flow, in which the most important factor was the volume of trade receivables (adjusted to take into account the total receivables factored and not yet collected), which, against a background of practically unaltered revenues, fell by € 141.4 million from 31 December 2012 to 31 December 2013, with obvious favourable repercussions on cash generation and consequently on net financial position. The reduction in the amount of trade receivables resulting from a marked contraction in average collection times is due to the combined effect of the Group's debt collection acceleration policy and the implementation of Decree Law 35/2013 on the payment of overdue debts by Public Administrations.

In 2013 business development activities also achieved excellent results: as at 31 December 2013, the Group's backlog came to € 3,216 million, up by € 237 million compared to 31 December 2012, a figure that had never been previously achieved by the Group.

Below are reported the main events and initiatives that took place within the Group in 2013, in particular relating to:

- Streamlining of the corporate structure
- Disposal of non-strategic assets
- Outsourcing of non-core activities of private customers as business development vehicle
- Joint-ventures with international partners
- A new investment agreement between the shareholders of MFM
- A high-yield bond issue by MFM.

Streamlining of the corporate structure of the sub-groups

1 February 2013 saw the completion of the transfer from MIA Elevatori S.r.l.[1] to KONE S.p.A. of a business unit concerning the maintenance and repair of elevator systems in the local market. At the time MIA S.p.A. also assigned some maintenance contracts to KONE S.p.A. regarding the same regional area. On 24 July 2013 the subsidiary MIA S.p.A. signed a deed of sale with the minority shareholders of Lenzi S.p.A. for all the shares they held, partially amending and supplementing the investment agreement executed during 2010. After the execution of this agreement, MIA S.p.A. had total control over Lenzi S.p.A., which was then merged by incorporation into MIA S.p.A. in the fourth quarter of 2013. On the same date MIA S.p.A. also signed a preliminary agreement for the purchase of a business unit organised and managed by Lenzi Impianti S.r.l., a company which manufactures, installs and sells elevators and hoists.

On 11 October 2013 the subsidiary Gruppo Sicura S.r.l. acquired the minority interests held in the direct S.r.l., thus becoming the sole quotaholder. As a result, there was a combination of the business complexes that led to the merger of the companies into the subsidiary Sicura S.r.l., with effect from 1 January 2014.

1. In April 2013 the company changed its name from MIA Servizi Torino S.r.l. to MIA Elevatori S.r.l..

The described transactions, which involved companies that perform the so-called "specialist services", fall within the scope of a large project for streamlining the corporate and governance structures of the sub-groups MIA and Sicura, which will also continue in 2014.

Disposal of non-strategic assets

On 12 April 2013, the shareholders' meeting of Energyproject S.p.A. (a sole-shareholder company) resolved to transform the company into a Limited Liability Company ("*Società a responsabilità limitata*"). The resolution became effective on 26 April 2013. Furthermore, on 5 July 2013 Energyproject S.r.l. acquired from Verde Vivo S.a.r.l. (a company incorporated under Luxembourg law) the total quota in Mowbray S.r.l., a company incorporated under Italian law and with registered office in Milan, which is active in the construction and operation of photovoltaic projects and plants. Currently this company is the sole owner of the photovoltaic plant named "Modena Fiere Pensiline", which is operated by the same and which has been built and developed by Energyproject in its capacity as an EPC contractor. On 3 February 2014 Energyproject S.r.l. was then transferred to UMA S.r.l., to finalise the disposal of the business involving the operation of photovoltaic plants, which was completed by the Group in the last months of 2013.

Outsourcing of non-core activities of private customers as business development vehicle

On 30 May 2013 Manutencoop Private Sector Solutions S.p.A. (a company wholly owned by MFM S.p.A.) acquired from Auchan S.p.A. a business unit providing maintenance services for the Italian Auchan retail network. Said business unit was acquired with effect from 1 June 2013 and is made up of the materials that are instrumental to the business activity, employment relationships with the employees and commercial contracts concerning the activity itself. At the same time as the acquisition of the business unit, a 7-year term contract was entered into in relation to facility management services to be provided at the national outlets for more than € 7 million of revenues a year. Finally, this business unit was transferred to the Parent Company on the effective date of 1 December 2013.

Joint-ventures with international partners

5 July 2013 saw the incorporation of United Facility Solutions S.a., based in Brussels, of which MFM S.p.A. as founder shareholder (with a stake of 33.33%), together with its French partner Atalian Holding Development and Strategy S.a.r.l. and its Spanish partner Clece S.a.. The aim of this special purpose vehicle is to foster a European alliance among leading companies in their respective national facility management markets that can capture market shares by acquiring customers with cross-border distribution businesses, at the moment out of reach of single members or associates. The main commercial targets are multinationals and transnational public customers (e.g. the European Community, the United Nations, etc.).

29 July 2013 saw the incorporation of EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S., a company incorporated under Turkish law, with a share capital of 250,000 Turkish Liras, of which the subsidiary Servizi Ospedalieri S.p.A. holds a stake of 50%. This project envisages a partnership with a Turkish operator also working in the local healthcare sector in order to take part in two projects for the construction and management of hospital sterilization systems, with the prospect of possible further activities in the Turkish public and private healthcare sterilization sector.

More details regarding the aforementioned acquisitions are shown in the explanatory notes to the consolidated financial statements, to which reference should be made.

A new investment agreement between the shareholders of MFM S.p.A.

On 1 July 2013 new agreements were executed between Manutencoop Società Cooperativa (Parent Company of MFM S.p.A.) and the investment funds that hold minority interests in MFM S.p.A., replacing the previous Investment Agreement signed in December 2008. On the same date the minority shareholders transferred, on a pro-rata basis, 7,671,580 shares of MFM S.p.A. (representing 7.0285% of its share capital) to Manutencoop Società Cooperativa. The shares were transferred with retention of title ("*riserva di proprietà*") pursuant to and for the purposes of article 1523 of the Italian Civil Code: therefore, Manutencoop Cooperativa may only exercise financial and administrative rights over them (including, but not limited to, voting rights at shareholders' meetings). The final transfer of the shares is expected to take place when their contractually agreed price has been paid within 3 years, i.e. on 1 July 2016.

High-Yield bond issue by the Parent Company MFM S.p.A.

On 22 July 2013 Parent Company MFM S.p.A. announced the plan to issue High Yield bonds (Senior Secured Notes) due August 2020, to be offered solely to qualified investors, mainly in order to repay most of the existing bank loans and to finance net working capital, also replacing the assignments of revolving credit previously made for this purpose.

From a broader viewpoint, MFM embarked on the process of issuing these bonds in order to provide the Group with the financial cover necessary to conduct its business over a long-term time horizon.

On 26 July MFM set the amount of the bond issue at € 425 million and set the issue price at 98.713% and the coupon at an annual fixed rate of 8.5% (payable on a six-monthly basis), through the publication of the Offering Memorandum.

The bond, which was issued on 2 August 2013, is listed on the Euro MTF Market of the Luxembourg Stock Exchange and on the Extra MOT Pro Segment of the Italian Stock Exchange.

In relation to the issue and placement process, which was regulated by the law of the State of New York (Rule 144A and Regulation S of the Security Act 1933), a purchase agreement was signed between the initial purchasers (J.P. Morgan Securities plc, UniCredit Bank AG, Banca IMI S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A.), which were also institutional investors, the issuer (MFM) and the guarantors (i.e. companies owned by the issuer that guarantee the bonds: Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A.).

The bond was then placed by the initial purchasers only as specified below:

- with qualified institutional investors in the U.S.A., in application of Rule 144A of the U.S. Security Act;
- with qualified institutional investors outside the U.S.A., as defined by Regulation S of the U.S. Security Act.

Accordingly, a global Bond certificate was published in application of Rule 144A and a global Bond certificate was published in application of Regulation S.

The bond issue provides for the following collaterals:

- a pledge granted by MFM S.p.A. on the shares held in Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A.;
- an assignment of receivables as security, which are due from private customers of Manutencoop Private Sector Solutions S.p.A. and MFM S.p.A.;
- an assignment of receivables as security, which arise from the shareholders' loan granted by the Parent Company in favour of Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A.;

- an assignment of all receivables as security, which arise from shareholders' loans granted by MFM S.p.A. to the companies in the Restricted Group and from new financial current account relationships established after 2 August 2013;

a pledge on two current accounts dedicated to the collection of payments from the private customers of Manutencoop Private Sector Solutions S.p.A. and MFM S.p.A.;

a personal security provided by Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A..

On 2 August 2013 the Indenture was also signed between the issuer, the guarantors, The Law Debenture Trust Corporation p.l.c., in its capacity as trustee and Common Representative of bondholders (the "*Rappresentante Comune*"), The Bank of New York Mellon – London Branch, in its capacity as paying agent and transfer agent, The Bank of New York Mellon (Luxembourg) S.A., in its capacity as registrar and Unicredit Bank AG – Milan Branch, in its capacity as security agent. The placement was led by J.P. Morgan, UniCredit Bank, Banca IMI and Mediobanca in their capacity as joint bookrunners.

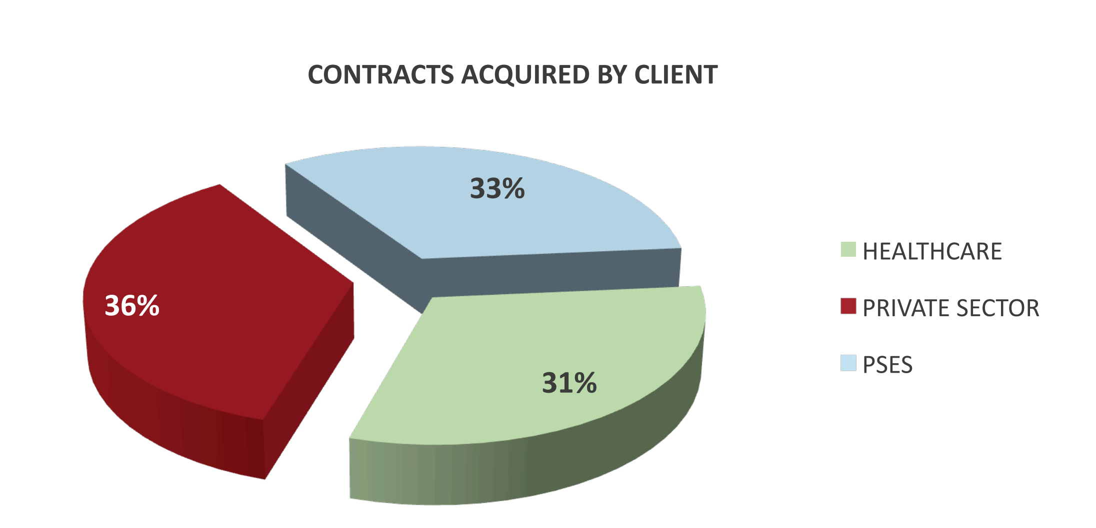
On 31 July 2013, within the same process, the Parent Company also signed a 3-year Revolving Credit Facility (RCF) agreement for a nominal amount of € 30.0 million with a pool of banks made up of UniCredit S.p.A., J.P. Morgan Chase Bank S.A. Milan Branch, Cassa di Risparmio in Bologna S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A.. This line was granted to meet possible temporary cash requirements and thus gave the Group additional financial flexibility.

3. BUSINESS DEVELOPMENT

The Group continued to look for business in 2013 in support of its organic growth, obtaining new contracts and renewing orders already in its portfolio for an overall amount of about € 903 million. € 470 million of this amount related to new awards.

It should be noted that this figure only regards contracts obtained in the context of services for “traditional” facility management, for public lighting, for linen rental and for laundry 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 portfolios of the companies that offer the so-called “specialist services” (which, however, cover only 8.1% of the Group’s consolidated revenues for the 2013 financial year), particularly those for private retail customers -, since they consist of awards of contracts that have an average term not exceeding one year and, therefore, a future minor visibility.

Below is the breakdown of contracts acquired by type of Client:

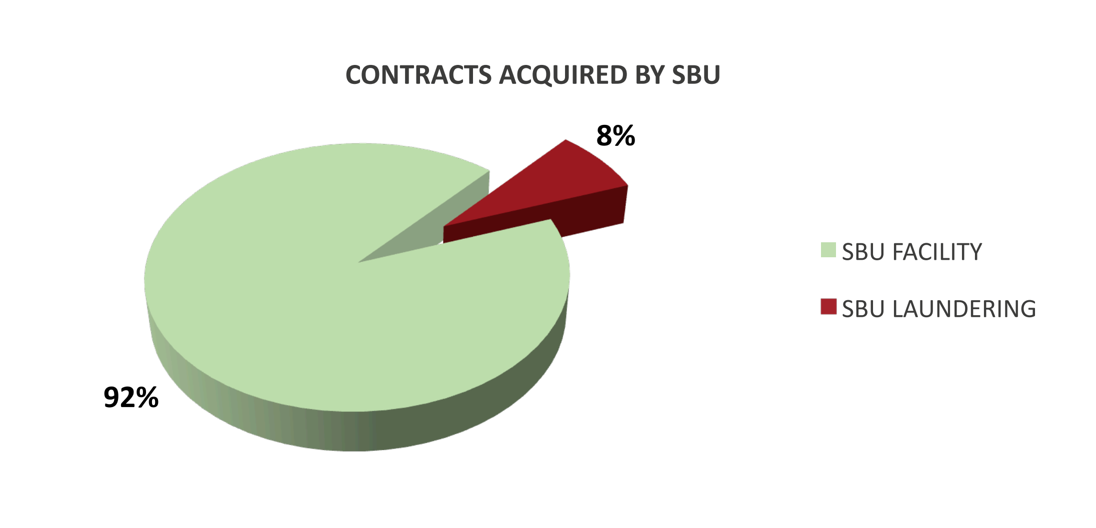


New contracts in the Private market played a more important role than the previous year in terms of absolute value (€ 327 million compared to € 240 million in 2012) and incidence rate (36% of total, compared to 23% in 2012). It is in this market where the Group is developing important business opportunities related to the reorganisation of major Customers on a national scale; in turn, the latter realise that it is an opportunity for them to outsource non-core activities connected to the management of real estate assets to a structured and specialist operator such as the MFM Group. In the sector, note, among others, the important acquisition of a contract for maintenance services rendered starting from June 2013 to the Italian retail network of Auchan S.p.A. (a leading company in the sector of large-scale retail trade) and to the Galleria Auchan shopping malls managed by Gallerie Commerciali Italia S.p.A., both belonging to the same French group.

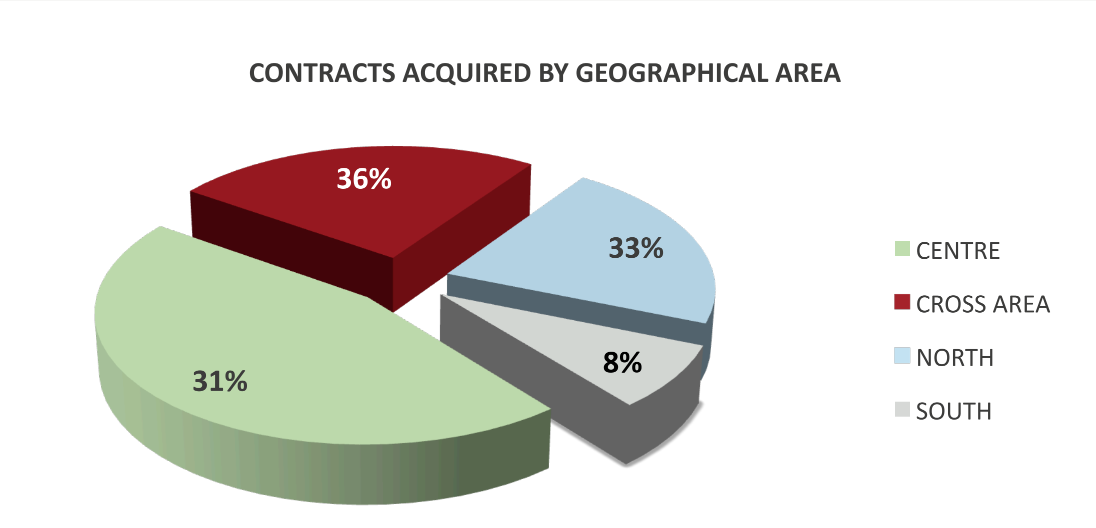
Furthermore, the 2013 financial year saw the conclusion of the negotiations for the renewal of the main contract with the Telecom Italia Group, for which Manutencoop Private Sector Solutions S.p.A. has been handling significant facility management work throughout Italy since 2004. The new contract, which became effective on 1 November 2013, provides for a review of the relevant scope of application and provisions, which entailed a reduction for the Group in the volumes of services to provide, with evident effects on the business performance of the Private sector.

Healthcare remains an important business area of the Group: however, it is affected by the greater actions for the public spending review under Legislative Decree 95/2012, which has required the Regional governments to gradually reorganise their health care services.
Finally, in the Public sector, note the important award of some lots within agreements with *Consip Scuole* and *Consip Uffici* all over the country.

Regarding the new orders in terms of Strategic Business Unit (SBU), the Laundering & Sterilization obtained contracts of € 70 million and the Facility Management segment for € 833 million.
Below is the breakdown of contracts acquired in terms of SBU:



Finally, a geographical distribution of the commercial portfolio of new acquisitions is provided:



In the Public and Health segment, the job orders acquired during the year include the following, by importance and contractual amount:

Facility Management SBU

- Acquisition of contracts amounting to € 116 million for cleaning services to be provided to educational institutions in Emilia Romagna, Lombardy, Veneto and Friuli Venezia Giulia for a term of 4 years under Consip Scuole Agreements.
- Award (partly under a new contract and partly as renewal) of contracts for maintenance services for an overall value of about € 20 million to be provided to Healthcare facilities in Puglia, under Consip Agreements, for overall terms of up to 7 years.
- Award (partly under a new contract and partly as renewal) of contracts for maintenance services for an overall value of about € 27 million to be provided to Healthcare facilities and Public Administrations in Emilia Romagna, under Consip Energia Agreements, for overall terms of up to 7 years.
- Acquisition and extension of (maintenance and cleaning) services rendered to public administrations, universities and public entities in Tuscany, under Consip Agreements, amounting to about € 69 million with a term from 4 up to 7 years.
- As part of the public competition regarding Healthcare facilities in Lazio, acquisition of 2 contracts for an overall amount of € 26 million for *cleaning* services to be provided to hospitals in Lazio with an average term of 3 years.
- New award of contracts for maintenance and energy supply services amounting to about €33 million to be provided to healthcare units in Emilia Romagna, for an overall term of 9 years.

Laundering & Sterilization SBU

- Award of contracts for linen rental and industrial laundering services for health care facilities in Lombardy for a total amount of roughly € 17 million and a term of 9 years.
- Award of contracts for linen rental, industrial laundering and surgical instrument sterilization services to be provided to health care facilities in Tuscany for an overall amount of about € 7.5 million and a term of 5 years.
- Re-award of contracts for linen rental, industrial laundering services and surgical instrument sterilization services to be provided to health care facilities in Calabria for an overall amount of about € 12 million and a term of about 5 years.
- Award of contracts for linen rental and industrial laundering services to be provided to health care facilities in Emilia Romagna for an overall amount of € 6.5 million.

The main contracts acquired in 2013 in the Private customer market are as follows:

Facility Management SBU

- Acquisition of the already mentioned contract for maintenance services to be provided to the Italian retail network of Auchan S.p.A. and to the “Galleria Auchan” shopping malls, for a total consideration of € 99 million and a term of 7 years.
- Re-award of a global service contract with Telecom Italia amounting to € 57 million and a term of up to 3 years.
- Acquisition of mailing services with a national banking and insurance group, amounting to roughly € 27 million and an average term of 4 years.

- Re-award of a cleaning services contract at important large-scale retail companies for a total amount of about € 21 million in the national network of outlets and a term of 3 years.
- Acquisition and renewal of maintenance and cleaning services contracts with an important group operating in the telecommunications sector, for a total consideration of about € 21 million and a term of up to 3 years.

Backlog

The Backlog as at 31 December 2013 is expressed in millions of Euro:

	2013	**2012**
Backlog	3,216	2,979

The Backlog is the amount of contractual revenues related to the residual duration of the job orders in the portfolio at that date.

The final Backlog amount as at 31 December 2013 came to € 3,216 million, the highest level ever achieved by the Group, showing an increase compared to the initial amount of € 237 million, as a result of a very positive commercial and development performance achieved in the course of the financial year. This confirms the essential stability of the Group in terms of prospective long-term turnover already obtained.

Commercial activities developed in the first few months of 2014

In the first few months of 2014, the Group continued its business development and already reported some interesting results.

We should mention that in the Public market the Group was awarded contracts for cleaning services to be provided to ATAC Roma and Trenitalia, for terms of about three years.

In the Private market the Group continued its commercial activities aimed at the customers with sales networks spread all over the country, including acquisitions of contracts for maintenance services for branches and secondary offices in Italy for FONSAI S.p.A. and Manpower S.p.A..

4. THE MFM GROUP'S PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION FOR THE YEAR ENDED 2013

4.1 Consolidated performance of operations

Below are reported the main consolidated income figures relating to the year ended 31 December 2013, compared to the figures of the previous year.

(in thousands of Euro)	**Year ended 31 December**		**Difference**	
	2013	**2012**	**Euro/000**	**%**
Total revenues	1,080,597	1,072,629	7,968	+0.7%
Total costs of production	(962,212)	(958,216)	(3,996)	+0.4%
EBITDA (2)	**118,385**	**114,413**	**3,972**	**+3.5**
EBITDA %	**11.0%**	**10.7%**		
Amortization, depreciation, write-downs and write-backs of assets	(43,205)	(44,388)	1,183	-2.7%
Accrual of provisions for risks and charges	(11,105)	(10,390)	(715)	+6.9%
Operating Income	**64,075**	**59,635**	**4,44**	**7.4%**
Operating Income %	**5.9%**	**5.6%**		
Share of net profit of associates	2,592	3,251	(659)	-20.3%
Net financial charges	(28,940)	(19,755)	(9,185)	+46.5%
Profit before taxes	**37,727**	**43,131**	**(5,404)**	**-12.5%**
Profit before taxes %	**3.5%**	**4.0%**		
Income taxes	(23,211)	(9,823)	(13,388)	
Profit from continuing operations	**14,516**	**33,308**	**(18,792)**	**-56.4%**
Profit (loss) for the year from discontinued operation	(425)	(6)	(419)	
NET PROFIT	**14,091**	**33,302**	**(19,211)**	**-57.7%**
NET PROFIT %	**1.3%**	**3.1%**		
Minority interests	(344)	(728)		
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**13,747**	**32,574**	**(18,827)**	**-57,80%**
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT%	**1.2%**	**3.0%**		

2. 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.

Revenues

In 2013 consolidated revenues came to € 1,080.6 million, showing an increase of € 8.0 million over the same period in the previous year.

It should be pointed out that there were no considerable changes in the scope of consolidation in terms of each entity's contribution to consolidated results during the year.

Therefore, the trend, which had already been noted in the previous quarters, was only attributable to the increase in business volumes, against a reduction, as stated below, in activities linked to the "Other" activities segment, for which a gradual disposal policy is being continued.

Details of revenues in 2013 are provided below, compared with the previous year, broken down by Customer:

(in thousands of Euro)	REVENUES BY CUSTOMER			
	2013	**% of total revenue**	**2012**	**% of total revenue**
PSEs	264,979	24.5%	282,859	26.4%
Healthcare	420,839	38.9%	386,673	36.0%
Private sector	394,779	36.5%	403,097	37.6%
TOTAL	**1,080,597**	**100%**	**1,072,629**	**100%**

The breakdown of turnover by type of customer shows substantial consistency in the number of customers represented by Public entities compared to 2012. The Group also consolidated its turnover in the Public Healthcare segment, whose share of total turnover increased by 2.9%.

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", "Laundering & Sterilization" and Complementary Activities (so-called "Other" activities).

A comparison of Group revenues by segment of business in 2013 and 2012 is provided below.

(in thousands of Euro)	REVENUES BY SEGMENT			
	2013	**% of total revenue**	**2012**	**% of total revenue**
Facility Management	932,654	86.3%	925,330	86.3%
Laundering & Sterilization	140,248	13.0%	134,352	12.5%
Other	13,057	1.2%	14,622	1.4%
Intra-group elimination	(5,362)	-0.5%	(1,675)	-0.2%
TOTAL	**1,080,597**	**100%**	**1,072,629**	**100%**

Revenues in the Facility Management sector amounted to € 932.7 million in 2013, marking an increase of € 7.3 million compared to the previous year (+ 0.8%). On the contrary, the percentage they account for over total consolidated revenues is confirmed.

The positive result should be considered only in terms of organic growth of the sector: the job portfolio in the sector saw the replacement of some contracts awarded under agreements with Consip (the Italian public procurement agency), which had expired at the end of the previous period, by new awards. New agreements also came into effect in the private sector (including the contract with Auchan S.p.A. already mentioned above) supporting the results in this sphere. Finally, the satisfactory performance is all the more to be appreciated as a result of the expiry of the main services contract with the Telecom Italia Group at the end of the period, which has been renewed but with a pronounced decrease in the amount of work to be performed, with an adverse impact of € 20.9 million on consolidated revenues in 2013.

The overall € 7.3 million rise in the revenues from this sector in spite of the negative effect of the fall in income from Telecom shows that the Group managed more than to offset this lower volume of work from its main customer by concluding other contracts.

In 2013 the Laundering & Sterilization segment achieved revenues of € 140.2 million. The increase recorded, amounting to +4.4% compared to the previous year and +0.5% of total consolidated revenues, was mainly attributable to the growth in the surgical instrument sterilization's activity. The latter was mainly related to acquisitions already made during previous years, for which the necessary start-up activities were being completed in the course of the financial year.

Finally, the downward trend in revenues in the Other activities segment (project management, energy management and building construction activities) continued, implementing the Management's decisions not to invest in the business units of this segment any further. In 2013 revenues from Other activities amounted to € 13.1 million, showing a decrease of € 1.6 million (-10.7%) compared to € 14.6 million in the year ended 31 December 2012. It should be noted that the financial year saw the completion of the negotiations for the sale of Energyproject S.r.l. to third parties, the development of which had been gradually abandoned as early as in 2011. The negotiations led to the disposal of the company and of its subsidiary Mowbray S.r.l. in the first weeks of 2014, with the consequent final exit of the Group from the market of photovoltaic plant construction and marketing.

EBITDA

Group's gross operating income (EBITDA) came to € 118.4 million in 2013, up by € 4.0 million (+3.5%) compared to that recorded in the previous year. The profitability came to 11.0% of revenues, showing an increase compared to 10.7% in 2012.

The positive performance was due to both an increase in the business volume and a general cost efficiency and restraint policy, aimed at countering a general reduction in prices. In particular, note a positive contribution from so-called "specialist services". After the start-up phase and reorganisation following the numerous contracts acquired in previous years this segment contributed higher EBITDA to the Group, totalling € 5.1 million, compared to the previous year.

EBITDA by operating segment

Below is provided a comparison of EBITDA by business segment for 2013 and 2012:

(in thousands of Euro)	**SEGMENT EBITDA**			
	2013	**% of segment revenues**	**2012**	**% of segment revenues**
Facility Management	84,737	9.1%	81,918	8.9%
Laundering & Sterilization	35,547	25.3%	33,035	24.6%
Other	(1,900)	-14.5%	(540)	-3.7%
TOTAL	**118,385**	**11.0%**	**114,413**	**10.7%**

Compared to the previous year, the Group showed a general improvement in terms of sector profits, except for the *Other activities* segment that, as we have seen, was the object of a gradual disposal activity.

There was still pressure in the "traditional" *facility management* market to lower costs and profit margins, countered by volumes of services substantially holding firm, accompanied by cost cutting policies. Again in the facility management sector, the so-called specialist services segment again recorded an improved performance, in particular following the completion of the start-up phase in the maintenance of lifting systems (MIA sub-group) and as a result of the reorganisation of mailing services after the acquisition of Telepost S.p.A..

The *Laundering & sterilization* segment also recorded a positive performance, which improved both in terms of volumes (+ € 5.9 million, equal to 4.4% compared to 2012) and in terms of profit margins (which passed from 24.6% to 25.3% of revenues) compared to 2012 and was mainly attributable to the contracts for the sterilization of surgical instruments in which profit margins were higher than the average for the linen rental and laundry services segment.

The activities involved in the photovoltaic and building markets (*Other activities*), which the management no longer considers as strategic, showed significant gross operating losses (- € 1.9 million) that were however offset by write-downs and non-recurring capital losses of € 1.1 million, recognised to adjust the book value of the photovoltaic plants of Energy Project S.r.l. at the market value in view of the forthcoming sale, which was then completed in January 2014.

Cost of production

In 2013, cost of production, which amounted to € 962.2 million, showed an increase of € 4.0 million in absolute terms compared to € 958.2 million in 2012 (+0.4%).

(in thousands of Euro)	Year ended 31 December		Difference	
	2013	2012	Euro/000	%
Consumption of raw materials and Consumables	173,711	163,168	10,543	+6.5%
Costs for services and use of third-party assets	394,229	419,981	(25,752)	-6.1%
Personnel costs	387,757	365,285	22,472	+6.2%
Other operating costs	8,353	10,313	(1,960)	-19.0%
Capitalized internal construction costs	(1,838)	(531)	(1,307)	+246.1%
TOTAL COST OF PRODUCTION	**962,212**	**958,216**	**3,996**	**+0.4%**

Costs of raw materials and consumables rose by € 10.5 million (+6.5%), mainly as a result of fuel costs (+ € 9.0 million). Even if there was a slight fall in average fuel prices, heating management services (typically involving a higher consumption of raw materials than other services) played a greater part in the mix of activities performed.

Costs for services and use of third-party assets showed a decrease of € 25.8 million (-6.1%), which was mainly attributable to the reduction in the recourse to third-party work in the provisions of services (- € 16.1 million) and, albeit to a lesser extent, to cost savings for utilities (- € 5.9 million). The lower costs of third-party services was accompanied, on the other hand, by a € 22.5 million rise in *Personnel costs*, thus pinpointing the continuation of the trend for carrying out production work in house. The trend in the average number of employees, which passed from 14,592 units in 2012 to 15,011 units in 2013, confirms this trend.

Capitalized internal construction costs (€ 1.8 million at 31 December 2013) related to activities of construction on a property to be used as a laundry plant of Servizi Ospedalieri S.p.A., in progress in Lucca.

These works, in fact, have been carried out by MACO S.p.A. and are considered as having been performed on a time and materials basis, net of the intra-group margin obtained.

Finally, *Other operating costs* showed a decrease of € 2.0 million (-19%) compared to 2012, which was attributable to the lower impact of the credit discount on the assignments of trade receivables without recourse (which ceased in 2013) for € 992 thousand and, albeit to a lesser extent, to savings recorded on entertainment expenses and membership fees.

Other operating costs include € 897 thousand in *non-recurring costs* (see details below) levied by the finance authorities in connection with two reports of findings (PVC, *Processi Verbali di Constatazione*) that the Parent Company MFM S.p.A. accepted after a tax inspection by the Emilia Romagna Regional Head Office of the Italian Revenue Agency (*Agenzia delle Entrate*), which ended with a finding regarding the application of VAT in invoicing under a certain contract.

Non-recurring events and transactions in the period with an impact on EBITDA

In the course of the 2013 financial year, the Group carried out some transactions that originated "non-recurring" financial items which impacted on the normal dynamics in the gross operating income (EBITDA) as defined above.

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.

Specifically, the consolidated Statement of Income recognised:

- Operating costs connected to the bond issue, which was completed on 2 August 2013, for € 3,887 thousand (for a description of the bond issue, see par. *Significant events in 2013*).
- Costs relating to the termination of employment relationships my mutual agreement for € 1,185 thousand.
- Penalties of € 897 thousand imposed on MFM S.p.A. in relation to tax audits.
- Costs for non-recurring refurbishment and maintenance of the Group's operating offices for € 316 thousand, as a result of the earthquakes that involved Emilia Romagna during 2012 and in relation to which the Group did not account for grants in support of reconstruction from the competent authorities.
- Costs arising from the closure of an industrial laundering plant in Porto Garibaldi (FE) within the reorganisation of linen rental and industrial laundering production activities for € 318 thousand.

Finally, net write-downs of inventories were recognised in relation to photovoltaic plants for € 1,061 thousand, which were made necessary by the adjustment to their book value at the market value within the negotiations for the sale of the same.

At 31 December 2013, consolidated EBITDA, net of those costs, came to € 126,049 thousand, with profit margins of 11.7%, up by € 6,375 thousand compared to the Adjusted EBITDA of 2012, which amounted to € 119,674 thousand (equal to 11.2% of related revenues).

Operating Income (EBIT)

Concerning consolidated Operating Income (EBIT), which in 2013 stood at € 64.1 million (5.9% of revenues), it was higher than the previous year by € 4.4 million (+7.4%) in line with the positive performance of EBITDA.

As stated, EBIT was mainly affected by the abovementioned positive performance in terms of EBITDA, from which must be deducted *amortization and depreciation* of € 34.8 million (2012: € 32.7 million), *impairment losses of fixed assets, net of write-backs* of € 2.1 million (2012: *net write-backs* of € 0.7 million), mainly due to the closure of the industrial laundering plant in Porto Garibaldi on the part of Servizi Ospedalieri and to the write-off of the software that had been previously capitalised and that was necessary for the management of the previous contract with Telecom, *write-down of receivables* of € 6.4 million (2012: € 12.4 million, of which € 6.1 million related to the insolvency of 2 private customers that had been subject to insolvency proceedings in 2012), *net accruals of provisions for risks and charges* of € 11.1 million (2012: € 10.4 million). However, € 3.7 million of accruals of provisions for risks and charges in 2013 were attributable to *non-recurring events and transactions*, such as the abovementioned closure of the plant in Porto Garibaldi (€2.7 million) and the significant decrease in the amount of the contract with Telecom, which entailed a significant downsizing of the operating unit that managed the contract itself (€1.0 million).

Analysis of Operating Income by segment

A comparison of Operating Income (EBITA) by segment in 2013 with the amounts recorded in 2012 is shown below:

(in thousands of Euro)	**OPERATING INCOME BY SEGMENT**			
	2013	**% of segment revenues**	**2012**	**% of segment revenues**
Facility Management	58,188	6.2%	56,564	6.1%
Laundering & Sterilization	7,970	5.7%	11,805	8.8%
Other	(2,082)	-15.9%	(8,734)	-59.7%
TOTAL	**64,075**	**5.9%**	**59,635**	**5.60%**

The *EBIT* performance in the *Facility Management* segment (+ € 1.6 million compared to 2012) substantially confirmed the sector EBITDA performance (+ € 2.8 million) if we also consider *non-recurring costs* of € 1.0 million, in the form of write-downs and accruals to provisions for risks, connected with the downsizing of operating units as a result of the significant reduction in the contract with Telecom.

From the data reported, it also emerges that the Laundering & Sterilization sector reported a negative performance: the sector EBIT showed, in fact, a drop (- € 3.8 million) in absolute terms, which also impacted profit margins (-3.1%, in percentage terms of related revenues). However, the apparent negative performance of the sector in terms of EBIT, which was in clear conflict with the positive EBITDA performance (+ € 2.5 million compared to 2012), must be reconsidered in the light of the *non-recurring costs* recognised under write-downs and provisions and connected with the closure of the industrial laundering plants at the production site located in Porto Garibaldi (FE), which led to a provision for corporate restructuring costs and related future charges of € 2.7 million being set aside, in addition to the write-down of capital goods for further € 1.2 million. The sector EBIT, net of these non-recurring costs, would have been in line with that recorded in the previous year. Finally, higher amortization and depreciation were recognised for € 1.8 million in relation to contracts in the segment of linen rental and industrial laundering services (which requires significant investments in linen) and sterilization (which requires investments in surgical instruments), as well as for the start of depreciation of property and plant of the Lucca site, which had been acquired and set up as early as from 2012.

Finally, the comparison between the consolidated 2013 EBIT and 2012 EBIT was significantly affected by the lower negative contribution of the segment of Other activities, the disposal of which, which had been started in the previous years, was being completed through the sale of the companies that operate in the photovoltaic market and the gradual abandonment of the activities in the building sector.

Profit before taxes

To the EBIT must be added net income from companies valued at equity equal to € 2.6 million, compared to € 3.3 million in the previous year, less net financial charges of € 28.9 million (€ 19.8 million in 2012), thus obtaining a profit before taxes equal to € 37.7 million in 2013 (€ 43.1 million in the previous year).

The net income from companies valued at equity reflects, among other things, the income for the year of the (45.47%-owned) associated company Roma Multiservizi S.p.A., which reported a positive pro-quota result of € 1.5 million at 31 December 2013 (€ 3.0 million at 31 December 2012). The improved result recorded in the previous year had been mainly attributable to the effects of the IRAP (*Imposta Regionale sulle Attività Produttive*, Regional Tax on Production Activities) tax refund claim the associate submitted pursuant to current tax law.

In 2013 *financial income* amounted to € 2.7 million, showing a decrease of € 0.6 million compared to € 3.3 million in 2012. This decrease was mainly due to the recognition of lower financial income in the period for default interest from customers for € 0.7 million and of lower interest from discounting-back of trade receivables for € 0.9 million compared to 2012, as a result of lower reference rates. As a partial setoff, other income was also recognised for € 0.7 million at 31 December 2013 compared to 2012, which was correlated to the lower valuation of potential liabilities for acquisitions of equity investments (Earn-out and Put options).

In the period ended 31 December 2013 *financial charges* amounted to € 32.3 million, up by € 8.6 million compared to € 23.7 million in the period ended 31 December 2012. The increase was mainly due to the recognition of financial charges, as from 2 August 2013, which had accrued on the bond issue with an impact of € 15.0 million on the 2013 financial year. Furthermore, the bond issue generated non-recurring financial costs of € 1.8 million for fees and other financial charges of the issue itself and for the settlement of hedging derivatives on loans paid off with the respective proceeds.

On the other hand, this transaction has taken the place of most of the Group's sources of financing previously existing, and, above all, there have been no assignments of receivables without recourse starting from the second quarter of 2013, with the consequent recognition of lower costs for *interest discount*, which passed from € 7.6 million in 2012 to € 2.3 million in 2013. Lastly, it should be mentioned that dividends received from other companies described as "other equity investments" amounted to € 0.7 million, in line with the value posted in 2012.

Net profit for the year

From the profit before taxes must be deducted taxes of € 23.2 million, with a tax rate of 62% (23% at 31 December 2012), thus obtaining a net profit for the year (arising from continuing operations) of € 14.5 million (€ 33.3 million at 31 December 2012).

The 2012 financial year recorded a significant positive non-recurring effect in terms of tax burden on Group profit, mainly related to the application of Decree Law 201 of 6 December 2011, converted with amendments by Law 214 of 22 December 2011, which enabled certain companies in the Group to submit a claim for IRES (*Imposta sul Reddito delle Società*, Corporate Income Tax) tax refund for failure to deduct IRAP tax relating to expenses for subordinate employees and employees treated as such from 2007 to 2011. Following this claim the Group recognised a tax income corresponding to the amounts claimed for refund, totalling € 12.6 million. The 2012 consolidated tax rate, net of this effect, would have been 52%.

Therefore, the tax rate for the period rose by about 10 percentage points, mainly as a result of the IRAP tax calculation mechanism. This tax, in fact, is markedly affected by financial charges and labour costs and thus, the latter being unchanged, IRAP tax should remain practically unchanged too, with a greater incidence on

a lower pre-tax result. Therefore, there was an increase in this figure in 2013, applied to a profit before taxes that was affected by the recognition of a significant portion of financial charges related to the Bond issue.
Finally, the tax rate for the period was favourably affected by the tax credit reported after the subsidiary SANCO Soc. cons. a r.l. presented a supplementary declaration to the 2013 *Modello Unico* tax return, in which it deducted non-accruing costs previously subjected to tax in the light of the recent clarification provided in Ministerial Circular Letter no. 31/E of 24 September 2013.

Finally, the consolidated statement of income showed a net total result attributable to the Group of € 13.7 million, compared to a net profit attributable to the Group of € 32.6 million at 31 December 2012.

4.2 Analysis of the statement of financial position as at 31 December 2013 and 31 December 2012

The table below provides information on the performance of the main equity and financial indicators of the Group as at 31 December 2013, compared to the same values as at 31 December 2012.

(in thousands of Euro)	31 December 2013	31 December 2012	Change
USES			
Trade receivables and advances to suppliers	696,677	655,497	41,180
Inventories	6,194	11,240	(5,046)
Trade payables and advances from customers	(456,420)	(441,551)	(14,869)
Other elements of working capital	(122,089)	(132,078)	9,989
Net working capital	124,362	93,108	31,254
Property, plant and equipment	83,657	86,272	(2,615)
Intangible assets	445,205	445,643	(438)
Investments accounted for under the equity method	29,660	27,881	1,779
Other non-current assets	39,488	39,792	(304)
Fixed assets	598,010	599,588	(1,578)
Non-current liabilities	(51,664)	(55,131)	3,467
NET INVESTED CAPITAL	670,708	637,565	33,143
SOURCES			
Minority interests	1,955	2,500	(545)
Equity attributable to equity holders of the parent	324,300	309,485	14,815
Shareholders' equity	326,255	311,985	14,270
Net financial indebtedness	344,453	325,580	18,873
TOTAL FINANCING SOURCES	**670,708**	**637,565**	**33,143**

Net working capital

At 31 December 2013 consolidated net working capital amounted to € 124.4 million, up by € 31.3 million compared to 31 December 2012.

At 31 December 2013 net commercial working capital, composed of trade receivables and inventories, net of trade payables, was equal to € 246.5 million against € 225.2 million at 31 December 2012.

The overall increase of € 21.3 million mainly related to the reduction in the benefits of the assignments of trade receivables without recourse which took place in the period, which resulted in a balance of € 16.4 million of receivables assigned by the Group and not yet collected by the factoring agencies at 31 December 2013, against € 199.0 million at 31 December 2012.

Below is reported a statement of reconciliation of trade receivables, net commercial working capital and net working capital with the same adjusted values to take account of the amount of receivables assigned without recourse to the factor:

(in thousands of Euro)	**31 December 2013**	**31 December 2012**	**Change**
Trade receivables and advances to suppliers	696,677	655,497	41,180
Receivables transferred to factor and not yet collected	*16,437*	*199,040*	*(182,603)*
ADJUSTED TRADE RECEIVABLES	**713,114**	**854,537**	**(141,423)**
Inventories	6,194	11,240	(5,046)
Trade payables and advances from customers	(456,420)	(441,551)	(14,869)
ADJUSTED NET COMMERCIAL WORKING CAPITAL	**262,888**	**424,226**	**(161,338)**
Other elements of working capital	(122,089)	(132,078)	9,989
ADJUSTED NET WORKING CAPITAL	**140,799**	**292,148**	**(151,349)**

As pointed out in the table reported above, the amount of trade receivables, gross of the effect of the factoring operations, showed a substantial decrease of € 141.4 million at 31 December 2013, confirming a sudden acceleration, starting from the second half of 2013, of the trend towards shorter average collection times that had already started in 2012.

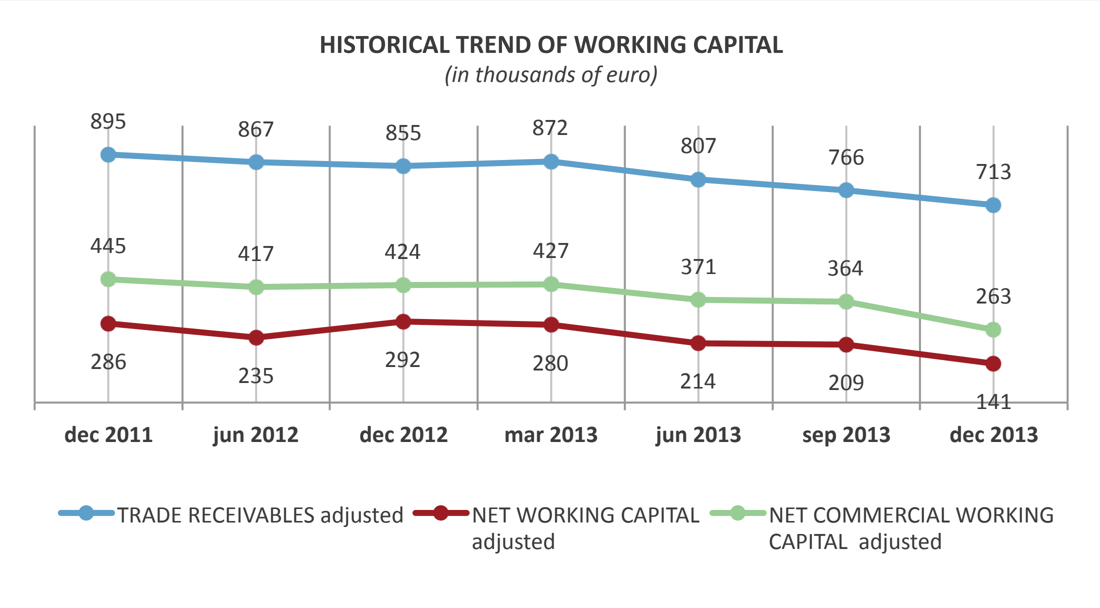
The process of cutting down average collection times started, as we have said, during 2012 in the form of measures taken by the Group to optimise the management of trade receivables invoicing and collection procedures. Average collection times (DSO)[3], always calculated also taking factored receivables not yet collected into account, in fact fell from the 266 days as of 31 December 2011 to 253 as of 31 December 2012, but a real acceleration of the trend took place in the second half of 2013, with the implementation of Decree Law 35/2013 handed down by the Monti Government and afterwards converted into law. Under this law, an amount of € 40 billion (later raised to € 47.2 billion by Decree Law 102/2013) was set aside, available between 2013 and 2014, to enable Public Administrations to pay past debts (final and certain as of 31 December 2012). At 31 December 2013, in fact, DSO had reduced to 209 days.

As regards the other elements of net commercial working capital, namely inventories and trade payables, the figures showed a reduction of € 5.1 million in the balance of inventories, mainly due to the sale of a photovoltaic plant by Energyproject S.r.l. (€ 2.6 million), as well as to writ-downs made by the same in order to adjust its stock at its presumed realisable value (€ 1.1 million).

At 31 December 2013 trade payables amounted to € 456.4 million, with a net increase compared to the balance of € 14.9 million as at 31 December 2012.

3. DSO (Days Sales Outstanding) is a weighted average 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 .

The information reported above is fully represented in the chart below, which shows the historical trend of reduction that occurred in the adjusted working capital (including any exposure to the factoring companies for receivables assigned without recourse and not yet collected by the latter):



The balance of the other elements in working capital at 31 December 2013 was a net liability of € 122.1 million, down by € 10.0 million compared to a net liability of € 132.1 million at 31 December 2012.

This decrease in net liability was due to a combination of various factors, mainly including: (i) the recognition of the estimated income taxes for the period ended 31 December 2013, net of any advances paid, for € 16.3 million (€ 21.8 million at 31 December 2012), (ii) the recognition of lower net VAT payables for € 6.1 million (iii) 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 about € 4.4 million, which were partially offset by (iv) a decrease of € 4.3 million in the short-term portion of provisions for risks and charges and (v) lower net payables for € 4.0 million for amounts collected on behalf of Temporary Associations of Companies in which the Group companies participate in the capacity of agents. Finally, assets held for sale were recognised, net of related liabilities, for € 5.4 million, relating to the companies in the Other activities segment that were disposed of in early 2014.

Consolidated net financial indebtedness

Details of net financial indebtedness at 31 December 2013 are shown below, compared to the figures at 31 December 2012, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(in thousands of Euro)	**31 December 2013**	**31 December 2012**	**Change**
A. Cash	72	115	(43)
B. c/a, bank deposits and consortia, non-proprietary accounts	185,221	51,872	133,349
D. Cash and cash equivalents (A) + (B) + (C)	**185,293**	**51,987**	**133,306**
E. Current financial assets	13,208	11,202	2,006
F. Current bank overdraft	(57)	(147,100)	147,043
G. Current portion of non-current debt	(51,611)	(85,957)	34,346
H. Other current financial liabilities	(34,212)	(35,277)	1,065
I. Current financial indebtedness (F)+(G)+(H)	**(85,880)**	**(268,334)**	**182,454**
J. Current net financial indebtedness (I) + (E) + (D)	**112,621**	**(205,145)**	**317,766**
K. Long-term bank debts	(440,757)	(81,671)	(359,086)
L. Other non-current financial liabilities	(16,317)	(37,542)	21,225
M. Derivatives	0	(1,222)	1,222
N. Non-current financial indebtedness (K) + (L) + (M)	**(457,074)**	**(120,435)**	**(336,639)**
O. Net financial indebtedness (J) + (N)	**(344,453)**	**(325,580)**	**(18,873)**

2013 saw a negative change in the consolidated net financial debt, which passed from € 325.6 million at 31 December 2012 to € 344.4 million at 31 December 2013. However, the figure cannot be analysed without considering the balance of receivables assigned by the Group and not yet collected by the factoring agencies (equal to € 16.4 million at 31 December 2013 against € 199.0 million at 31 December 2012): the consolidated net "adjusted" financial debt for the amount of factored receivables not yet collected at the balance sheet date would come to € 360.9 million, showing an improvement of € 163.7 million compared to € 524.6 million at 31 December 2012. The main reason for this performance in terms of generation of positive cash flows is undoubtedly due to the significant reduction in the average collection times of trade receivables (DSO) referred to in the section dedicated to net working capital.

On 2 August the Group issued a high-yield bond through its Parent Company MFM S.p.A., which substantially changed the structure of consolidated indebtedness. Specifically, the period saw the repayment of all the very short-term bank credit lines and of medium- and long-term loans for an exposure equal to € 242.3 million. The derivative contracts were also settled, which were previously in place.

The statement below reports the changes that were recorded in the period in the items making up the consolidated financial liabilities and the changes that occurred in the financial debt structure as a result of the bond issue:

(in thousands of Euro)	31 December 2012	Bond Issue	Repayment through Bond proceeds	Amortization for the year	Other changes	31 December 2013
Repayment of bank loans through the Bond issue	69,253		(52,703)	(16,550)		0
Other bank loans	96,873			(50,458)	17,987	64,402
Current bank overdraft, advance payments and hot money	147,100		(189,565)		42,522	57
Accrued income and prepaid expenses on loans	(1)				14,304	14,303
Bond issue	0	419,530		532	(7,375)	412,687
BANK DEBTS	**313,225**	**419,530**	**(242,268)**	**(66,476)**	**67,438**	**491,449**
Derivatives	1,222		(706)	(516)		0
Financial lease obligations	2,387				972	3,359
Other financial liabilities	70,713				(22,567)	48,146
FINANCIAL DEBT	**387,547**	**419,530**	**(242,974)**	**(66,992)**	**45,843**	**542,954**

The bond issue that has been described has rationalised our financial debt structure, which is now more balanced towards long-term sources of finance with a view to greater future financial stability that is more consistent with medium- and long-term strategic growth and development targets.
The bank debt also included a new loan executed by the Parent Company for a nominal amount € 18.0 million in the period, against the repayment of an expiring loan with a nominal value of € 30 million. Instead, the remaining credit lines reported as of 31 December 2012 decreased by € 37.0 million as a result of the periodical amortization of the related debt.

The following is the detail of the net financial exposure for bank credit lines and obligations for financial leases ("*Net interest bearing financial indebtedness*"):

(in thousands of Euro)	Year ended 31 December	
	2013	2012
Cash and cash equivalents	185,293	51,987
Current bank overdraft, advance payments and hot money	(57)	(147,100)
Current portion of non-current bank debts	(50,635)	(84,455)
Long-term bank debts	(28,070)	(81,671)
Bond issue	(412,687)	0
Financial lease obligations	(3,359)	(2,387)
Derivatives	0	(1,222)
NET INTEREST BEARING FINANCIAL INDEBTEDNESS	**(309,516)**	**(264,850)**

The indebtedness, as defined above, reported an increase compared to 31 December 2012, passing from € 264.9 million to € 309.5 million. However, we must consider that the gradual abandonment of programmes for the revolving assignment of trade receivables entailed an absorption in the period in terms of changes in *Cash and cash equivalents*, which was partially offset by the cash arising from the performance in terms of collection of the trade receivables themselves. Considering the exposure to factoring companies, the financial debt balance would amount to € 326.0 million at 31 December 2013 compared to € 463.9 million at 31 December 2012.

Finally, below is reported the breakdown of 2013 cash flows compared to the previous year:

(in thousands of Euro)	**Year ended 31 December**	
	2013	**2012**
Profit before taxes	**37,727**	**43,131**
Cash flow from current operations	72,362	69,963
Change in assets and liabilities for the period	(55,984)	(28,265)
Net cash flow from operating activities	**16,378**	**41,698**
Net cash flow used in investing activities	(34,905)	(72,857)
Net cash flow from/(used in) financing activities	151,833	40,491
Changes in cash and cash equivalents	**133,306**	**9,331**
Cash and cash equivalents at the beginning of the period	51,987	42,656
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**185,293**	**51,987**

The overall cash flows mainly reflect the net effect of:

- a positive cash flow from current operations of € 72.4 million;
- a use of net working capital (excluding provisions for risks and the provision for employee termination indemnity) of € 37.0 million;
- uses of provisions for risks and provision for employee termination indemnity of € 19.0 million;
- net investments in tangible and intangible fixed assets amounting to € 35.0 million, € 23.5 million of which relating to the *Laundering &* Sterilization SBU;
- a net cash flow of € 151.8 million arising from financing activities, in particular from the bond issue proceeds, net of repayments of loans made in the year through the Bond's incoming flows.

Capital expenditures

In 2013 the Group made net investments which totalled € 36.2 million, € 25.3 million of which in property, plant and equipment. These investments 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 (€ 13.0 million). During the period additional investments were also made in the industrial site that this company owns in Lucca, necessary for the linen rental and industrial laundering services provided in the area in connection with the ongoing business development, for an overall cost of € 2.0 million.

Investments in intangible assets for the period amounted to € 11.0 million and mainly related to improvements on the company's IT systems. Disposals of property, plant and equipment for the period amounted to € 0.7 million and mainly related to the transfer of business units that involved the MIA Group.

4.3 Financial ratios

The main financial balance sheet ratios as at 31 December 2013 are shown below, calculated at consolidated level, compared with the ratios recorded as at 31 December 2012.

Profitability ratios

	2013	2012
ROE	4.4%	11.8%
ROI	4.1%	4.3%
ROS	5.9%	5.6%

ROE (Return on Equity), which provides a summary measurement of the return on capital invested by shareholders, stood at 4.4% in 2013, compared to 11.8% in 2012. The ratio mainly reflects the difference reported under Net Profit over the previous year, where a significant non-recurring tax income had been recorded for taxes claimed for refund.

ROI (Return on Investments), which provides a summary measurement of the operating return on capital invested in the company, stood at 4.1% in 2013, compared to 4.3% in the previous year. The drop reflects the significant increase recorded by the Group's gross Invested Capital, which passed from € 1,378.1 million in 2012 to € 1,543.5 million in 2013 (+ 13%), against a less than proportional increase in the EBIT for the year (€ 64.1 million against € 59.6 million in 2012, equal to +7%).

ROS (return on sales), which provides a summary measurement of the Group's ability to convert turnover to EBIT, stood at 5.9% in 2013, compared to 5.6% in 2012, against, as already illustrated, a better income performance of the Group in a context where the volume of revenues remained substantially unchanged (+0.7% from 2012 to 2013).

Liquidity ratios

	2013	2012
Current ratio	132.3%	87.4%

The general liquidity ratio (current ratio) represents the ratio of current assets to current liabilities and expresses the company's ability to cover current outflow (i.e. current liabilities) with current income (i.e. current assets). The significant improvement of the ratio reflects the increase in cash and cash equivalents that was recorded in the year.

Ratios of composition of Assets and Liabilities

	2013	2012
Rigidity ratio	38.5%	43.5%
Total liquidity ratio	60.6%	55.7%
Indebtedness ratio	0.76	0.77
Medium/Long-term debt ratio	32.7%	12.8%

The rigidity ratio, which expresses long-term loans as a percentage of total loans, was equal to 38.5% in 2013 against 43.5% in 2012 and was positively affected by the higher Cash and cash equivalents of the Group. Likewise, the total liquidity ratio, which measures the company's elasticity in terms of the ratio of cash and cash equivalents and trade and other receivables (current assets net of inventories) to total loans, stood at 60.6% in 2013, compared to a ratio of 55.7% in the previous year. The debt ratio, which is the ratio of net debt to the sum of net debt and own equity, as defined in the explanatory notes to the consolidated Financial Statements, to which reference should be made, stood at 0.76 compared to 0.77 in the previous year. The medium/long-term debt ratio, expressed as the ratio of consolidated liabilities and total sources of funding increased from 12.8% in the previous year to 32.7%, above all in relation to the already described bond issue carried out in the year. See the section on Consolidated Net Financial Indebtedness for details.

Productivity ratios

The growing diversification of services provided by companies in the Group entails a mix of work carried out by employees ("internal" workers) and work carried out by third parties ("external" workers). It can also vary significantly depending on the organisation/economic choices made in order to maximise overall productivity. The productivity ratio considered as a good indicator is the ratio between *Sales revenues and services rendered* and the total amount of costs for internal personnel and external personnel used in production (cost of employed workers, cost of external workers, services provided by consortia and professional services), expressed as a percentage.

	2013	**2012**
Turnover/internal and external personnel costs	154%	155%

The comparison shows a slight fall in the ratio, which was however affected in 2013 by the impact of significant non-recurring costs for consulting and professional services (€ 3.9 million, equal to 0.4% of revenues), directly correlated to the important bond issue carried out.

5. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY MANUTENCOOP FACILITY MANAGEMENT S.P.A.

The observations made regarding the trend in consolidated results and business development of the Group are confirmed if we analyse them at the level of the Parent Company MFM S.p.A..
Indeed, the Group is structured around its Parent Company, in which the main facility management activities were centralised and developed in the past, which are now coupled with more specialist and industry-based activities carried out by investee companies.

5.1 Economic figures

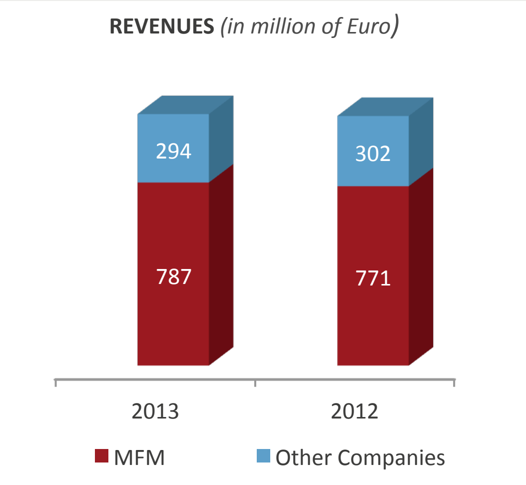
The main income data of the Parent Company MFM S.p.A. for the year ended 31 December 2013, are shown below, as well as a comparison with the figures from the same period of the previous year.

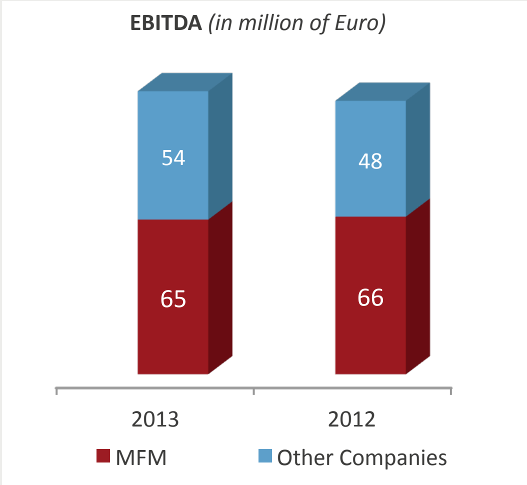
(in thousands of Euro)	Year ended 31 December		Difference	
	2013	2012	Euro/000	%
Total revenues	786,862	771,001	15,861	+2.1%
Total costs of production	(722,149)	(705,050)	(17,098)	+2.4%
EBITDA ([2])	**64,713**	**65,951**	**(1,238)**	**-1.9%**
EBITDA %	**8.2%**	**8.6%**		
Amortization, depreciation, write-downs and write-backs of assets	(24,676)	(21,137)	(3,539)	+16.7%
Accruals of provisions for risks and charges	(6,323)	(6,457)	135	-2.1%
Operating Income	**33,714**	**38,356**	**(4,642)**	**-12.1%**
Operating Income %	**4.3%**	**5.0%**		
Income (charges) from investments	13,042	9,946	3,096	+31.1%
Net financial charges	(23,976)	(16,382)	(7,595)	+46.4%
Profit before taxes	**22,779**	**31,920**	**(9,141)**	**-28.6%**
Profit before taxes %	**2.9%**	**4.1%**		
Income taxes	(17,430)	(5,675)	(11,755)	+207.1%
Profit from continuing operations	**5,350**	**26,246**	**(20,896)**	**-79.6%**
Profit (loss) for the period from discontinued operations	0	0		
NET PROFIT	**5,350**	**26,246**	**(20,896)**	**-79.6%**
NET PROFIT %	**0.7%**	**3.4%**		

Revenues for MFM S.p.A. in 2013 stood at € 786.9 million, showing an increase of € 15.9 million compared to 2012.

The Parent Company MFM S.p.A. guarantees the Group a sizeable portion of the consolidated results (about 72% of consolidated revenues and 55% of consolidated EBITDA), internally developing operational structures for the traditional business of facility management, as well as administrative and technical structures for the other companies in the Group as well as the Parent Company itself.

2. EBITDA represents the operating profit (loss) before allocations to the provisions for risks, transfer of provisions 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 criterion applied by the Group may not be the same as the one adopted by other entities and, therefore, may not be comparable.





In 2013 EBITDA came to € 64.7 million, against € 66.0 million in the previous year, with a slight fall of € 1.2 million (-1.9%).

The related profit margins passed from 8.6% to 8.2% of revenues. However, the analysis of the financial performance must consider the impact of non-recurring charges that were expensed for € 5.8 million in 2013 (compared to non-recurring costs of € 4.0 million expensed under EBITDA in 2012); EBITDA, net of said costs, would be equal to € 70.6 million (€ 70.0 million in 2012).

Concerning EBIT, which in 2013 stood at € 33.7 million (4.3 % of revenues), it was lower than the previous year by € 4.6 million. The decrease was mainly attributable to "Amortization, depreciation, write-downs and write-backs of assets", which increased by € 3.5 million compared to 2012. In 2013 the Company recognised amortization and depreciation of € 9.8 million (€ 10.2 million at 31 December 2012), in addition to net write-downs of receivables of € 1.8 million (€4.0 in 2012). Furthermore, note write-downs of equity investments of € 13.1 million (€ 8.1 million at 31 December 2012), which were mainly connected to the companies operating in the building management and photovoltaic segments, for which, as previously described, a plan for a gradual exit from the business was outlined.

Lastly, as at 31 December 2013 there were provisions allocated (net of any transfers) for € 6.3 million (substantially in line with € 6.5 million at 31 December 2012), mainly due to future risks and charges related to production contracts or legal disputes in progress.

To EBIT must be added dividends and net income from equity investments amounting to € 13.0 million, compared to € 9.9 million in the previous year. The income reflects, among others, dividends from subsidiaries for € 10.8 million (€ 8.1 million as at 31 December 2012), in addition to € 2.3 million from associated companies and minority interests (€ 1.9 million at 31 December 2012), as summarised below:

(in thousands of Euro)	**Year ended 31 December**	
	2013	**2012**
Servizi Ospedalieri S.p.A.	4,920	6,480
Telepost S.p.A.	4,237	0
Gruppo Sicura S.r.l.	1,600	1,600
Roma Multiservizi S.p.A.	1,727	1,313
Minor companies	558	553
DIVIDENDS	**13,042**	**9,946**

Lastly, the Company recognised net financial charges for € 24.0 million (€ 16.4 million in 2012), thereby attaining a pre-tax profit of € 22.8 million in 2013 (€ 31.9 million in the previous year).
Included under net financial charges are financial costs (interest discount) for non-recourse factoring transactions amounting to € 1.9 million (€ 5.7 million as at 31 December 2012). Also as a result of the bond issue, the Company gradually ceased these assignments of receivables and recorded the related accrued interest on the Notes for € 15.0 million.

Taxes amounting to € 17.4 million are deducted from the pre-tax profit (loss) for 2013, with a tax rate of 77% (18% as at 31 December 2012), showing a net profit of € 5.3 million for the year (€ 26.2 million as at 31 December 2012). Specifically, note that in 2012 the Company recognised a non-recurring tax income of € 8.0 million, equal to the amount claimed for refund in application of Decree Law 201 of 6 December 2011, which enabled certain companies in the Group to submit a claim for IRES tax refund for failure to deduct IRAP tax relating to expenses for subordinate employees and employees treated as such from 2007 to 2011.

5.2 Statement of financial position

Information on the performance of the main equity and financial indicators of the Parent Company as at 31 December 2013 is shown below, compared with the figures for year ended 31 December 2012.

(in thousands of Euro)	**31 December 2013**	**31 December 2012**	**Change**
USES			
Trade receivables and advances to suppliers	521,080	512,681	8,399
Inventories	1,514	2,224	(710)
Trade payables and advances from customers	(331,718)	(323,371)	(8,347)
Other elements of working capital	(97,768)	(97,372)	(395)
Net working capital	**93,108**	**94,161**	**(1,053)**
Property, plant and equipment	13,939	16,666	(2,727)
Intangible assets	311,626	309,201	2,426
Investments	154,893	168,145	(13,253)
Other non-current assets	76,616	25,265	51,350
Fixed assets	**557,074**	**519,277**	**37,797**
Non-current liabilities	(30,966)	(32,508)	1,542
NET INVESTED CAPITAL	**619,216**	**580,930**	**38,286**
SOURCES			
Shareholders'equity	330,091	323,568	6,523
Net financial indebtedness	289,125	257,362	31,763
TOTAL FINANCING SOURCES	**619,216**	**580,930**	**38,286**

Net working capital

Net working capital totalled € 93.1 million as at 31 December 2013, in line with the value posted at 31 December 2012.
Net commercial working capital, composed of trade receivables and inventories, net of trade payables, stood at € 190.9 million as at 31 December 2013, substantially in line with the amount as at 31 December 2012 (€ 191.2 million). The Parent Company also recognised "off balance sheet" receivables (i.e. receivables assigned without recourse to factoring companies) for € 13.4 million (€ 102.2 million as at 31 December 2012): in consideration of these the balance of net commercial working capital would fall by €

89.4 million, as a result of the acceleration in average collection times that already started in 2012 and that sharply increased in 2013, also thanks to the application of the abovementioned Decree Law 35/2013 on the payment of overdue debts by Public Administrations.

In addition to the changes mentioned above, other liability elements of net working capital remained practically unaltered. These include € 4.0 million of receivables from a customer in connection with a VAT request, applying the so-called recourse principle laid down in article 93, paragraph 1, of Decree Law 1 of 24 January 2012, converted into law by Law 27 of 24 March 2012, as a result of the Tax Authorities' allegation of the erroneous application of a special VAT rate submitted after an inspection which ended in May with the issuing of two reports of findings.

Net financial indebtedness

The Parent Company's net financial indebtedness at 31 December 2013 is reported below:

(in thousands of Euro)	**31 December 2013**	**31 December 2012**	**Change**
Long-term financial liabilities	(439,993)	(94,044)	(345,948)
Payables to banks and short-term portion of loans	(95,480)	(289,060)	193,580
Other financial liabilities	(23)	0	(23)
Gross financial indebtedness	**(535,495)**	**(383,104)**	**(152,391)**
Cash and cash equivalents	149,834	29,836	119,998
Current financial assets	96,535	95,905	630
Net financial indebtedness	**(289,125)**	**(257,362)**	**(31,763)**
Outstanding assignments of receivables without recourse	(13,404)	(102,183)	88,779
ADJUSTED NET FINANCIAL INDEBTEDNESS	**(302,529)**	**(359,546)**	**57,017**

The elements in Gross Financial Indebtedness have obviously shifted towards forms of long-term borrowing, as a result of the fixed-rate bond issue for a nominal amount of € 425 million due 2020. With the proceeds of this, the Company settled bank loans during the period with a value, as of the previous period, of € 69.3 million. The proceeds from the Notes were also partially conveyed to the subsidiaries Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A., which were granted subordinated loans for a nominal amount of € 32.3 million and € 16.9 million, respectively.

Long-term bank debt was also fed by a new € 18.0 million nominal value loan from CCFS, in exchange for the settlement of a short-term € 30 million nominal value loan, while the remaining bank credit facilities went down by € 16.4 million as a result of the periodic amortization of related the debt.

To the net financial debt must be added € 13.4 million in receivables assigned without recourse to factoring firms, not yet collected by the firms, enormously lower than the sum reported in the financial statements at 31 December 2012 (€ 102.2 million). The existing programmes for the assignment of receivables on a revolving basis with Crédit Agricole Corporate & Investment Bank and Intesa San Paolo were in fact progressively abandoned after the bond issue, which was followed by a conversion of the structure of the Company and the Group's sources of finance in favour of long-term transactions.

5.3 Reconciliation of shareholders' equity and income for the year of the Parent Company with corresponding consolidated figures

(in thousands of Euro)	31 December 2013		31 December 2012	
	Profit (loss)	SE	Profit (loss)	SE
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY	**5,350**	**330,091**	**26,246**	**323,568**
- Elimination of consolidated equity investment values	0	(159,113)	0	(166,313)
- Accounting of Shareholders' Equity to replace the values eliminated	913	67,203	0	70,522
- Allocation to consolidation difference	0	62,787	(16)	64,428
- Allocation tangible assets	(4)	78	(4)	82
- Allocation intangible assets (relations with customers)	0	0	0	0
- Recognition of financial charges on PUT options	311	311	52	52
- Dividends distributed to Group companies	(10,757)	0	(8,080)	0
- Profit generated by consolidated companies	3,976	3,976	4,754	4,754
- Valuation of non-consolidated companies using the equity method	983	6,394	1,847	4,685
- Tax effects on consolidation adjustments	90	(277)	(85)	(367)
- Reversal of statutory write-downs	12,971	12,971	8,108	8,108
- Other consolidation adjustments	(86)	(120)	(248)	(34)
Total consolidation adjustments	8,397	(5,790)	6,328	(14,083)
Shareholders' equity and profit (loss) for the year pertaining to the Parent Company	13,747	324,301	32,574	309,485
Shareholders' equity and profit (loss) for the year pertaining to Minority Interests	344	1,954	728	2,500
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	**14,091**	**326,255**	**33,302**	**311,985**

6. INTERNAL CONTROL AND RISK FACTORS

The existence and operations of the internal control system at the level of the whole organisation and of the individual processes/activities must be satisfactorily supported and documented, both as regards drawing up the controls themselves and testing, conducted to ensure that they are operative and effective. MFM S.p.A. has adopted additional rules for the Control System in order to ensure that the system of internal control is effective at the level of the whole organisation and of the individual processes/activities. Under MFM's rules, the efforts are combined of the large number of persons that run the system, in order to improve the efficiency and efficacy of governance in terms of mitigating and/or covering risk.

The additional rules govern the relations between the persons working in the Group that need to exercise control functions.

After the changes in law and in the self-regulation code, the persons who exercise these functions are:

- the Internal Audit function, reporting to and functioning under the instructions of the Chairman of the Management Board, also in accordance with the provisions of Law 262/2005, even in the absence of periodic certifications from the "Dirigente preposto";
- the "Organismo di Vigilanza (ODV)", pursuant to Legislative Decree 231/2001;
- the Internal Control Committee.

In carrying out detailed control activities, under the additional rules to the system of Internal Control, a pre-arranged sample has to be tested to see whether control activities are actually being performed. For this purpose, the control activities are analysed and aggregated in accordance with the following parameters:

- type of activity;
- process owner;
- technological platform for handling the findings of the tests conducted in compliance with the control objectives.

Operating testing activities relating to the Financial Control Framework implemented by the Company were developed on the basis of shared scopes, which were assessed on the basis of the financial statements of the companies involved.

A first cycle of audits was conducted for each company, described as a "pilot audit" since it concentrated on the in-the-field validation of the strategies for the selection of the sample and of detailing the various aspects of the checks on the operational phases of the controls and on the functioning of the main processes. After this the key controls to be checked are tested every quarter.

Owing to the integration of various control requirements, some were borrowed from the tests conducted in accordance with Legislative Decree 231/2001, such as:

- Financial area;
- Area of sensitive activities pursuant to Legislative Decree 231/2001 concerning processes that are also relevant for the purposes of Law 262/2005.

Afterwards an area exclusively dedicated to control issues under Law 262/2005 was developed, which was divided into processes being audited:

- Sales and distribution cycle;
- Purchasing cycle;
- General Accounting;
- Separate Financial Statements;
- Consolidated Financial Statements;
- Treasury.

In 2011 the company started, through the Internal Audit function, a project for the development of the ERM (Enterprise Risk Management Integrated Framework) framework, in order to also comply with article 2428, paragraph 1, of the Italian Civil Code (description of the main risks and uncertainties in the Report on Operations).

In addition to the risks identified in the current Group's internal control framework, the main risks linked to the market in which the Group operates (market risks), to the unique activities performed by Group companies (operating risks) and financial risks are shown below.

Risks related to competition

The market in which the Group operates is characterised by increasing competitiveness due to the business combination processes underway between operators already equipped with significant organisations in the market of reference and able to develop models for the provision of the service mainly geared towards minimising prices for the customer. Over recent years, this has led to an increasingly tight competitive context which will probably continue in the future too.

Financial risks

Concerning financial risks (liquidity, credit, interest rates, exchange rates and price risks) the Group deals with in its operations and how they are managed, the subject is discussed in detail under note 35 in the explanatory notes to the Consolidated Financial Statements, to which reference should be made.

7. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

In 2012 significant changes were made to the legislation concerning the legal rules affecting the scope of application of Legislative Decree 231/2001.

In particular, Law 190/2012 introduced in the range of offences laid down by Legislative Decree 231/2001, art. 25 the crime of “undue incitement to give or promise benefits” - art. 319-*quater* of the Italian criminal code; amended the criminal offences of corruption (art. 318 of the Italian criminal code) and official misconduct (art. 317 of the Italian criminal code), also under art. 25, and inserted the offence “corruption between private persons” (art. 2635 of the Italian civil code), art. 25 ter. In addition, Legislative Decree 109/2012 art. 25-*duodecies* introduced the crime of “employment of illegal staying third country nationals”, which the Company deemed it necessary to include in its model under a new dedicated part.

As a result of the changes made Manutencoop Facility Management S.p.A. updated the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter the Model). The update to the Model, considering both the case law assessments and in-depth examination of the new legislative framework, is based on amendments to procedures, the introduction of new activities and observations/suggestions resulting from the controls performed. The procedure to update the Model was approved by the “Organismo di Vigilanza (ODV)”, a collective body whose functioning is governed by Regulations which are communicated to the Management Board.

On 21 February 2013 the “ODV” approved the draft Organisational, Management and Control Model, appointing the chairman of the Supervisory Board to submit it for the approval of the Management Board of Manutencoop Facility Management S.p.A., which took place on 6 March 2013.

On 29 April 2013, after the Management Board had been renewed on the same day, the newly-appointed Board designated the “ODV”, which serves until the end of the term of office of the Board Management that appointed it, in accordance with the provisions of the Organisational, Management and Control Model.

The previous composition of the “ODV” was confirmed; it is made up of:

- a representative from the Legal Affairs department;
- an outside member;
- a member of the Board Management without delegated powers.

It is a requirement that a member of the Supervisory Board and a member of the Internal Control Committee should be permanently invited.

In 2013 the “ODV” formally met five times (21 February, 26 March, 10 July, 14 October and 11 December 2013).

As regards audit activities, at the second meeting in 2013, the Supervisory Authority approved the proposed audit plan for 2013, as envisaged in the Model.

A total of 4 audit cycles were performed, the outcomes of which are summarised in the associated "internal reports on the audit activities of the "ODV", which were sent to the Chairman of the company's Management Board in a timely fashion.

8. HUMAN RESOURCES AND ORGANISATION

As at the closing date of the 2013 financial year, the MFM Group employed 15,282 workers (at 31 December 2012: 14,740 workers), including personnel on lease from the Parent Company Manutencoop Società Cooperativa to Group companies.
A total of 581 workers were on lease at 31 December 2013 (31 December 2012: 614 units).

Details of the different employee categories as at 31 December 2013, compared to the same values as at 31 December 2012:

	31 December 2013	31 December 2012
Executives	61	65
Office workers	1,667	1,648
Manual workers	13,554	13,027
EMPLOYEES	**15,282**	**14,740**

115 white-collar workers and 10 blue-collar workers were hired in 2013.

Prevention and protection

In accordance with Legislative Decree 81/2008 on occupational health and safety, in 2013 the *Risk Assessment* document was revised and supplemented, which was presented and shared in the course of the periodic meetings envisaged pursuant to article 35 of the abovementioned decree and convened by the respective managers responsible for the Local Area Operations, between occupational Physicians and workers' safety representatives.
Some job orders were checked on a sample basis by the certifying body in the framework of the activities for the certification of the OHSAS 18001 Health and Safety Management System, which began in 2012.
In 2013 the Prevention and Protection Service conducted 66 audits in the Operations structure, distributed throughout all the areas in which the MFM Group operates. These audits were carried out to verify compliance with the regulations governing occupational safety and, in the event of any non-conformities, generated an improvement plan, shared with Area Operations Managers.
Healthcare supervision, performed by occupational physicians widely distributed throughout the country, concerned all personnel exposed to "regulated" risks, i.e. occupational risks that may adversely affect health. As a result all the workplaces of Manutencoop Facility Management S.p.A. are under supervision, with the exception of the hygiene sector for services provided in non-industrial areas, in that the extent of each risk assessed in this sector in the overall risk assessment process is not such as to entail the obligatory inclusion of hygiene in these controls.
There were no fatal accidents at work during 2013.
The Group also has a company procedure to identify the specific details of each accident so as to obtain more accurate statistical reporting which, starting with a survey of the causes - the dynamics - relating to

the material agents, makes it possible to more accurately define the areas of intervention and their priority in order to reduce accidents.

In 2013 training of personnel on workplace safety continued for supervisors and operators, for more than 40,000 training hours which involved more than 5,000 workers.

There are currently 20 Workers' Safety Representatives at Manutencoop Facility Management S.p.A. distributed throughout the areas of Operations. In 2013, they were involved in the process to update the Risk Assessment document and took part in periodic meetings held in their area of Operations. Lastly, they were involved in a training/education plan on occupational safety.

Another feature of the last period were important new measures for heightening the awareness of the Hygiene sector with regard to waste management, including specific training sessions in the "Hygiene Training Project". Finally the SISTRI system (*Sistema di controllo della tracciabilità dei rifiuti*, Waste Tracking System) began functioning for waste that is hazardous to the carriers.

Finally, the Group set itself the aim of conducting an in-depth investigation of its conformity to the ADR (*Accord pour le transport de matières Dangereuses par Route*, the European Agreement for the International Carriage of Dangerous Goods by Road) regulations by starting new activities and diversifying those already in existence and instructed an external consultant to conduct an overall audit in the first half of 2014.

Training

In 2013, 112 training courses were organised, and they were held over 685 editions. The total number of training hours reached 65,517.

The table below shows the comprehensive results, divided into 5 subjects.

	2013				2012			
Subject	**Courses**	**Editions**	**Participants**	**Hours**	**Courses**	**Editions**	**Participants**	**Hours**
Safety	35	434	5,222	42,304	27	290	2,172	27,442
Technical-professional	27	96	550	6,158	16	74	519	4,789
IT	5	16	224	1,643	10	17	247	1,200
Quality and Environment	19	67	833	1,848	8	16	413	889
Management	33	72	689	13,564	18	55	480	4,888
TOTAL	**112**	**685**	**7,518**	**65,517**	**79**	**452**	**3,831**	**39,208**

In the 2013 financial year, recourse to Inter-occupational Funds (*Fondi Interprofessionali*) increased in order to cover training costs, using both Foncoop category funds, which regard all employees, and Formatemp, the fund for agency workers. In addition to the Parent Company, subsidiaries Manutencoop Private Sector Solutions S.p.A. and Telepost S.p.A. also joined Foncoop in order to increase the amount of financial resources for training. The training funds covered more than 70% of the costs incurred in 2013: in detail, this financing covered 51% of the health and safety training costs and 82% of the managerial training costs.

In 2013 the Group boosted obligatory Safety training, involving more than 4,000 employees and doubling the number of persons that had attended during the previous year.

In the technical and occupational sphere, during the year it became obligatory for refrigeration technicians to be enrolled in the national electronic register of certified persons and companies (Presidential Decree 43/2012). 163 employees who perform this type of work were thus trained and certified. 30% more hours than the previous year were devoted to this pursuit.

As regards Managerial training, the Group continued to focus on the guidance on relations with collaborators that it started last year with the involvement of the Services Managers and Order Managers in the Operations Department. In 2013 the North-East, Tuscany and Emilia Romagna Regions were covered, the course consisting of classroom lessons, the compilation of on-line questionnaires and one-to-one coaching.

The “Hygiene Project” training course was given for the first time in the period that has just ended, in collaboration with Operation and Metes. After an in-house analysis phase, special training sessions were designed for Hygiene Services Managers, Order Managers, RGOs, Technical Secretary’s Offices and some Hygiene Area support staff. The objective of the courses was to develop a good standard of technical and operational expertise to ensure that job orders are correctly supervised and help to set up an efficient organisational model for the management of the services concerned. The instructors were selected from members of the Group’s personnel, mainly from the Safety, Technical/Sales, Human Resources, Procurement, Administration and Management Control and Operations Departments. About 160 persons attended training courses lasting an average of 40 hours.

An internal training catalogue was also experimented with during the period, addressed at all functions: training sessions were given in all the Group’s main offices. The themes that were included in the catalogue, drawn up on the basis of the needs that emerged from the training plan, were the management of collaborators, time management, negotiation management and conflict management. 14 editions were organised and 150 employees took part in all.

The main specialist training as regards Quality, Environment and IT was related to job orders and the requirements of the different Areas.

9. ENVIRONMENT AND QUALITY

In 2013 MFM S.p.A. passed the audits for maintaining the following systems:

- UNI EN ISO 14001:2004 (Environmental Management System)
- UNI EN ISO 9001:2008 (Quality Management System)
- UNI CEI EN ISO 50001:2011 - Energy Management Systems
- UNI CEI 11352:1020 - Energy Management - Companies providing energy services (ESCO)
- BS OHSAS 18001:2007 - Occupational Health and Safety Management System.

Furthermore, the Group maintained the SA8000:2008 certification (Social Accountability System).

In 2013 MFM S.p.A. acquired the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree 43/2012 and Accredia Technical Regulations RT-29 for installation, leakage control, servicing and repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases.

MFM S.p.A. also maintained certification for complying with the ANMDO CERMET standard for the voluntary accreditation of suppliers of hospital cleaning and sanitation services.

MFM also worked to achieve certification or uphold requirements for the following Group companies:

SMAIL S.p.A.	Maintenance according to the UNI EN ISO 14001:2004 standard (Environmental Management System). Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System). Maintenance of the Social Accountability System according to the requirements of the SA8000:2008 standard.
MACO S.p.A.	Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System.
MIA S.p.A	Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System). Extension of the system to Attachment XIII – Total Quality Guarantee provided for under Presidential Decree no. 162 of 30/04/1999 as amended and supplemented. Maintenance according to the BS OHSAS 18001:2007 standard – Occupational Health and Safety Management System.
Manutencoop Private Sector Solutions S.p.A.	Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System). The Company has acquired the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree 43/2012 and Accredia Technical Regulations RT-29 for installation, leakage control, servicing and repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases.
Telepost S.p.A.	Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System).

In 2013, no environmental damage was reported for which the Company was found responsible, nor were any definitive fines or penalties imposed on the company for environmental offences or damages.

10. RELATED PARTIES TRANSACTIONS

Concerning disclosure requirements laid down in art. 2428 of the Italian Civil Code regarding transactions between Group companies and related parties, it should be noted that all transactions carried out, including those between the Parent Company and its subsidiaries, as well as between the subsidiaries themselves, fall within the scope of ordinary Group operations and are regulated at arm's length.

Equity and economic transactions as at 31 December 2013 are detailed thoroughly in the explanatory notes to the Consolidated Financial Statements and the separate Financial Statements of the Parent Company MFM S.p.A. for 2013, to which reference should be made.

11. CORPORATE GOVERNANCE

The Corporate Governance structure of Manutencoop Facility Management S.p.A. is set up under a two-tier administration and control system, as regulated by articles 2409-octies et seq. of the Italian Civil Code, widely used in other EU countries.

This model provides a clear distinction between ownership and management, given that the Supervisory Board, composed entirely of independent members, acts as a barrier between the shareholders and the Management Board and, therefore, is able to more effectively meet the need of greater transparency and lower potential conflict of interest risk as opposed to the "traditional" model.

12. SHARE CAPITAL

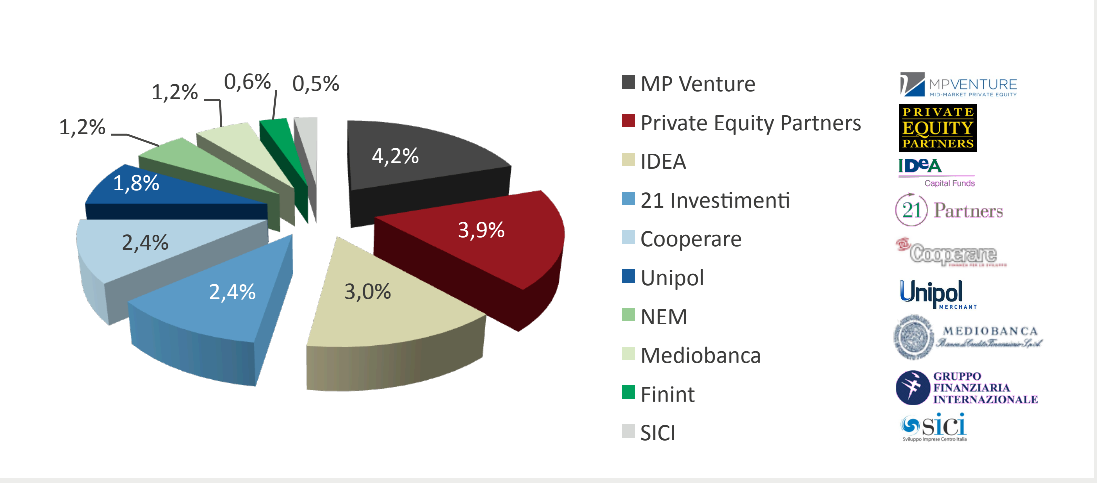
Ordinary shares issued by the MFM Group and fully paid up at 31 December 2013 amounted to 109,149,600, with a par value of Euro 1 each.

There are no other share classes.

The Parent Company does not hold own shares.

Manutencoop Società Cooperativa holds a controlling interest of 71.889%, while a pool of Private Equity investors hold an overall stake of 28.11%.

On 1 July 2013 an additional stake of 7.028% of the share capital was acquired by Manutencoop Società Cooperativa, 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 acquired with retention of title by the other shareholders pertain to the buyer.



13. RESEARCH AND DEVELOPMENT (ART. 2428 OF THE ITALIAN CIVIL CODE)

In 2013, the MFM Group companies did not capitalise any research and development costs.

14. ADDITIONAL INFORMATION REQUIRED BY ART. 2428 OF THE ITALIAN CIVIL CODE

The company does not hold own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

In 2013, the company did not purchase or dispose of own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

15. INFORMATION REQUIRED BY ART. 2497 OF THE ITALIAN CIVIL CODE

Manutencoop Facility Management S.p.A. is subject to the management and coordination activities of Manutencoop Società Cooperativa.

For details on transactions with both the entity that exercises management and coordination activities and with other companies that are subject to these activities, please refer to the explanatory notes to the consolidated financial statements and the separate financial statements of the Parent Company Manutencoop Facility Management S.p.A..

16. SECONDARY OFFICES

The Group has no secondary offices.

17. TAX CONSOLIDATION

The Manutencoop Group opted to apply the Group taxation system, pursuant to articles 117 et seq. of the TUIR (Consolidated Law on Income Tax), which involves Manutencoop Società Cooperativa as consolidating company and the following consolidated companies:

- Manutencoop Facility Management S.p.A.
- Servizi Ospedalieri S.p.A.
- Alisei S.rl. in liquidation
- SI.MA.GEST 2 Soc. Cons. a r.l.
- Società Manutenzione Illuminazione S.p.A.
- Manutenzione Installazione Ascensori S.p.A.
- Manutencoop Private Sector Solutions S.p.A.
- Energyproject S.r.l.
- MACO S.p.A.
- Telepost S.p.A.
- S.AN.GE. Soc. Cons. a r.l.

On 13 June 2013, S.AN.GE. Soc. Cons. a r.l. exercised the tax consolidation option for 2013-2015.

The above-mentioned Companies participate in tax consolidation together with the following Manutencoop Società Cooperativa Subsidiaries but which are not part of the MFM Group:

- Manutencoop Immobiliare S.p.A.
- Sies S.r.l.

- Manutencoop Servizi Ambientali S.r.l.
- Segesta Servizi per l'ambiente S.r.l..

18. SUBSEQUENT EVENTS

3 February 2014 saw the completion of the transfer of the total stake held by MFM S.p.A. in the subsidiary Energyproject S.r.l., which in turn held the total quota capital of Mowbray S.r.l., to UMA S.r.l. at an agreed price of € 660 thousand. This transfer is the final step in the process of the disposal of photovoltaic plant management activities that started in previous periods after the Group management decided to leave this market for good.

19. OUTLOOK

2013 was a keystone for the Group and a starting point for the preparation of important future projects and challenging objectives.
The consolidated financial structure was strengthened with the proceeds of the bond issue, which will ensure stable financial resources that are more in keeping with the growth objectives that the Group has set itself in future periods.

At present the Group has organised its structure and drawn its plan of strategy around a targeted policy for the protection of its working capital and more prudent management of its financial flows.
The good results in terms of the cash flow generated are obviously to be seen in relation to the increase in the amounts of funds available to Public Administrations (which remain the Group's main catchment area), also as a result of the implementation of Decree Law 35/2013 and the change in the attitude of these authorities, which are more inclined to dialogue and to the acceptance of financial plans that smooth the way for the settlement of their debts to their suppliers on a reasonable timescale.

Sales policies, aimed at retaining market shares already in the Group's portfolio in an economic situation which remains uncertain and difficult, are moving towards innovative proposals that on one hand go a certain way towards meeting Clients' needs to reduce their spending and on the other hand provide a service that goes beyond traditional maintenance and adds value to the properties that the Group manages. The Spending Review and the Stability Pact, in fact, have resulted in Public Administrations being short of funds, which often leads to situations in which the lowest offer is accepted, even in spheres in which the services to be delivered to the community must remain up to standard in terms of quality. This is why, starting from the second half of the 2013 financial year, the Group, with the assistance of its well-established connections all over Italy and its project know-how, has started to consider a range of services based on the "Services concession" regime, contemplated in Presidential Decree 207/2010, whose guidelines indicate the promotion of projects hinging on making property assets more efficient in terms of future recovery in the form of savings on consumption, the reduction in the polluting gas released into the atmosphere and, in general, a lower property management cost. To seize the opportunities offered by a market of this kind will obviously require partnerships with stable investors and special projects studied and carried out closely adhering to the end Client's needs. The Group also continues to adopt a particularly sympathetic approach to cost cutting in the field of non-core services of potential customers in the private sector. We will intensify our commercial offers for the outsourcing of functions designed for private clients with substantial property assets, involving not only the acquisition of a business unit and the relative services supply contract but the transfer of responsibility for the service as a whole to the MFM Group, relieving the client company from the demands of its non-core business. This formula, which can only be offered by large-scale operators that stand forward as reliable, competent and flexible partners, provides the client with tailor-made responses that at the same time ensure an appreciable increase in efficiency.

The Group's strategic plans also include corporate simplification operations and structural streamlining operations, especially for the Groups that operate in the Specialist Services sector, in which projects have been initiated for mergers and a reduction in the number of legal entities. In the coming months, the MIA Group and the Sicura Group, after the start-up phases in the previous periods have been completed, will concentrate on launching services that are innovations in the MFM Group, in that they are directed at home security and more detailed lifting equipment solutions. Scouting will also continue preliminary to the withdrawal from markets that the Management no longer considers to be of strategic interest, such as building, and which it does not intend to develop further.

Finally, another aspect that is emerging is the Group's interest in commercial growth on foreign markets, where useful alliances are taking shape with some leading European competitors with a view to building on experience in Italy in order to create a new entity that can operate at European level as a single supplier for Clients of supranational dimensions. The creation of United Facility Solutions (which is owned by MFM S.p.A. together with the French partner Atalian Holding Development and Strategy S.a.r.l. and the Spanish partner Clece S.a.) and the incorporation of EOS A:S: in Turkey on the part of Servizi Ospedalieri S.p.A. are the first concrete steps in this direction.

20. ALLOCATION OF THE PROFIT FOR THE YEAR

In concluding the report on 2013, the Directors invite you to approve the Financial Statements for the year ended 31 December 2013 and allocate the year-end profit of € 5,349,758.24 as follows:

- € 267,487.91 to the legal reserve
- € 5,082,270.33 to the extraordinary reserve.

Zola Predosa, 24 March 2014

The Chairman of the Management Board

Claudio Levorato