



CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014





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CONTENTS

| | |
|---|-----------------|
| GENERAL INFORMATION | > 05 |
| REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014 | > 07 |
| CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DICEMBRE 2014 | > 65 |
| • Consolidated statement of financial position | > 67 |
| • Consolidated statement of profit or loss | > 69 |
| • Consolidated statement of other comprehensive income | > 70 |
| • Consolidated statement of cash flow | > 71 |
| • Consolidated statement of changes in Shareholders' Equity | > 72 |
| • Explanatory Notes | > 73 |
| • Annexes | > 154 |
| INDEPENDENT AUDITORS' REPORT | > 167 |
| MINUTES OF THE SUPERVISORY BOARD'S MEETING | > 171 |



GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

MANAGEMENT BOARD

Appointed by the Supervisory Board
of 30.04.2014

CHAIRMAN AND CEO

Claudio Levorato

VICE CHAIRMAN

Mauro Masi

MANAGEMENT BOARD

Benito Benati
Marco Bulgarelli
Marco Canale
Giuliano Di Bernardo
Massimiliano Marzo
Marco Monis
Stefano Caspani
Luca Stanzani
Pier Paolo Quaranta

SUPERVISORY BOARD

Appointed by the Shareholders' Meeting
of 30.04.2014

CHAIRMAN

Fabio Carpanelli

VICE CHAIRMAN

Antonio Rizzi

SUPERVISORY BOARD DIRECTORS

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

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.



**REPORT ON OPERATIONS
FOR THE YEAR ENDED
31 DECEMBER 2014**



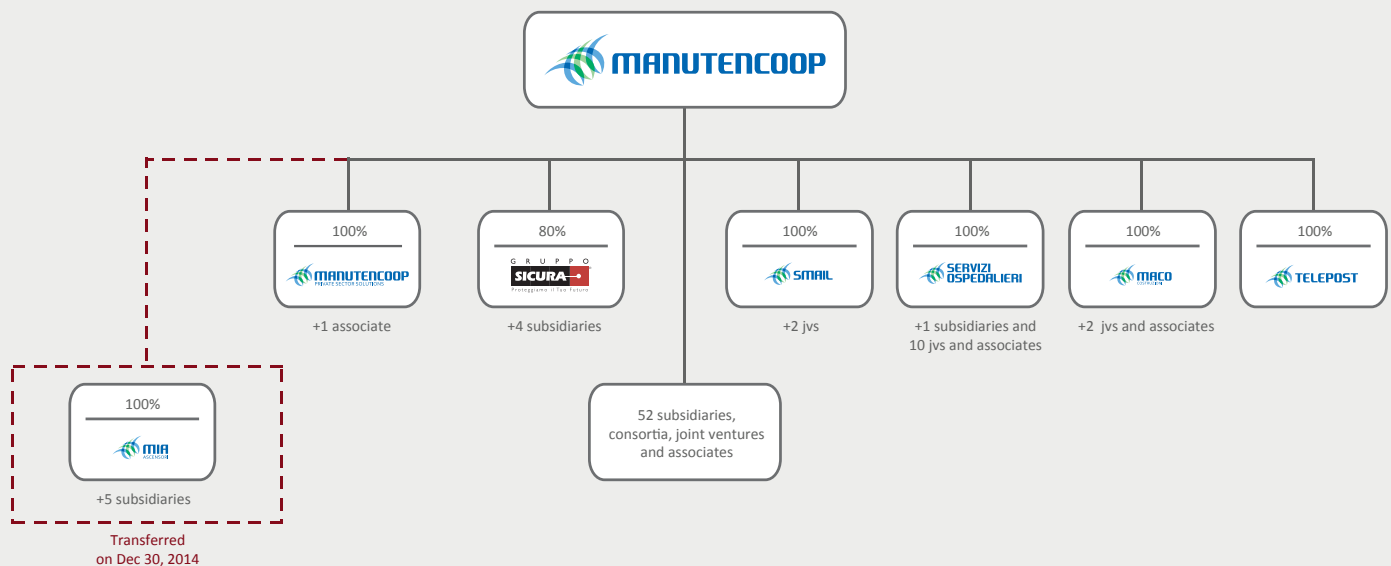


PREAMBLE

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, 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.

Starting from 2014, the Group has applied some newly-issued international accounting standards. Specifically, following the introduction of the standards named *IFRS10 Consolidated Financial Statements* and *IFRS11 Joint Arrangements*, it was necessary to apply the same on a retrospective basis and to restate the consolidated comparative data reported in the Report on Operations in order to recognize the relevant accounting effects. This restatement of data only affected the figures reported in the consolidated Financial Statements at 31 December 2013, whereas no accounting effects were recorded on the figures reported in the separate Financial Statements of Manutencoop Facility Management S.p.A.. More details on the impact of the new accounting standards are provided in the Notes to the Consolidated Financial Statements.

At 31 December 2014 the Group controlled by Manutencoop Facility Management S.p.A. ("MFM Group" and "MFM S.p.A.", respectively) was made up as follows:



MACROECONOMIC AND MARKET SCENARIO

In spite of the help from the fall in oil prices, world economic recovery is still a gradual process, with a slight loss of pace in growth in the fourth quarter of 2014. On the world scene, growth is still robust in the United States, is losing momentum in China and has not yet consolidated again in Japan. Economic conditions deteriorated further in Russia, but the knock-on effects on other emerging markets are limited at the moment. World trade shows signs of strengthening while inflation is driven down by the fall in energy prices. Economic indicators in the Eurozone are still consistent with moderate short-term economic expansion, while the recent fall in oil quotations should assist growth in the long term. At the same time labour markets have shown some more signs of improvement, but unemployment remains high and the level of unused production capacity should only fall slowly. In December 2014 the introduction of the targeted refinancing operation for € 129.8 billion, against € 82.6 billion assigned at the time of the first TLTRO in September 2014, led to a further reduction in short-term rates on the money market in a scenario of greater excess liquidity. Labour markets are still weak but improved further. There was an increase of 0.2% in employment in the third quarter of 2014 against an increase of 0.3% in the previous period. The Eurozone unemployment rate, which began to fall in the middle of 2013, remained stable at 11.5% from August to November 2014. Information, however, points to a slight strengthening of the labour market in the last quarter of 2014. From a long-term point of view the recent fall in oil prices should support growth, in domestic demand above all, as a result of an increase in real household disposable income and business profits.

According to the International Monetary Fund, in 2014 Italy is expected to record a -0.2% drop in GDP. Spain rose by 1.2%, while Germany, France and the United Kingdom rose by 1.4%, 0.4% and 3.2%, respectively. Beyond the borders of Europe, Japan closed 2014 with a 0.9% rise in GDP and the United States with 2.2%. Employment figures are still critically low in some European countries: Italy's unemployment rate in 2014 was 12.7%, Spain's 24.5% and France's 10.2%. The situation was different in Germany, whose unemployment rate was 5.0% (Source: Eurostat).

Obvious fragmentation still characterises the outsourced Facility Management market, estimated to be worth about € 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 about € 1 billion, is still the leading Italian operator.

The Italian Facility Management market is still subject to considerable pressure on prices, while the tendency to outsource, at least in the public sector, is unaltered.

Although the market for the awarding of contracts is stagnant, there is also a trend for public tenders to be called in order to award agreements and thus for demand to be concentrated in group purchasing organisations (e.g.: CONSIP).

As regards payment times, the effects of the resources made available by government decrees (Decree Laws nos. 35/2013, 102/2013 and 66/2014) for the payment of outstanding Public Administration debts were tangible in 2014 too, but in a less pronounced fashion than in 2013. At the moment it is more difficult to assess 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.

Confirming the not particularly positive trend of the past few years, the private sector continues to feel the effects of the macroeconomic crisis, and the indications in Italy are that business are not very inclined to outsource non-core services. 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.

GLOSSARY

ACRONYMS IN THE REPORT ON OPERATIONS

| | Definition |
|-----------------------|---|
| ALL-IN | ALL IN are defined as economic figures that include the current results classified as "discontinued operations" for FY 2014 and FY 2013 (MIA Group and SMAIL). Gains on the disposal of investments, net of transaction costs and the related tax effect, are excluded, due to their non-recurring nature, as well as impairment on assets classified as held for sale to align the book value to fair value, also net of the related tax effect. In the consolidated financial statements prepared under IFRS the current results for the FY 2014 of these activities are classified as a single item of the Income Statement named "Profit from discontinued operations". |
| Financial Capex | Financial CAPEX are defined as the purchase of investments, the business combinations effects and long term financing disbursement. |
| Industrial Capex | Industrial CAPEX are defined as the purchase of (i) property, plant and equipment, (ii) property, plant and equipment under lease and (iii) other intangible assets. |
| NWC | Consolidated Net Working Capital (NWC) is defined as the NWOC which is added the amount of other operating assets and liabilities (other current assets, other current liabilities, Current tax assets and liabilities, current provisions for risks and charges. |
| NWOC | Consolidated Net Operating Working Capital (NWOC) is composed of trade receivables and inventories, net of trade payables. |
| DPO | DPO (Days payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the amounts already received from the supplier, and costs related to external production factors (included the capex) multiplied by the days of the reference period. |
| DSO | DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reference period. |
| EBIT | EBIT represents the Operating Profit (Loss) before tax, gross of Net financial charges and Share of Net profit of associates. The Consolidated Statement of Profit or Loss shows EBIT as "Operating Income/Loss". |
| EBIT o EBIDA Adjusted | Adjusted EBITDA and Adjusted EBIT exclude certain non recurring financial items accounted in the Consolidated Statement of Profit/Loss, as described in the paragraph "Non-recurring events and transactions in the year". |
| EBITDA | 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. |

| | Definition |
|--|--|
| Gross Interest Bearing Financial Indebtedness (GIBFI) | Gross Interest Bearing Financial Indebtedness (GIBFI) is defined as the sum of: long-term debt, Bank borrowings including current portion of long-term debt and other financial liabilities and derivatives less the sum of the following: collections on behalf of factoring counterparties, loans from parent company Manutencoop Cooperativa, loans from syndicated shareholders, dividends due to non-controlling shareholders, escrow accounts, debt for the acquisition of non-controlling interests, capital contribution to be paid, financial liabilities measured at fair value through profit and loss and other current financial liabilities. |
| Net interest bearing financial indebtedness (NIBFI) | Net interest bearing financial indebtedness is defined as Gross Interest bearing financial indebtedness net of cash and cash equivalents. |
| NFP | Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of current financial assets and Cash and Cash equivalents. |
| NFP or NWOC Adjusted | Adjusted NWOC and Adjusted NFP include the balance of the receivables assigned by the Group in the framework of the previous years' assignment without recourse programmes (now abandoned), and not yet collected by the factoring companies at the reporting date. |
| Restated | Starting from 2014, the Group has applied some newly-issued international accounting standards. Specifically, following the introduction of the standards named IFRS10 Consolidated Financial Statements and IFRS11 Joint Arrangements, it was necessary to apply the same on a retrospective basis and to restate the comparative data reported in the Report on operations in order to recognize the relevant accounting effects. More details on the impact of the new accounting standards are provided in the Explanatory Notes to the Consolidated Financial Statements. |



Key Performance Indicators 2014



(*) Ratios 2013 consistently based on data shown I/y before any further restatement



REVENUES

€/mn

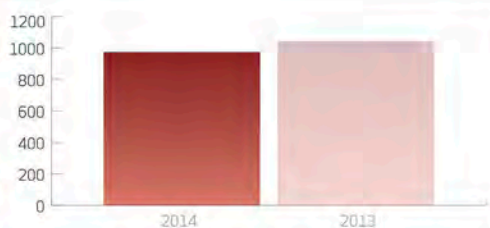
974,3

1.045,0
in 2013

Δ %

-6,8%

VS 2013



EBIT ALL-IN Adj

€/mn

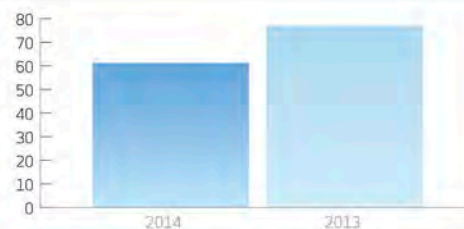
61,2

77,1
in 2013

EBIT ADJ. ALL IN/REVENUES %

6,1%

7,2% in 2013



EBIT

€/mn

47,0

60,8
in 2013

EBIT/REVENUES %

4,8%

5,8% in 2013



NWOC

€/mn

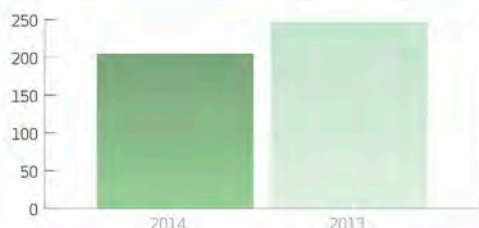
204,9

247,2
in 2013

NWOC/REVENUES %

21,0%

23,7% in 2013



NWOC Adj

€/mn

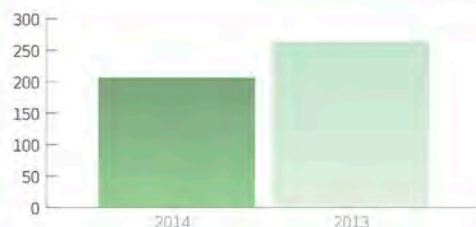
206,4

263,6
in 2013

NWOC ADJ/REVENUES %

21,2%

24,3% in 2013 (*)



NET PROFIT

€/mn

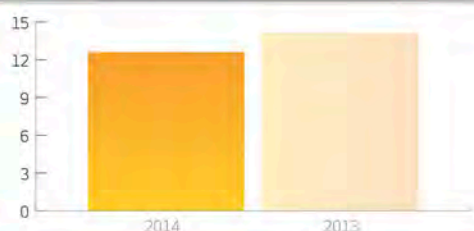
12,6

14,1
in 2013

NET PROFIT/REVENUES %

1,3%

1,3% in 2013



1. SUMMARY OF RESULTS AND MAIN EVENTS IN 2014

Preamble

The Report on Operations contains a number of acronyms and Non-GAAP measure. The same are summarized in the Glossary section, to which reference should be made for the respective definitions.

Starting from 2014, the Group has applied some newly-issued international accounting standards (IFRS). Specifically, following the introduction of the standards named *IFRS10 Consolidated Financial Statements* and *IFRS11 Joint Arrangements*, it was necessary to apply the same on a retrospective basis and to restate the comparative data reported in the Consolidated Financial Statements in order to recognize the relevant accounting effects. More details on the impact of the new accounting standards are provided in the Explanatory Notes to the Consolidated Financial Statements, to which reference should be made.

On 30 December 2014, MFM S.p.A. transferred the total stake held in MIA S.p.A., the sub-holding company of the group that operates in the maintenance and installation of lifting equipment (MIA Group). At the same time the Group's Management classified the business which deals with public lighting, an activity exclusively conducted by subsidiary SMAIL S.p.A. as held for sale.

Both these activities, however, were performed on the same basis as in the past until 31 December 2014: for this reason the economic results that are commented on below are consistently referred to a scope of operations which also includes the MIA Group and public lighting activities.

All the economic data that are defined below as **ALL-IN** include the current results achieved by the MIA Group and SMAIL in the 2014 and 2013 financial years. These figures do not include, because of their non-recurring nature, the capital gain from the sale of the investment in MIA, net of transaction costs and of the related tax effect (a net capital gain of € 13.2 million), as well as the write-down of SMAIL's assets to adjust the carrying amount at fair value, which is also net of the related tax effect (a net write-down of € 2.4 million). In the consolidated financial statements prepared in accordance with IFRS standards, the results achieved by these activities in the 2014 financial year are instead recognized under a single income statement item, i.e. *Profit (loss) from discontinued operations*, together with the net result of the transfer of MIA, and the write-down applied to the SMAIL's assets, as described above. The following paragraph reports the reconciliation statements of the amounts recognized through profit and loss and the related ALL-IN amounts.

Consolidated results for the 2014 financial year

| | Year ended 31 December | | | |
|---|------------------------|---------------|----------|----------|
| | 2014 | 2013 Restated | Change | Change % |
| ALL-IN revenues | 1,005,945 | 1,078,115 | (72,170) | -6.7% |
| Adjusted ALL-IN EBITDA | 100,139 | 125,516 | (25,377) | -20.2% |
| <i>Adjusted ALL-IN EBITDA % / ALL-IN Revenues</i> | 10.0% | 11.6% | -1.6% | |
| Adjusted ALL-IN Operating Income (EBIT) | 61,233 | 77,143 | (15,910) | -20.6% |
| <i>Adjusted ALL-IN EBIT % / ALL-IN Revenues</i> | 6.1% | 7.2% | -1.1% | |
| Consolidated Net Profit | 12,627 | 14,091 | (1,464) | -10.4% |

In 2014, the Group accounted for consolidated ALL-IN Revenues of € 1,005.9 million against € 1,078.1 million in 2013, with a drop of 6.7%. Turnover from the main private sector client (Telecom Italia) was considerably lower in 2014, which led to a € 70 million difference in revenues compared to the previous year. Net of this effect, consolidated revenues were practically unchanged compared to the previous year (-0.2%).

The stability in terms of volumes is not reflected in terms of profit margins (**Adjusted ALL-IN EBITDA / ALL-IN Revenues**), which decreased by 1.6% in 2014 compared to the previous year. In fact a gradual change in the order backlog is taking place over time, the immediate effect of which is an average reduction in fees as a result of strong pressure on prices in the Group's market while the necessary cost efficiency process requires a review and a revision of the model for providing services and of production facilities, which, on the other hand, will take longer to come into effect.

Consolidated results were down at **Adjusted ALL-IN EBIT** level too, passing from € 77.1 million at 31 December 2013 (equal to 7.2% of the related consolidated revenues) to € 61.2 million at 31 December 2014 (equal to 6.1% of consolidated revenues). The reduction in absolute terms agrees with the trend that has already been mentioned in connection with revenues and margins even if, compared to the previous year, there was a reduction in write-downs of trade receivables (- € 3.7 million), which shows that the debtor position is better, and in net provisions for future risks and charges, which had affected some significant specific positions in the previous year.

Finally, the **net profit for the year** was equal to € 12.6 million against a net profit of € 14.1 million for the year ended 31 December 2013. It should be noted that 31 December 2014 saw the recognition of the net capital gain arising from the transfer of MIA S.p.A., equal to € 13.4 million, net of related transaction costs, and of a write-down of inventories of work in progress of SMAIL S.p.A. for € 2.4 million, included in the Profit (loss) from discontinued operations.

The Group's financial position and cash flow were particularly satisfactory, with a continuation of the steady trend in the reduction and rationalisation of Net Operating Working Capital (**NWOC**) and Net Financial Position (**NFP**):

| | 31 December 2014 | 31 December 2013 Restated | Change |
|--|------------------|------------------------------|----------|
| Adjusted Net Operating Working Capital (NWOC) | 206,392 | 263,616 | (57,224) |
| Adjusted Net Financial Position (NFP) | (292,099) | (360,010) | 67,911 |

As regards this, the Group continued to improve the efficiency of internal cash flow management processes and to enhance its methods for managing working capital. These actions, together with the government measures to counter the problem of Public Administration delaying payments of its debts resulted in a DSO⁽³⁾ of 190 days (against 209 days at 31 December 2013) at the end of 2014 and a DPO of 218 days at 31 December 2014 (236 at 31 December 2013). The Adjusted **NWOC** (defined as the balance of trade receivables and inventories, net of trade payables) reported a decrease of € 57.2 million compared to the previous year (€ 8.4 million of which attributable to the transfer of MIA S.p.A.), recording lower trade receivables for € 129.0 million and trade payables for € 72.9 million.

In the course of the financial year the Consolidated **Adjusted NFP** recorded a decrease, in absolute values, of € 67.9 million, € 65.7 million of which are financial resources freed up from the sale of shares during the year (MIA S.p.A. and Energyproject S.r.l.).

Reconciliation statements of Statutory schedules items and the related ALL-IN and Adjusted figures

Below are the reconciliation statements of Statutory amounts for the 2014 and 2013 financial years as and the related ALL-IN and Adjusted amounts:

(in thousands of Euro)

| | Year ended 31 December | | | | |
|---|------------------------|---|----------------|---------------------------------|----------------------------|
| | 2014 | 2014 MIA + SMAIL accounted as continuing operations | 2014 ALL-IN | 2014 non- recurring costs | 2014 Adjusted ALL-IN |
| Total revenues | 974,290 | 31,655 | 1,005,945 | | 1,005,945 |
| Total costs of production | (881,419) | (28,250) | (909,669) | 3,863 | (905,806) |
| EBITDA | 92,871 | 3,405 | 96,276 | 3,863 | 100,139 |
| Amortization, depreciation, write-downs and write-backs of assets | (38,635) | (2,010) | (40,645) | 4,418 | (36,227) |
| Accrual and reversal of provisions for risks and charges | (7,238) | (58) | (7,296) | 4,617 | (2,679) |
| Operating Income | 46,998 | 1,337 | 48,335 | 12,898 | 61,233 |
| Share of net profit of associates | 1,198 | | 1,198 | | |
| Net financial charges | (36,204) | 34 | (36,170) | | |
| Profit before taxes | 11,992 | 1,371 | 13,363 | | |
| Income taxes | (11,414) | (183) | (11,597) | | |
| Profit from continuing operations | 578 | 1,188 | 1,766 | | |
| Profit (loss) from discontinued operations | 12,049 | (1,188) | 10,861 | | |
| NET PROFIT | 12,627 | | 12,627 | | |
| Minority interests | (273) | | (273) | | |
| NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 12,354 | | 12,354 | | |

(in thousands of Euro)

| | Year ended 31 December | | | | |
|---|------------------------|---|----------------------------|---------------------------------|--|
| | 2013 Restated | 2013 MIA + SMAIL accounted as continuing operations | 2013 ALL-IN Restated | 2013 non- recurring costs | 2013 Adjusted ALL-IN Restated |
| Total revenues | 1,044,998 | 33,117 | 1,078,115 | | 1,078,115 |
| Total costs of production | (932,445) | (27,818) | (960,263) | 7,664 | (952,599) |
| EBITDA | 112,553 | 5,299 | 117,852 | 7,664 | 125,516 |
| Amortization, depreciation, write-downs and write-backs of assets | (40,755) | (2,064) | (42,818) | 1,861 | (40,957) |
| Accrual and reversal of provisions for risks and charges | (11,010) | (96) | (11,105) | 3,689 | (7,416) |
| Operating Income | 60,788 | 3,141 | 63,929 | 13,214 | 77,143 |
| Share of net profit of associates | 2,652 | 0 | 2,652 | | |
| Net financial charges | (28,469) | (418) | (28,887) | | |
| Profit before taxes | 34,971 | 2,724 | 37,694 | | |
| Income taxes | (22,748) | (430) | (23,178) | | |
| Profit from continuing operations | 12,224 | 2,294 | 14,516 | | |
| Profit (loss) from discontinued operations | 1,867 | (2,294) | (425) | | |
| NET PROFIT | 14,091 | | 14,091 | | |
| Minority interests | (344) | | (344) | | |
| NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 13,747 | | 13,747 | | |

It should be noted that, as regards the 2014 financial year, there was no reclassification, in the ALL-IN version, of the capital gain from the transfer of MIA S.p.A., net of related transaction costs and tax effect,

nor of the write-down of the SMAIL S.p.A.'s assets, net of related tax effect, which was carried out in order to adjust them at fair value pursuant to IFRS5.

Non-recurring cost components for the 2014 and 2013 financial years are reported in a specific section of paragraph 3 below in the Report on operations.

Significant events in the year

The reference market continued to feel the after-effects of the unfavourable economic conditions which had begun to present themselves in the 2011 financial year, so that production volumes were practically unvaried. The lack of any substantial commercial opportunities and the lasting competitive pressure on prices and margins constituted a very perceptible break with the past from the point of view of the Group's profit expectations.

In the light of all these factors, in 2014 the Manutencoop Group management put a series of measures in motion which it considered indispensable in order to resume the process of sustainable growth that has been a feature of its history so far in the shortest possible time. In practice, these measures go in the direction of an operation whose aim is to cut costs and recover profitability, whose effects will already be seen in the short term and which has taken the form, among other steps, of a substantial reduction in the organisational structure.

Another process that has started is that of working out new growth and business strategies, which has led on one hand, to the disposal of operations conducted in sectors that are not thought to be of interest in the future (PV plants for Energyproject S.r.l., building sector for MACO S.p.A. and public lighting for SMAIL S.p.A.). On the other hand, the sale of the 100% stake in Manutenzione Installazione Ascensori S.p.A. (MIA S.p.A.) on 30 December 2014 freed up a considerable amount of financial resources that had been invested in an operation which does not account for a very significant proportion of the amount of services delivered by the Group (just above 2.3% of consolidated turnover). Established by MFM S.p.A. itself in 2008, this company operated in its market by gradually acquiring smaller companies and creating a network of operators in some specific areas of Italy. The area coverage sold, on the other hand, did not respond in full to the Group's need for nationwide coverage, which had to continue to make use of third-party services companies in contracts which required the maintenance of lifting equipment for this very reason.

At the same time the Group's financial position and cash flows were strong again in 2014, as in 2013, resulting in a further reduction in the effect of Net Operating Working Capital (NWOC) on the Group's revenues. This good performance was again driven by the trend for the reduction in days sales outstanding (DSO), obviously with a positive impact on net financial debt.

It was also due to this good cash flow performance, which provided the Group with extra liquidity, that in the fourth quarter of 2014 MFM S.p.A. bought back some of its bonds on the open market, making its financial structure more efficient and more consistent with its borrowing needs.

Transfers of consolidated equity investments and corporate rationalisation

First of all, as has been mentioned, some substantial transfers of equity investments were put in hand which changed the Group's shareholding structure.

On 30 December 2014 the Parent Company MFM S.p.A. sold its 100% stake in MIA S.p.A. to KONE S.p.A., an Italian affiliate company of KONE Corporation, one of the leading companies in the sector of lift and escalator design, production and maintenance. Within the Manutencoop Group, MIA S.p.A. was the sub-holding for

the companies operating in the market for services of installation, management, maintenance and modernisation of lifts and lifting equipment. This transaction allowed MFM S.p.A. to achieve a capital gain of € 13.2 million, net of selling costs and related tax effects, and also freed up € 60.8 million for the Group, also through the total repayment of the substantial intragroup debt of MIA S.p.A. to MFM S.p.A. (€ 42.6 million at the date of transfer), which had been disbursed in support of growth through external lines during various financial years.

The Management also proceeded with the programme of exiting from business segments which were no longer considered strategic. In the SBU designated "Other", the process of the transfer of MFM S.p.A.'s investment in subsidiaries Energyproject S.r.l. and Mowbray S.r.l. was completed on 3 February 2014. This sale concluded the disposal of PV plant management operations and thus constituted the Group's final exit from this market.

A programme was also put into motion for the sale of the public lighting maintenance business segment (managed by SMAIL S.p.A.) which the management aims to conclude in 2015.

In connection with the corporate combination and streamlining program conducted within the so-called "specialist services" area, on 1 January 2014, Sedda S.r.l., Securveneta S.r.l., Mako Engineering S.r.l., Antincendi Piave S.r.l. and Sicurama S.r.l.'s were merged into Sicura S.p.A., to combine in a single company all the maintenance and engineering activities related to the fire prevention and safety segment. Finally, within the same Sub-group, April 2014 saw the implementation of the merger of Gruppo Sicura S.r.l. by incorporation into Sicura S.p.A., with the consequent change in the designated sub-holding.

Buy-back of Notes and rationalisation of sources of finance

In early 2014 the Management used its available cash to early repay some long-term loans (MPS and CCFS) for a total nominal amount of € 38 million. These loans had been granted before the € 425 million Senior Secured Notes issued during the 2013 financial year, maturing in 2020, which were intended from the start to take the place of the Group's bank financing.

Furthermore, as regards the latter, in the last quarter of the year, MFM S.p.A. formalised the acquisition of some of its bonds on the open market, for a total nominal amount of € 45 million. The weighted average buy-back price was just under 93% against an issue price equal to 98.713% on 2 August 2013. The transactions in question entailed the recognition of financial capital gains in the consolidated income statement, net of related commissions, equal to € 3.3 million. On the other hand, there was a proportional write-off of the upfront fees that had been accounted for at the time of the issue to an amount of € 1.2 million.

In this context there also was the cancellation of the Revolving Credit Facility (R.C.F.), with effect from 30 July 2014, which had been obtained within the bond issue process from a pool 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.. The revolving credit line, which can be activated on demand for a nominal amount of € 30 million on the basis of a 3-year term, has never been used by the Group and no future use has been contemplated in the provisions governing consolidated financial flows. Therefore, the Group accounted for the residual amount to be amortised in relation to the costs incurred for the registration of the line, equal to € 579 thousand, as a financial charge for the period, thus eliminating the costs of ordinary maintenance.

2. BUSINESS DEVELOPMENT

The Manutencoop Group is countering the persistent economic crisis in the domestic market by taking measures to maintain its position in a scenario of a widespread fall in the number of attractive business opportunities. Public authorities are not calling many tenders and they are often being conducted in conditions in which legal disputes are very frequent, which lengthens the time before a contract is awarded and makes the timing of the start-up phases uncertain. In the private market, in this still uncertain phase of macroeconomic development it is hard to find major industrial partners prepared to embark on processes of outsourcing their non-core services, above all on the basis of a real partnership and not of mere cost cutting. In 2014 the Group gained orders totalling € 404 million. Over 60% of this backlog consisted of new clients, while the figures for renewals/re-awards of expiring contracts were more modest owing to the lack of movement in the market.

The 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 portfolio of the sub-group related to Sicura S.p.A. since they consist of contracts that have an average term not exceeding one year and a not particularly significant impact on the consolidated performance (equal to about 4% of the consolidated turnover in 2014).

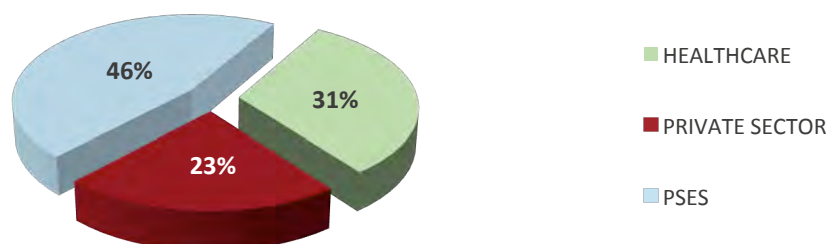
New contracts in the Public market had a more significant effect on the total compared to the previous year (46% in 2014 against 33% in 2013), with an acquired total value equal to € 187 million. Important developments in the transport sector were the acquisition of some lots awarded by tender by the main Italian rail transport operator for network cleaning services and the stipulation of global services contracts with a big Lombardy local authority company and finally, again for cleaning services, the acquisition of a lot from the main Rome local transport company. A big long-term energy services contract was also obtained in the Rome area. The amount of business from orders for cleaning services in the framework of contracts under the Consip Scuole Agreement⁽¹⁾ that had been acquired in 2013 also rose during the period as a result of new requests from ministerial entities and expansions of existing contracts.

Remaining in the sphere of arrangements with public authorities, contracts began to be signed for the Consip SIE3 Sicily lot, acquired in the last year: the overall orders signed amounted to about 1/3 of the available ceiling estimated at € 40 million with an average contract term of about 6 years.

There were not many re-awards on the basis of new tenders: in many cases authorities tended to extend existing contracts while they waited to see how the “reacquisition process” will take shape (joining a nationwide and/or regional agreement for each service, acquisition on the public administration electronic marketplace, new tender for each service/global service, etc.). Even in cases in which the tender process has ended, in any case the lengthening of the time taken for the completion of the final award procedure and for starting the service have also led to similar situations in which the contract is extended.

1. CONSIP S.p.A. is the national platform through which the purchases of services on the part of the Public Administration entities are organized at central level. This agreements is concluded by CONSIP S.p.A. on behalf of the Ministry of Economy and Finance.

CONTRACTS ACQUIRED BY CUSTOMER



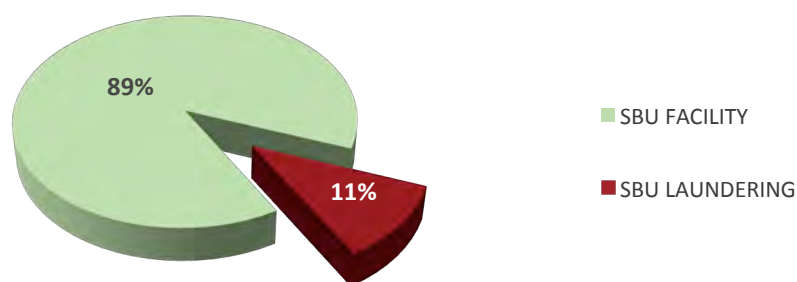
Healthcare remains an important commercial target for the Group, which obtained € 126 million worth of orders, i.e. 31% of the total, a proportion which is practically the same as in the previous year. This is the market in which some lots under the Consip MIES Agreement were awarded for integrated technological and energy supply services for healthcare facilities with a total value of the available ceiling of about € 70 million. As regards cleaning services, an important four-year contract for cleaning services at a big Rome hospital complex and another three-year contract at a major hospital in the Campania Region were obtained, and some contracts with other big hospital clients were extended for an average of one year pending the finalisation/conclusion of new tenders.

Sterilisation services for surgical instruments in the healthcare sector were performing increasingly well and the first results are also being seen in the foreign market, in Turkey particularly.

The value of the new contracts in the Private sector for the period was € 91 million. Among the private sector contracts in 2014 were those for maintenance services for the local offices of a major Italian banking and insurance company for one year and a big mall in Turin for three years; as regards cleaning services, a contract was signed with a leading Piedmontese industrial company with a very long 7-year term. There were valuable renewals of cleaning and technical services contracts in banking, mass retail and telecommunications, in addition to new global services operations at the local offices of an important client which is a leader in the recruitment sector.

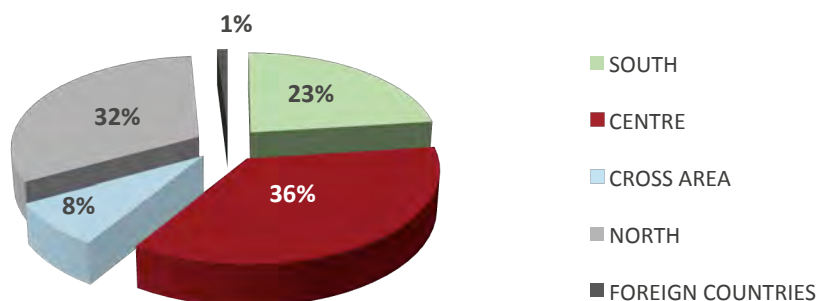
Regarding the new contracts, in terms of Strategic Business Unit (SBU), in the *Laundering & Sterilization* segment the Group obtained contracts of € 46 million against € 358 million in the Facility Management segment.

CONTRACTS ACQUIRED BY SBU



These acquisitions were mainly made in the last sector, in which, in fact, the Group is historically present in the market with a vast range of services which entitle it to be described as a qualified outsourcing operator throughout the country for both public and Private clients. It is in this sphere of activity that the Consip Agreements that have been referred to were obtained: their total value was nearly € 65 million in 2014. Finally, a geographical distribution of the commercial portfolio of new acquisitions in the period is provided below:

CONTRACTS ACQUIRED BY GEOGRAPHICAL AREA

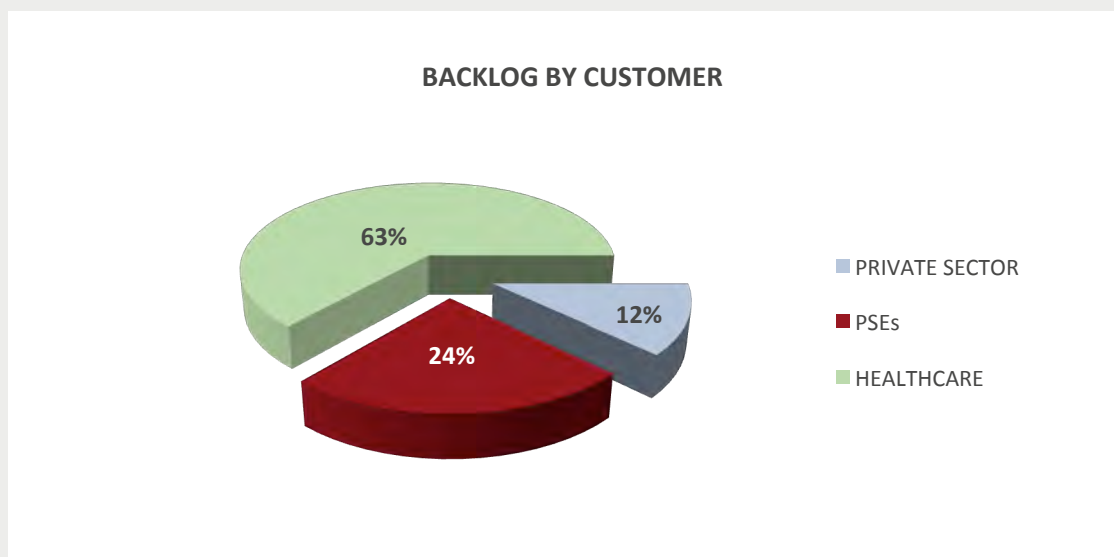


As has been said, the Group is developing some business opportunities in foreign markets, as a result of which it was awarded contracts, in the period, for surgical instrument sterilization in Turkey through the subsidiary Servizi Ospedalieri S.p.A. (*Laundry & Sterilization SBU*).

Backlog

The Backlog, i.e. the amount of contractual revenues related to the residual duration of the job orders in the portfolio at that date, is expressed below in millions of Euro:

| | 2014 | 2013 |
|---------|-------|-------|
| Backlog | 2,887 | 3,216 |



Commercial activities developed in the first few months of 2015

No change in the market has been seen in early 2015: in spite of the first faltering signs of economic recovery, the market still seems difficult and practically stationary and still with very high resort to the instrument of the extension of contracts in the public sector market. Another aspect is that Public Administration remains desirous of expanding the role of Consip Agreements to other markets and services which have not been involved in awards of these kinds up to now.

There have not been any important new acquisitions but contracts for the Consip SIE3 Sicily lot continued to be signed and there were other valuable contract extensions, some for longer than a year, especially in the Private market.

3. THE MFM GROUP'S PERFORMANCE OF OPERATIONS AND CONSOLIDATED FINANCIAL POSITION FOR THE 2014 FINANCIAL YEAR

3.1 Consolidated performance of operations for FY 2014

Below are reported the main consolidated income figures relating to 2014, compared to the figures of the previous year.

| (in thousands of Euro) | Year ended 31 December | | Year ended 31 December | |
|---|------------------------|----------------|------------------------|----------------------|
| | 2014 | 2013 Restated | 2014 ALL-IN | 2013 ALL-IN Restated |
| Total revenues | 974,290 | 1,044,998 | 1,005,945 | 1,078,115 |
| Total costs of production | (881,419) | (932,445) | (909,669) | (960,263) |
| EBITDA | 92,871 | 112,553 | 96,276 | 117,852 |
| EBITDA % | 9.5% | 10.8% | 9.6% | 10.9% |
| Amortization, depreciation, write-downs and write-backs of assets | (38,635) | (40,755) | (40,645) | (42,818) |
| Accrual and reversal of provisions for risks and charges | (7,238) | (11,010) | (7,296) | (11,105) |
| Operating Income | 46,998 | 60,788 | 48,335 | 63,929 |
| Operating Income % | 4.8% | 5.8% | 4.8% | 5.9% |
| Share of net profit of associates | 1,198 | 2,653 | 1,198 | 2,652 |
| Net financial charges | (36,204) | (28,470) | (36,170) | (28,887) |
| Profit before taxes | 11,992 | 34,972 | 13,363 | 37,694 |
| Profit before taxes % | 1.2% | 3.3% | 1.3% | 3.5% |
| Income taxes | (11,414) | (22,749) | (11,597) | (23,178) |
| Profit from continuing operations | 578 | 12,223 | 1,766 | 14,516 |
| Profit (loss) from discontinued operations | 12,049 | 1,868 | 10,861 | (425) |
| NET PROFIT | 12,627 | 14,091 | 12,627 | 14,091 |
| NET PROFIT % | 1.3% | 1.3% | 1.3% | 1.3% |
| Minority interests | (273) | (344) | (273) | (344) |
| NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 12,354 | 13,747 | 12,354 | 13,747 |
| NET PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT % | 1.3% | 1.3% | 1.2% | 1.3% |

Revenues

In 2014 consolidated revenues came to € 974.3 million against € 1,045.0 million in the previous year. While also considering, in both financial years, the third-party revenues achieved by the MIA Group and SMAIL S.p.A., consolidated revenues would amount to € 1,005.9 million in 2014 against € 1,078.1 million in 2013. As already mentioned, in both cases, if the effects of the reduction in turnover resulting from the renegotiation of the contract with Telecom Italia (which can be estimated at € 70 million in 2014) are excluded, revenues were in line with those in the previous year, although the effects of the pressure on prices and margins that has also been referred to were evident.

The breakdown of the consolidated revenues in 2014 is provided below, compared to the previous year, broken down by Customer:

| REVENUES BY CUSTOMER | Year ended 31 December | | | | Year ended 31 December | | | |
|------------------------------|------------------------|------------|------------------|------------|------------------------|------------|----------------------|------------|
| | 2014 | % of total | 2013 Restated | % of total | 2014 ALL-IN | % of total | 2013 ALL-IN Restated | % of total |
| (in thousands of Euro) | | | | | | | | |
| PSEs | 242,103 | 24.8% | 254,555 | 24.4% | 251,386 | 25.0% | 265,013 | 24.6% |
| Healthcare | 438,255 | 45.0% | 418,658 | 40.1% | 438,255 | 43.6% | 418,665 | 38.8% |
| Private sector | 293,932 | 30.2% | 371,785 | 35.6% | 316,304 | 31.4% | 394,437 | 36.6% |
| CONSOLIDATED REVENUES | 974,290 | | 1,044,998 | | 1,005,945 | | 1,078,115 | |

The breakdown of turnover by type of customer, whether the MIA Group and SMAIL S.p.A. revenues in 2013 and 2014 are classified under profit (loss) from discontinued operations or in the same way as in the past, show that Healthcare played a more important part in 2014 than in the previous year, its share of revenues rising by about 5%. In fact contracts for some big PPP (Private Public Partnership) projects in which Group companies have roles became fully operational during the year.

The portion of turnover from PSEs proved to be more or less stable at 25%. In 2013 the Group was awarded some CONSIP Scuole lots and a CONSIP Uffici lot which partly took the place of the previous expired agreement.

Finally, the decrease in turnover from Private Sector clients is mainly attributable, as has already been seen, to the reduction in revenues from Telecom Italia, accentuated by the classification of the MIA Group revenues under profit (loss) from discontinued operations.

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 business segment in 2014 and 2013 is provided below:

| REVENUES BY SEGMENT | Year ended 31 December | | | | Year ended 31 December | | | |
|------------------------------|------------------------|------------|------------------|------------|------------------------|------------|----------------------|------------|
| | 2014 | % of total | 2013 Restated | % of total | 2014 ALL-IN | % of total | 2013 ALL-IN Restated | % of total |
| (in thousands of Euro) | | | | | | | | |
| Facility Management | 824,370 | 84.6% | 899,244 | 86.1% | 856,025 | 85.1% | 932,361 | 86.5% |
| Laundering & Sterilization | 144,856 | 14.9% | 138,402 | 13.2% | 144,856 | 14.4% | 138,402 | 12.8% |
| Other | 8,654 | 0.9% | 12,684 | 1.2% | 8,654 | 0.9% | 12,684 | 1.2% |
| Intra-group elimination | (3,590) | -0.4% | (5,332) | -0.5% | (3,590) | -0.4% | (5,332) | -0.5% |
| CONSOLIDATED REVENUES | 974,290 | | 1,044,998 | | 1,005,945 | | 1,078,115 | |

Revenues in the Facility Management sector amounted to € 824.4 million in 2014 (€ 856.0 million considering the same scope of operations including the MIA Group and SMAIL S.p.A. as in the past), marking a decrease of € 74.9 million, equal to -8.3% (€ 76.3 million, equal to -8.2% considering the same scope of operations as in the past) compared to the previous year, when they amounted to € 899.2 million (€ 932.4 million considering the revenues including the MIA Group and SMAIL S.p.A.). As a result, there was a slight decline in the same in terms of percentage of total consolidated revenues, to the benefit of revenues from the *Laundering &*

Sterilization segment. As anticipated, the Facility Management business bore the effect of the downsizing of the activities conducted with Telecom Italia, in terms of decline in revenues.

In 2014 *Laundering & Sterilization* segment achieved revenues of € 144.9 million. The increase recorded, amounting to +4.7% compared to the previous year, was mainly attributable to the growth in the surgical instrument sterilization's activity. Furthermore, starting from the 2014 financial year, this sector has been reporting the first results in the activities carried out abroad at healthcare units in Turkey.

Finally, a decrease was recorded in revenues (-€ 4.0 million compared to the previous year) in the Other activities segment, which is currently made up only of building construction activities of MACO S.p.A., as a result of the Management's decisions not to invest in the business units of this segment any further and after having transferred the companies that carried out energy management activities in January 2014. In 2014, the sector mainly recorded revenues from construction activities under project finance agreements, in addition to those arising from contracts in which MACO S.p.A. was participating on the basis of orders gained in previous years, while, in 2013 it had mainly recorded revenues from construction activities carried out on a time and materials basis within the MFM Group (€ 1.8 million).

EBITDA

Group's gross operating income (EBITDA) came to € 92.9 million in 2014, against € 112.6 million in 2013, reporting a decrease of € 19.7 million in absolute values. Margins came to 9.5% of revenues, showing a decrease compared to 10.8% in 2013. If also considering the EBITDA of the MIA Group and SMAIL S.p.A., the decrease between 2013 and 2014 would come to € 21.6 million with profits passing from 10.9% in 2013 to 9.5% in 2014.

Below is provided a comparison of EBITDA by business segment for 2014 and 2013:

| EBITDA BY SEGMENT (in thousands of Euro) | Year ended 31 December | | | | Year ended 31 December | | | |
|---|------------------------|-----------------------|----------------|-----------------------|------------------------|-----------------------|----------------------|-----------------------|
| | 2014 | % of segment Revenues | 2013 Restated | % of segment Revenues | 2014 ALL-IN | % of segment Revenues | 2013 ALL-IN Restated | % of segment Revenues |
| Facility Management | 55,813 | 6.8% | 79,362 | 8.8% | 59,218 | 6.9% | 84,661 | 9.1% |
| Laundering & Sterilization | 38,089 | 26.3% | 35,182 | 25.4% | 38,089 | 26.3% | 35,182 | 25.4% |
| Other | (1,031) | -11.9% | (1,991) | -15.7% | (1,031) | -11.9% | (1,991) | -15.7% |
| CONSOLIDATED EBITDA | 92,871 | 9.5% | 112,553 | 10.8% | 96,276 | 9.6% | 117,852 | 10.9% |

The effects of increasingly widespread price pressure have been evident in the facility management sector during the last few quarters, and have been a characteristic of the most recent order acquisitions, in which average prices have tended to fall for the same amount of services. This unfavourable tendency now requires the Group swiftly to review and cut its operating costs. This process should not only involve the costs related to the delivery of its services but also bring about a rationalisation and reduction of overheads: however, these measures entail complex procedures and do not lead to immediate results. The process started during the 2014 financial year through targeted efficiency improvement measures focusing on both direct costs and overheads and structural costs: the first step was a restructuring plan mainly involving the Parent Company

MFM S.p.A and thus the so-called “traditional” facility management sector. Most of the positive effects of these measures will be seen from the 2015 period onwards.

The Group’s structures were also involved in processes of corporate combination and rationalisation including, among other measures, the transfer of the business segment with which Manutencoop Private Sector Solutions S.p.A. operated with Telecom Italia to MFM S.p.A., in order to reorganise the contract and simplify production processes.

On the other hand, the Laundering & Sterilization segment also recorded a positive performance, which improved both in absolute terms (segment EBITDA of +€ 2.9 million, equal to +8.3%) and in terms of profit margins (a segment EBITDA which passed from 25.4% to 26.3% of related revenues) and was mainly attributable to the higher impact of the contracts for the sterilization of surgical instruments in which profit margins were higher than the average for the linen rental and industrial laundering segment.

Finally, at 31 December 2014 the residual construction activities (Other activities segment), which the management no longer considers as strategic, showed gross operating losses that were more limited compared to 2013 (€ 1.0 million against € 2.0 million) due to the recognition of write-downs of € 1.1 million on the PV plants (which were subsequently transferred to third parties) in 2013.

Costs of production

In 2014, *Costs of production*, which amounted to € 881.4 million, showed a decrease of € 51.0 million in absolute terms compared to € 932.4 million (-5.5%) in the previous year.

| (in thousands of Euro) | Year ended 31 December | | | | Change |
|--|------------------------|--------------------------|----------------|--------------------------|-----------------|
| | 2014 | % of Costs of production | 2013 Restated | % of Costs of production | Euro/000 |
| Costs of raw materials and consumables | 135,524 | 15.4% | 165,704 | 17.8% | (30,179) |
| Costs for services and use of third-party assets | 364,040 | 41.3% | 385,699 | 41.4% | (21,660) |
| Personnel costs | 374,210 | 42.5% | 375,207 | 40.2% | (997) |
| Other operating costs | 7,645 | 0.9% | 7,672 | 0.8% | (27) |
| Capitalized internal construction costs | 0 | | (1,838) | -0.2% | (1,838) |
| TOTAL COSTS OF PRODUCTION | 881,419 | | 932,445 | | (51,026) |

In 2014 *Costs of raw materials and consumables* came to € 135.5 million, showing a decrease of € 30.2 million compared to 2013 (-2.4 percentage points over the total costs of production, equal to a total of -18.2%), with their incidence on consolidated revenues falling from 15.9% to 13.9%. Specifically, there was still a decrease in fuel costs, which had been already reported in the year (-€ 19.6 million), to which must be added a reduction of € 10.6 million in the consumption of raw materials compared to 2013.

Costs for services and use of third-party assets showed a decrease of € 21.7 million (-5.6%), which was consistent with the reduction reported in revenue volumes, and which was mainly attributable to a reduction in the recourse to third-party work in the provisions of services, as well as to a reduction in maintenance and lease costs for offices and plants of the Group.

The reduction in costs for services and use of third-party assets was not accompanied by a similar considerable decrease in *Personnel costs*, which remained substantially unchanged compared to 2013 (- € 1.0 million). The number of employees as at the closing date of the year moved from 15,282 units at 31 December 2013 to 15,922 units at 31 December 2014, above all due to the mechanisms for the transfer of the workforce provided for by the laws on contract changes, in particular in the cleaning services segment. In third regard, there were more than 1,500 new hires under CONSIP Scuole and CONSIP Uffici Agreements, as a result of the importance of the related contract start-up.

Finally, it should be noted that, during the 2013 financial year, personnel costs were affected by the recognition of the effects of the Group's MBO system reserved for top and middle management. This system was not adopted in 2014, so that personnel costs were recognised, with a € 2.3 million impact on EBITDA.

Other operating costs, equal to € 7.6 million for 2014, showed a balance that was in line with 2013 and was made up of sundry operating expenses, such as capital losses from disposals of fixed assets, taxes and duties, fines and penalties, membership fees and entertainment expenses.

Finally, *Capitalized internal construction costs*, equal to € 1.8 million at 31 December 2013, related to activities of construction on a property used as a laundry plant of Servizi Ospedalieri S.p.A., which were completed in 2013. These works, in fact, had been carried out by MACO S.p.A. and were considered as having been performed on a time and materials basis, net of the intra-group margin obtained.

Non-recurring events and transactions in the year

In the course of the 2014 and 2013 financial years, the Group carried out transactions that originated "non-recurring" financial items which impacted on the normal dynamics of the consolidated results of operations. 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, profits and cash flows of the Group companies.

Specifically, the following non-recurring costs were recognized in the Consolidated Statement of Profit or Loss:

| (in thousands of Euro) | Year ended 31 December | |
|---|------------------------|---------------|
| | 2014 | 2013 Restated |
| Costs for termination of employment relationships by mutual agreement | 3,863 | 1,185 |
| Bond issue costs | | 3,887 |
| Costs related to the shutdown of the Porto Garibaldi (FE) plant | | 318 |
| Penalties from tax audits | | 897 |
| Costs related to the 2012 earthquakes | | 316 |
| Write-down of PV plants | | 1,061 |
| Total non-recurring operating costs | 3,863 | 7,664 |
| Provisions for restructuring | 4,617 | 3,689 |
| Impairment of fixed assets | 4,418 | 1,861 |
| TOTAL NON-RECURRING COSTS | 12,898 | 13,214 |
| <i>Of which related to continuing operations</i> | <i>12,461</i> | <i>13,214</i> |
| <i>Of which related to discontinued operations</i> | <i>437</i> | |

In the 2014 financial year costs of € 3,863 thousand were recognised for termination of employment, € 437 thousand of which related to *discontinued operations* (€ 1,185 thousand at 31 December 2013, partly including costs of € 318 thousand arising from the shutdown of an industrial laundering plant) in the framework of a restructuring process started off by the Parent Company. This process also involved, among other things, the recognition of provisions for additional expected future charges of € 4.6 million, included under "*Accrual and reversal of provisions for risks and charges*" (€ 3.7 million at 31 December 2013, mainly related to subsidiary Servizi Ospedalieri S.p.A.).

In the 2014 financial year the Parent Company, MFM S.p.A., also reported impairment losses of fixed assets of € 4.4 million, on the net residual value of software projects capitalised in previous years which, after careful analysis, proved to be no longer suitable to be used for company business purposes because they were no longer utilised or had been superseded by more innovative projects. In 2013 write-downs of this kind were made necessary for the capital assets used at the Porto Garibaldi (FE) industrial laundering plant, decommissioned at the end of the year.

Finally, the 2013 financial year recorded non-recurring operating costs related to the bond issue process, which had been launched in August for € 3,887 thousand, in addition to penalties from tax assessments of € 897 thousand and costs for non-recurring refurbishment and maintenance of the Group's operating offices for € 316 thousand in relation to the earthquakes that involved Emilia Romagna during 2012. Finally, net write-downs of inventories were recognised in relation to PV 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.

Therefore, at 31 December 2014, consolidated adjusted EBITDA came to € 96,297 thousand, net of the abovementioned items (€ 120,217 thousand at 31 December 2013), with profit margins of 9.9% (11.5% at 31 December 2013).

Finally, at 31 December 2014, consolidated adjusted EBIT came to € 59,459 thousand, net of the abovementioned items (€ 74,004 thousand at 31 December 2013), with profit margins of 6.1% (7.1% at 31 December 2013).

Operating Income (EBIT)

In 2014 Consolidated Operating Income (EBIT) stood at € 47.0 million (equal to 4.8% of revenues) against € 60.8 million in the previous year (equal to 5.8% of revenues).

EBIT was mainly affected by the abovementioned consolidated performance for the period in terms of EBITDA, from which must be deducted *amortization and depreciation* of € 32.1 million (€ 33.1 million at 31 December 2013), *accruals of provisions for risks and charges* of € 10.3 million (€ 13.4 million at 31 December 2013) against *reversals* of € 3.0 million (€ 2.4 million at 31 December 2013). Specifically, accruals to provisions for future charges include a provision for corporate restructuring of € 4.6 million which the Parent Company considered necessary in order to enable it to carry out the production process rationalisation measures started off in the last quarter of 2014 (€ 3.6 million at 31 December 2013, mainly linked to the restructuring commenced in the Laundering & Sterilisation SBU after the shutdown of a production site). Finally, the 2014 financial year saw the allocation of a merely residual provision of € 0.5 million in connection with the system of incentives mentioned above, which was not adopted in 2014; the amount set aside in the accounts for the period ended 31 December 2013 was 1.9 € million.

The Group also reported *write-downs of receivables* of € 2.1 million, against € 5.6 million at 31 December 2013. This shows less need for adjustments of credit risk, which had already been adequately covered in previous financial years in the provision for bad debts. Furthermore, the positive trends in the collection of trade receivables mean lower average days sales outstanding and at the same reduce the need to assess generic risks on more senior outstanding debt brackets.

Finally, *impairment of fixed assets* were recognized for € 4.4 million (€ 2.1 million at 31 December 2013). Specifically, the latter item includes write-downs made by the Parent Company, MFM S.p.A., on the residual net book value of software projects capitalised in previous years which, after careful analysis, proved to be no longer suitable to be used for company business purposes because they were no longer utilised or had been superseded by subsequent projects. In 2013, however, the Group recorded, in the Laundering & Sterilisation SBU, write-downs of assets used in the laundering activity for € 1.2 million, in addition to write-downs of specific software used in the Facility management SBU on Telecom order, for € 0.7 million.

Below is reported a comparison of Operating Income (EBIT) by segment in 2014, with the amounts recorded in 2013:

| EBIT BY SEGMENT (in thousands of Euro) | Year ended 31 December | | | | Year ended 31 December | | | |
|---|------------------------|-----------------------|---------------|-----------------------|------------------------|-----------------------|----------------------|-----------------------|
| | 2014 | % of segment Revenues | 2013 Restated | % of segment Revenues | 2014 ALL-IN | % of segment Revenues | 2013 ALL-IN Restated | % of segment Revenues |
| Facility Management | 33,164 | 4.0% | 54,993 | 6.1% | 34,501 | 4.0% | 58,134 | 6.2% |
| Laundering & Sterilization | 14,758 | 10.2% | 7,891 | 5.7% | 14,758 | 10.2% | 7,891 | 5.7% |
| Other | (924) | -10.7% | (2,096) | -16.5% | (924) | -10.7% | (2,096) | -16.5% |
| CONSOLIDATED EBIT | 46,998 | 4.8% | 60,788 | 5.8% | 48,335 | 4.8% | 63,929 | 5.9% |

The *EBIT* performance in the Facility Management segment (-€ 21.8 million compared to 2013) confirmed the trend of the segment EBITDA (-€ 23.5 million).

Nevertheless, write-downs of trade receivables were less significant than the previous year (- € 3.0 million), effect of an improvement in the collection of debt and lower net provisions for future risks and charges, which had affected some significant specific positions in the previous year.

On the contrary, the Laundering & Sterilization segment showed, at EBIT level, an increase compared to 2013, equal, in absolute terms, to € 6.9 million (+ € 2.9 million at EBITDA level), which also entailed a considerable increase in profit margins (+4.5 percentage points over related revenues), which is even more considerable compared to the values reported in terms of the positive EBITDA performance (+0.9% compared to 2013). As already anticipated, the SBU was involved in restructuring activities as early as in 2013, which entailed, among other things, considerable provisions and write-downs, totalling € 3.9 million.

Finally, the consolidated EBIT in 2014 was positively affected by lower operating loss of the segment of *Other activities*; within this segment, as has been said, there was a disposal of the companies that operated in the photovoltaic market in the first months of 2014. These companies contributed a negative EBIT of € 1.1 million to the consolidated results of the 2013 financial year.

Profit before taxes

To the EBIT must be added net income from companies valued at equity equal to € 1.2 million, compared to € 2.7 million in 2013, less net financial charges of € 36.2 million (€ 28.5 million in 2013), thus obtaining a profit before taxes equal to € 12.0 million at 31 December 2014 (€ 35.0 million at 31 December 2013).

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 proportional result of € 0.3 million at 31 December 2014 (€ 1.5 million at 31 December 2013), lower as a result of the lower profits returned by this associate after a fall in production owing to a reduction in its services to the Lazio Region. Furthermore, total income was reported by project companies within *project financing* contracts for € 1.0 million.

Below is provided the breakdown by nature of net financial charges for the 2014 financial year and for the previous year:

| (in thousands of Euro) | Year ended 31 December | | Change |
|---|------------------------|-----------------|----------------|
| | 2014 | 2013 Restated | Euro/000 |
| Dividends, income (charges) from sale of equity investments | 427 | 665 | (238) |
| Financial income | 5,679 | 1,884 | 3,795 |
| Financial charges | (42,313) | (31,019) | (11,294) |
| Profit / (loss) on exchange rate | 3 | 0 | 3 |
| NET FINANCIAL CHARGES | (36,204) | (28,470) | (7,734) |

In 2014 *financial income* amounted to € 5.7 million, recording an increase of 3.8 million compared to € 1.9 million in 2013. The main item recorded during the financial year related to the capital gain of € 3.4 million achieved in the last quarter by the Parent Company MFM S.p.A., through the acquisition of portions of its bond issue on the open market for a total nominal value of € 45 million. Furthermore, higher interest income was recorded on trade receivables for € 0.5 million and higher interest from discounting-back for € 0.3 million, against, on the contrary, lower financial income, which was mainly recorded following the fair value measurement of potential liabilities for acquisitions of equity investments (Earn-out and Put options).

In the financial year ended 31 December 2014 *financial charges* amounted to € 42.3 million, up by € 11.3 million compared to € 31.0 million in the financial year ended 31 December 2013. In fact, the 2014 financial year saw the full recognition of financial charges that had accrued on the fixed-coupon bond issue (8.5% p.a.) launched for a nominal amount of € 425 million in August 2013 (€ 36.0 million) and that had been accounted for starting from 2 August 2013 only (with an impact of € 15.0 million). On the other hand, the buy-back transaction on the Notes market gave the Group an accrued interest income of € 1.6 million on the portions acquired and held in the portfolio, in spite of paying non-recurring financial costs of € 1.2 million consisting of the write-off of the portion of their amortised cost, recognised in accordance with IFRS on the date of issue and amortised until maturity. In this context, there was also the cancellation of the Revolving Credit Facility (R.C.F.) as from 30 July 2014, which had been granted within the bond issue process: this entailed the recognition of financial costs for the amortisation of the remaining costs of taking out the credit facility, equal to € 0.6 million, thus zeroing the related maintenance costs.

Furthermore, it should be noted that the 2013 bond issue has taken the place of most of the Group's sources of financing previously existing, primarily with short-term maturity, and, above all, there have been no assignments of trade receivables without recourse, with the consequent absence of costs for *interest discount* in 2014, equal to € 2.3 million in 2013. The repayment of the other medium- and long-term loans, partly in 2013 and partly in 2014, finally eliminated their financial cost, reducing the overall cost of borrowing not included in the coupons paid on the bond issue.

Lastly, it should be mentioned that dividends received from companies described as "other equity investments" amounted to € 0.4 million, against € 0.7 million recorded in 2013.

Net profit for the year

From the profit before taxes must be deducted taxes of € 11.4 million, thus obtaining a net profit continuing operations of € 0.6 million (€ 12.2 million at 31 December 2013).

The 2014 financial year also saw the recognition of a Profit (loss) from discontinued operations of € 12 million arising from the transfer of the investment in MIA S.p.A. and related subsidiaries (positive for € 13.2 million), as well as to a write-down of the assets of the SMAIL S.p.A. business segment, which is included in a disposal programme which the management started during the 2014 financial year and which is expected to be completed during 2015 (negative for € 2.4 million). According to IFRS5, the *Profit (loss) from discontinued operations* also includes, both for 2014 and 2013, the net profit for the year of both the MIA Group and SMAIL S.p.A., for a total amount of € 1.2 million and € 2.3 million for 2014 and 2013, respectively. Therefore a positive net profit for the year was recorded for € 12.6 million (€ 14.1 million at 31 December 2013).

The table below reports a breakdown of the consolidated tax rate:

| (in thousands of Euro) | For the year ended 31 December | |
|--|--------------------------------|---------------|
| | 2014 | 2013 Restated |
| Profit before taxes | 11,992 | 34,972 |
| Current and deferred IRES tax, including income and charges from Tax Consolidation | (5,072) | (12,536) |
| Current and deferred IRAP tax | (9,833) | (12,629) |
| Adjustments to current and deferred taxes related to previous financial years | 3,491 | 2,416 |
| Profit from continuing operations | 578 | 12,223 |
| Tax rate of continuing operations | 95.2% | 65.0% |
| Gross profit (loss) from discontinued operations | 11,970 | 2,298 |
| Taxes related to the profit (loss) from discontinued operations | 79 | (430) |
| CONSOLIDATED NET PROFIT | 12,627 | 14,091 |
| TOTAL TAX RATE | 47.3% | 62.2% |

The consolidated tax rate for the year (i.e. the tax burden on the *Consolidated net profit*, including the *Profit(loss) from discontinued operations*) came to 47.3%, with a decrease of about 15 percentage points compared to 31 December 2013, when it stood at 62.2%. The main positive effect is due to tax revenues (€ 4.6 million) reported after the Parent Company MFM S.p.A. and subsidiary Manutencoop Private Sector Solutions S.p.A. presented a supplementary declaration to the 2014 *Modello Unico* tax return, after the recent clarification provided in Ministerial Circular Letter no. 31/E of 24 September 2013. In 2013 the above declaration had also been presented by subsidiary SANCO Soc. Cons. a r.l. (€ 1.8 million). Net of these revenues, the normalised consolidated tax rate would be 66.9% for the 2014 financial year, in line with the figure that can be calculated in a similar way for the 2013 financial year (67.1%). Finally, it should be noted that in the 2014 financial year the consolidated profit was significantly affected by capital gains from the transfer of equity investments (€ 13.4 million) on which IRES (Corporate Income) tax under the participation exemption regime is therefore 5% of the taxable base, with a tax effect equal to € 0.1 million. This, however, was partially offset by higher IRAP (Local Production Activities) tax on a pre-tax result for the 2014 financial year (being the sum of the pre-tax result from continuing operations and the gross result from discontinued operations) which was significantly lower than the figure for the same item in the 2013 financial year.

3.2 Statement of financial position as at 31 December 2014

| <i>(in thousands of Euro)</i> | 31 December 2014 | 31 December 2013 Restated | Change |
|---|------------------|------------------------------|-----------------|
| USES | | | |
| Trade receivables and advances to suppliers | 580,629 | 694,704 | (114,075) |
| Inventories | 5,115 | 6,162 | (1,047) |
| Trade payables and advances from customers | (380,821) | (453,687) | 72,866 |
| Other elements of working capital | (79,630) | (122,460) | 42,830 |
| Net working capital | 125,293 | 124,719 | (574) |
| Property, plant and equipment | 70,558 | 80,918 | (10,360) |
| Intangible assets | 394,642 | 444,156 | (49,514) |
| Investments accounted for under the equity method | 29,390 | 31,858 | (2,468) |
| Other non-current assets | 51,016 | 39,642 | 11,374 |
| Fixed assets | 545,606 | 596,574 | (50,968) |
| Non-current liabilities | (45,363) | (51,465) | 6,102 |
| NET INVESTED CAPITAL | 625,536 | 669,828 | (44,292) |
| SOURCES | | | |
| Minority interests | 682 | 1,955 | (1,273) |
| Equity attributable to equity holders of the parent | 334,224 | 324,300 | 9,924 |
| Shareholders' equity | 334,906 | 326,255 | 8,651 |
| Net financial indebtedness | 290,630 | 343,573 | (52,943) |
| FINANCING SOURCES | 625,536 | 669,828 | (44,292) |

Net working capital

At 31 December 2014 Consolidated Net Working Capital (**NWC**) amounted to € 125.3 million, in line in absolute terms compared to 31 December 2013 (€ 124.7 million).

On the contrary, at 31 December 2014, the consolidated net operating working capital (**NWOC**), composed of trade receivables and inventories, net of trade payables, was equal to € 204.9 million against € 247.2 million at 31 December 2013, with a net decrease equal to € 42.3 million.

This positive change was mainly due to a reduction recorded in the balance of **trade receivables** (-€114.1 million). Furthermore, if we consider the residual balance of receivables assigned by the Group in the framework of the previous years' assignment without recourse programmes (which are currently no longer used) and not yet collected by the factoring agencies (€ 1.5 million at 31 December 2014 and € 16.4 million at 31 December 2013), the balance of trade receivables would amount to € 582.1 million at 31 December 2014, against € 711.1 million at 31 December 2013.

As early as in the course of the first quarter of 2014 the Group also entered into an agreement for the repurchase of the trade receivables assigned to Banca IMI in previous years and not yet collected by the same, for a total initial value of € 9.9 million. The balance of the items not yet collected as at 31 December 2014 was equal to € 5.9 million and was included in the balance of trade receivables.

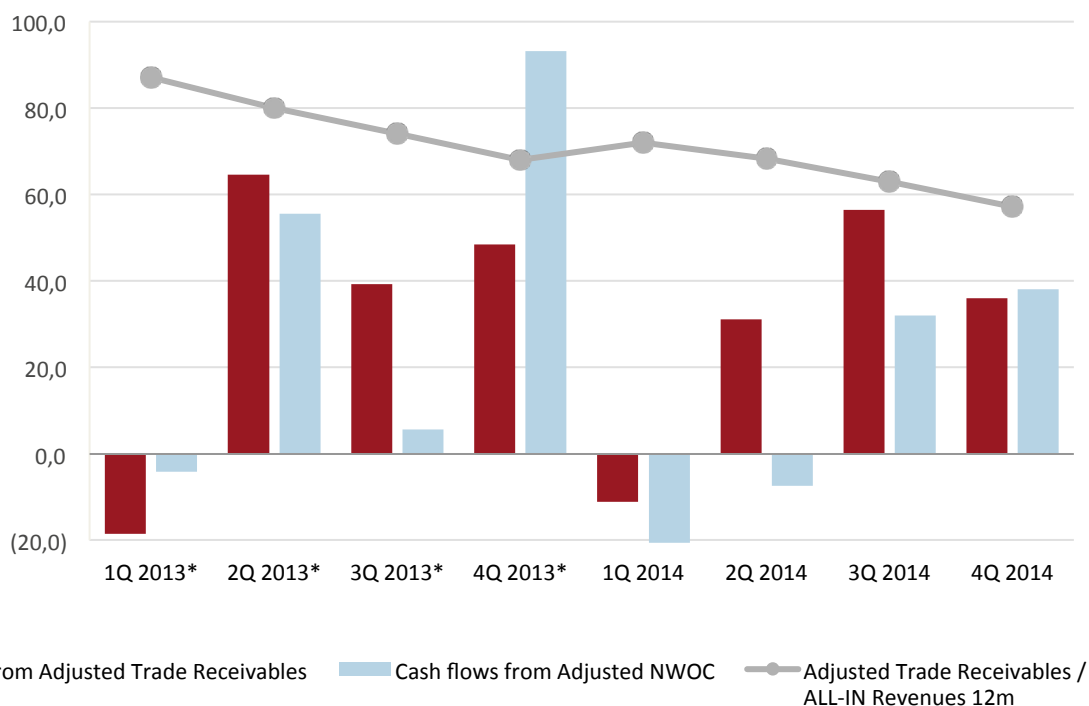
The inflow from the collection of trade receivables, in fact, was affected, starting from 2013, by a constant and clear trend of improvement and stabilization. This was linked, first of all, to higher financial resources available to Italian public administrations for the extraordinary cash inflow arising from Decree Law 35/2013 and subsequent Decrees (€ 36.5 billion paid at 30 January 2015), aimed at sharply reducing the outstanding debt of public administrations.

In fact, average DSO at 31 December 2014 was 190 days, i.e. well under the average time recorded by the Group in last financial years and noticeably lower than in the previous one (209 days at 31 December 2013). In fact the Group has stabilised the positive cash flow arising from the management of its trade receivables, especially those from public administration, through a rational and constant action of monitoring and optimizing its internal invoicing and collection procedures. More generally, a more rational management was ensured for the components of its working capital (and in particular of **trade payables**). In fact, trade payables came to € 380.8 million at 31 December 2014, with a decrease of € 72.9 million compared to the balance at 31 December 2013 (€ 453.7 million).

The graph below shows the quarterly trends of available cash flow generated from or used by changes in trade receivables and of NWOC, both adjusted to take account of the balance of trade receivables assigned without recourse to factoring companies and not yet collected by these companies on the reporting dates. This trend shows flows that are not initially aligned in time, with benefits deriving from an improvement in collection trends that did not correspond exactly to a reduction in average sales days outstanding. During the third quarter of 2013 and afterwards in the 2014 period, inflows from the collection of debts were substantially stable (even with a different physiological performance during the quarters), so that these benefits could be transferred to the suppliers too. This led to a gradual relaxation of the suppliers' financial tension, which allowed the Group the negotiating room necessary for the required cost reduction targets.

Cash flows from NWOC

* Data restated to include the effects of changes in accounting standards.



| | 1Q 2013* | 2Q 2013* | 3Q 2013* | 4Q 2013* | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 |
|--|----------|----------|----------|----------|---------|---------|---------|---------|
| Cash flows from Adjusted Trade Receivables | (18,5) | 64,6 | 39,2 | 48,4 | (11,1) | 31,2 | 56,5 | 36,0 |
| Cash flows from Adjusted NWOC | (4,2) | 55,5 | 5,7 | 93,2 | (20,6) | (7,3) | 32,0 | 38,1 |
| Adjusted Trade Receivables / ALL-IN Revenues 12m | 80% | 75% | 71% | 66% | 69% | 66% | 62% | 58% |

During the 2014 financial year, therefore, inflows from the collection of receivables contributed € 112.6 million to the Group's NWOC (€ 133.7 million in 2013), which was transferred to consolidated NWOC (and therefore to the Group's suppliers) for € 70.8 million (€ 11.5 million in 2013).

As early as in 2014, a trend towards a reduction in turnover began to emerge in the Group, which partly affects the average amount of trade receivable. Nevertheless, the reduction in this amount is quicker and more obvious than the effects of the financial variable and therefore the ratio between Trade Receivables and annual Turnover shows in any case a significant downward trend. In the course of the last 7 quarters the impact of trade receivables on ALL-IN Revenues reduced by 22%, passing from 80% in the first quarter of 2013 to 58% at 31 December 2014.

The balance of the **other elements in working capital** at 31 December 2014 was a net liability of € 79.6 million, down by € 42.8 million compared to a net liability of € 122.5 million at 31 December 2013.

This decrease in net liability was due to a combination of various factors, mainly including:

- › the recognition of lower net VAT payables for € 20.4 million, mainly as a result of the collections system which significantly reduced the stock of deferred VAT payables;
- › the recognition of higher net receivables for income taxes estimated at €12.6 million for the 2014 financial year, as a result of the lower final taxable bases in the financial statements at 31 December 2014, on which advances were paid during the year which were calculated according to previous years' performance;
- › a decrease of € 4.4 million in the short-term portion of provisions for risks and charges;
- › lower net payables for € 3.9 million for amounts collected on behalf of TJAs (*Associazioni Temporanee di Imprese*, Temporary Joint Associations) in which the Group companies participate in the capacity of agents.

Finally, the financial year saw the transfer of assets held for sale, net of related liabilities for € 5.4 million, related to the investment held in Energyproject S.r.l., which was followed by the recognition of a business segment (mainly made up, from a financial point of view, by inventories of work in progress) held for sale, relating to public lighting operations (carried out by subsidiary SMAIL S.p.A.) for € 5.0 million at 31 December 2014.

It should be noted that the reduction in the components of the MIA Group companies' NWOC prior to the sale carried out before the reporting date has no significant effect on consolidated NWOC. At 31 December 2014 the NWOC flow of the sub-group transferred was positive and could be estimated at € 1.9 million, to which must be added an increase in the net liability relating to the other working capital elements for € 0.6 million.

Other long-term liabilities

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

- › TFR (employee benefits), equal to € 21.2 million and € 27.6 million at 31 December 2014 and 31 December 2013, respectively;
- › long-term portion of provisions for future risks and charges (€ 12.4 million at 31 December 2014 against € 11.7 million at 31 December 2013);
- › deferred tax liabilities of € 11.8 million (€ 12.1 million at 31 December 2013).

Consolidated net financial indebtedness

Details of net financial indebtedness at 31 December 2014 are shown below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, compared to the figures at 31 December 2013, as restated to include the effects of changes in accounting standards:

| <i>(in thousands of Euro)</i> | 31 December 2014 | 31 December 2013 Restated | Change |
|---|-------------------------|----------------------------------|-----------------|
| A. Cash | 36 | 72 | (35) |
| B. c/a, bank deposits and consortia, non-proprietary accounts | 113,346 | 184,466 | (71,121) |
| D. Cash and cash equivalents (A) + (B) + (C) | 113,382 | 184,538 | (71,156) |
| E. Current financial assets | 3,501 | 13,374 | (9,873) |
| F. . Current bank overdraft | 0 | 57 | (57) |
| G. Current portion of non-current debt | 27,158 | 51,520 | (24,362) |
| H. Other current financial liabilities | 1,404 | 33,539 | (32,135) |
| I. Current financial indebtedness (F)+(G)+(H) | 28,562 | 85,116 | (56,554) |
| J. Current net financial indebtedness (D) + (E) – (I) | (88,321) | (112,796) | 24,475 |
| K. Long-term bank debts | 370,280 | 440,137 | (69,857) |
| L. Other non-current financial liabilities | 8,671 | 16,232 | (7,561) |
| M. Derivatives | 0 | 0 | 0 |
| N. Non-current financial indebtedness (K) + (L) + (M) | 378,951 | 456,369 | (77,418) |
| O. NET FINANCIAL INDEBTEDNESS (J) + (N) | 290,630 | 343,573 | (52,943) |

The 2014 financial year saw a positive change in the consolidated net financial debt, which passed from € 343.6 million at 31 December 2013 to € 290.6 million at 31 December 2014. The consolidated adjusted net financial debt for the amount of receivables assigned to factoring companies that had not been collected by the latter at the reporting date (equal to € 1.5 million at 31 December 2014 and € 16.4 million at 31 December 2013) would come to € 292.1 million, showing a decrease equal to € 67.9 million compared to € 360.0 million at 31 December 2013.

The main reason for the change is the availability of financial resources from the sale of investments in Energyproject S.r.l. and MIA S.p.A. during the period, totalling € 65.6 million in terms of net financial debt.

The following is a breakdown of the net financial exposure for bank credit lines and obligations for finance leases ("Net interest bearing financial indebtedness") compared to 31 December 2013:

| <i>(in thousands of Euro)</i> | 31 December 2014 | 31 December 2013 Restated |
|--|-------------------------|----------------------------------|
| Cash and cash equivalents | (113,382) | (184,538) |
| Current bank overdraft, advance payments and hot money | 0 | 57 |
| Current portion of non-current bank debts | 26,333 | 50,544 |
| Long-term bank debts | 0 | 27,450 |
| Senior Secured Notes | 370,280 | 412,687 |
| Finance lease obligations | 2,288 | 3,359 |
| NET INTEREST BEARING FINANCIAL INDEBTEDNESS | 285,519 | 309,559 |

The financial indebtedness, as defined above, reported a decrease compared to 31 December 2013, passing from € 309.6 million to € 285.5 million. However, considering the exposure to factoring companies, the financial debt balance would amount to € 287.0 million at 31 December 2014 compared to € 326.0 million at 31 December 2013 (+ € 39.0 million).

The higher cash and cash equivalents that were generated by the Group through actions aimed at a more efficient working capital management were, first of all, used to increase efficiency of the consolidated financial structure, proceeding with the already defined early repayment of long-term loans existing before the bond issue and the buy-back transactions on the open Notes market. The transfers of MIA S.p.A. and Energyproject S.r.l. also brought substantial cash into the Group (a total effect of + € 58.8 million on cash and cash equivalents at 31 December 2014), and this was a further contribution to improving its financial stability.

The change in consolidated Cash and cash equivalents is shown in the table below: the cash flows for the 2014 financial year are compared with the figures for the previous year. Annex IV to the Notes to the Financial Statements, to which reference should be made, contains a reconciliation between the items in this table and those in the statutory Statement of Cash Flows presented in the Notes to the Consolidated Financial Statements pursuant to IAS 7.

| | 2014 | 2013 Restated |
|---|----------------|------------------|
| At 1 January | 184,538 | 51,394 |
| Cash flow from current operations | 34,217 | 71,966 |
| Uses of provisions for risks and charges and for employee termination indemnity | (18,279) | (19,021) |
| Change in adjusted NWOC | 36,232 | 150,197 |
| Industrial and financial capex, net of transfers | 42,929 | (34,019) |
| Change in adjusted net financial liabilities | (139,067) | (30,045) |
| Other changes | (27,188) | (5,934) |
| AT 31 DECEMBER | 113,382 | 184,538 |

The overall cash flows mainly reflect the net effect of:

- › a positive cash flow arising from current operations for € 34.2 million (€72.0 million in 2013), which includes, among other things, taxes paid on account of advances and settlements on the income produced in the previous financial year for € 28.9 million, against € 20.5 million for 2013;
- › payments linked to the use of provisions for future risks and charges and for employee termination indemnity for € 18.3 million (€ 19.0 million in 2013);
- › a positive cash flow of € 36.2 million (€ 150.2 million in 2013) from changes in adjusted NWOC, mainly resulting from a € 112.6 million inflow of collections for the period (€ 133.7 million in 2013), net of a € 70.8 million decrease in trade payables (against a positive value of € 11.5 million posted in 2013);
- › industrial investments net of disposals for the year amounting to € 25.0 million (€ 34.3 million and € 1.0 million at 31 December 2013);
- › a decrease of € 139.7 million in net financial liabilities (€ 30.0 million at 31 December 2013), mainly as a result of the buy-back of portions of Senior Secured Notes on the open market to a nominal amount of € 45.0 million, the payment of € 11.0 million in July 2014 relating to the Earn-out due to the minority interests of Sicura S.p.A. and the early repayment of long-term loans for a total amount of € 38.0 million;

- › changes in other operating assets and liabilities amounting to a total outflow of € 27.2 million against € 5.9 million at 31 December 2013, which were mainly due, as has been seen, to changes in payments of VAT debt.

The cash flows for the financial year also recorded the effects arising from discontinued operations recognized in the Consolidated Financial Statements at 31 December 2013 in relation to the transfer of Energyproject S.r.l. and Mowbray S.r.l. , totalling € 4.8 million, of which an amount of € 3.9 million had already been collected at 31 December 2014. Furthermore, the financial year saw the transfer of the stake held in Perimetro Gestione Immobiliare S.c.p.a. for € 1.1 million (equal to the book value of the stake itself). Finally, the cash flows also recorded the effects of the transfer of MIA S.p.A. by the end of the 2014 financial year, which contributed net financial resources of € 60.9 million to the Group.

Industrial Capex

In 2014 the Group made net capital expenditures which totalled € 26.8 million (€ 35.5 million in 2013).

| <i>(in thousands of Euro)</i> | Year ended 31 December | |
|---|------------------------|---------------|
| | 2014 | 2013 Restated |
| Purchases of properties | 8 | 781 |
| Purchases of plant and equipment | 17,512 | 21,697 |
| Purchases of plant and equipment under lease | 0 | 2,028 |
| Other capital expenditures in intangible assets | 9,276 | 10,987 |
| INDUSTRIAL CAPEX | 26,796 | 35,493 |

Purchases of plant and equipment mainly relate to the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering activity, in which frequent periodic replacements are necessary (€ 11.7 million in 2014, against €13.0 million in 2013). Investments in intangible assets for the period amounted to € 9.3 million and mainly related to improvements on the company's IT systems.

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

| <i>(in thousands of Euro)</i> | Year ended 31 December | |
|-------------------------------|------------------------|---------------|
| | 2014 | 2013 Restated |
| Facility Management | 10,780 | 12,161 |
| Laundering & Sterilization | 16,016 | 23,332 |
| Other | 0 | 0 |
| INDUSTRIAL CAPEX | 26,796 | 35,493 |

In the 2013 financial year the Laundering & Sterilization segment made investments in the industrial buildings located in Lucca used for linen rental and industrial laundering systems for € 2.0 million, to be considered as non-recurring items.

Finally, disinvestments were recorded for the period equal to € 1.8 million (€ 0.7 million at 31 December 2013), mainly related to some capital goods of the industrial laundering site of Porto Garibaldi (FE), which

had been used in the past for linen rental and industrial laundering operations and which is currently the object of a plan of disposals.

Change in Adjusted Net financial liabilities

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

| <i>(in thousands of Euro)</i> | 31 December 2013 Restated | Early repayment | Amortization for the year | Buy-Back of Notes | Transfer of MIA S.p.A. | Other changes | 31 December 2014 |
|--|--|----------------------------|--------------------------------------|------------------------------|---------------------------------------|--------------------------|---------------------------------|
| Repayment of bank loans in the financial year | 37,965 | (38,000) | | | | 35 | 0 |
| Other bank loans | 25,726 | | (12,720) | | (173) | 36 | 12,869 |
| Current bank overdraft, advance payments and hot money | 57 | | (57) | | | | 0 |
| Accrued and deferred expenses on loans | 14,303 | | (36,025) | (1,594) | | 36,725 | 13,410 |
| Senior Secured Notes | 412,687 | | | (45,000) | | 2,592 | 370,280 |
| Bank debts | 490,738 | (38,000) | (48,802) | (46,594) | (173) | 39,389 | 396,558 |
| Finance lease obligations | 3,359 | | (1,071) | | | | 2,288 |
| Other financial liabilities | 47,388 | | | | (6,334) | (32,387) | 8,667 |
| Financial liabilities | 541,485 | (38,000) | (49,873) | (46,594) | (6,507) | 7,002 | 407,513 |
| Current financial assets | (13,374) | | | | 566 | 9,307 | (3,501) |
| Net financial liabilities | 528,111 | (38,000) | (49,873) | (46,594) | (5,941) | 16,309 | 404,012 |
| Outstanding amount of receivables assigned to factoring companies without recourse | 16,437 | | | | | (14,969) | 1,469 |
| ADJUSTED NET FINANCIAL LIABILITIES | 544,548 | (38,000) | (49,873) | (46,594) | (5,941) | 1,340 | 405,481 |

The different financial structure that the Group had adopted in recent years supported the early repayment of some medium- and long-term bank loans as early as in the previous financial year, which continued in 2014 with the repayment of the loans from CCFS for a nominal amount of € 18 million and from Monte Paschi di Siena for a nominal amount of € 20 million. Furthermore, the financial year saw the payment of the six-monthly coupons on the Senior Secured Notes of € 36.0 million, in addition to the repayment of instalments for the period on long-term bank loans still in place for € 12.7 million.

As already disclosed to the market, in the last quarter of the 2014 financial year MFM S.p.A. formalised the acquisition of some of its Senior Secured Notes on the open market for a total nominal amount of € 45 million. As the notes purchased were not cancelled, at the moment they are in the securities deposit account and bear interest for the holder. The interest amounted to € 1.6 million in the 2014 financial year. Another accounting effect of this transaction was a € 1.2 million write-off of the amortised cost of the additional issuing costs of the portions purchased, plus € 1.4 million ordinary amortisation.

Finally, it should be noted that, with effect from 30 July 2014, the Parent Company demanded the formal cancellation of the Revolving Credit Facility (R.C.F.), which had been obtained within the bond issue process

from a pool 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.. Therefore, the Group accounted for the residual amount to be amortised in relation to the costs incurred for the registration of the line, equal to € 579 thousand, as a financial charge for the period.

As regards other financial liabilities, on 16 July MFM S.p.A. arranged for the payment of the € 10.6 million earn-out as of 31 December 2013 due to transferors of 80% of the quota capital of Gruppo Sicura S.r.l (now merged by incorporation into Sicura S.p.A.), acquired in 2008. As of 31 December 2013, € 8.8 million payables to factoring firms were also reported: these were moneys collected from assigned customers which had to be passed on to the factors. Payments to the assignees were made during the early months of 2014 and the debt had been almost cleared by 31 December 2014 after the programme for the assignment of trade receivables without recourse had been abandoned.

During 2014, total short-term financial assets fell by € 9.9 million mainly owing to the closure of the current account contracts with Banca IMI related to the collection of receivables in the framework of the programmes, already mentioned, for the assignment of receivables without recourse, pledged and thus not included among the Group's cash and cash equivalents (€ 9.5 million at 31 December 2013).

Finally, the transfer of the stakes held in MIA S.p.A. in December 2014 entailed the deconsolidation of net financial liabilities amounting to € 5.9 million, mainly made up of financial payables for amounts due within the framework of corporate acquisitions that had taken place in previous financial years (€ 13.6 million at 31 December 2013 and € 6.8 million at 30 September 2014).

3.3 Financial ratios

The main financial balance sheet ratios as at 31 December 2014, calculated at consolidated level, compared with the ratios recorded for the consolidated Financial Statements restated as at 31 December 2013.

The financial data used for their calculation are on an ALL-IN basis.

Profitability ratios

| | 2014 | 2013 Restated |
|-----|------|------------------|
| ROE | 3.8% | 4.4% |
| ROI | 3.7% | 4.1% |
| ROS | 4.8% | 5.9% |

ROE (*Return on Equity*), which provides a summary measurement of the return on capital invested by shareholders, stood at 3.8% in 2014, compared to 4.4% in 2013. The ratio reflects the decline in consolidated Net Profit compared to the previous year, against an increase in the consolidated equity reserves.

ROI (*Return on Investments*), which provides a summary measurement of the operating return on capital invested in the company, stood at 3.7% in 2014, compared to 4.1% in 2013. The drop reflects the higher decrease recorded in proportional terms in EBIT for the year (€ 48.3 million against € 63.9 million, equal to - 24%) compared to a decrease in the Group's gross Invested Capital, which passed from € 1,548.9 million in 2013 to €1,311.7 million in 2014 (- 15%).

ROS (*Return on sales*), which provides a summary measurement of the Group's ability to convert turnover to EBIT, stood at 4.8% in 2014 compared to 5.9% in 2013, against, as already illustrated, a fall in the Group's EBIT (-24%) that was more than proportional to the reduction in the volume of revenues (-7%).

Liquidity ratios

| | 2014 | 2013 Restated |
|---------------|--------|---------------|
| Current ratio | 137.7% | 132.6% |

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 a greater efficiency in using available cash. Total liquidity was lower than in the previous financial year but total future outgoings to be met from current liquid assets were also proportionately lower.

Ratios of composition of Assets and Liabilities

| | 2014 | 2013 Restated |
|-------------------------------------|-------|---------------|
| Rigidity ratio | 41.6% | 38.5% |
| Liquidity ratio | 57.7% | 60.6% |
| Indebtedness ratio | 0.72 | 0.76 |
| Medium/Long-term Indebtedness ratio | 32.3% | 32.8% |

The *rigidity ratio*, which expresses long-term loans as a percentage of total loans, was equal to 41.6% in 2014 against 38.5% in 2013, as a result of a reduction in invested capital compared to the previous financial year.

Likewise, the *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 57.7% in 2014, compared to a ratio of 60.6% in the previous year.

The *indebtedness 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 0.72 compared to 0.76 in the previous year, against a reduction in the consolidated financial debt described above.

The medium/long-term indebtedness ratio, expressed as the ratio of consolidated liabilities and total sources of funding, passed from 32.8% in 2013 to 32.3% in 2014, recording a decline that mainly reflects a reduction in medium/long-term loans in the course of the financial year, as a result of the early repayment of some credit lines and the already described transactions for the buy-back of the Notes.

See the section on Consolidated Net Financial Indebtedness for details.

Productivity ratios

The growing diversification of services provided by the Group companies 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.

| | 2014 | 2013 Restated |
|--|-------|---------------|
| Turnover/internal and external personnel costs | 146% | 155% |
| Make ratio | 56.0% | 55.2% |

At 31 December 2014 the ratio between *Revenues from sales and services* and the total amount of costs for internal and external personnel used in production (cost of employed workers, cost of external workers, services provided by consortia and professional services) came to 146% (155% at 31 December 2013). The comparison shows a fall in the ratio, affected by lower turnover and overall margins in the 2014 financial year. The "make ratio", i.e. the ratio between the cost of internal labour ("make") and the cost of services provided by third parties, services provided by consortia and professional services, on the other hand, points to higher trend than in the previous financial year. This represents an organisational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

3.4 Consolidated added value

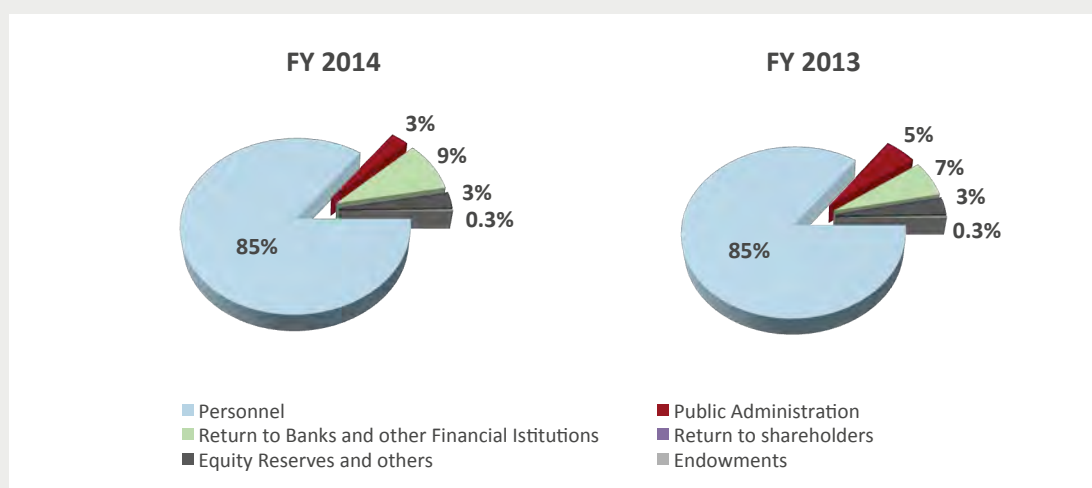
Below is the calculation of consolidated Added Value, which defines the wealth that the Group produced during the year and shows how it is distributed among the main stakeholders.

| | | |
|---|---------------------|---------------------|
| (in thousands of Euro) | 31 December 2014 | 31 December 2013 |
| A) Value of Production | | |
| + Revenues from sales and services (less revenue adjustments) | 1,000,103 | 1,069,036 |
| + Change in contract work in progress | (1,967) | 390 |
| + Other revenue and income | 2,645 | 908 |
| Total Revenues from Ordinary Operations | 1,000,782 | 1,070,333 |
| Revenues from non-ordinary production (on a time and materials basis) | 0 | 1,838 |
| Total Value of Production | 1,000,782 | 1,072,171 |
| B) Intermediate production costs | | |
| - Consumption of raw materials, consumables and goods | (143,207) | (173,102) |
| - Costs for services | (340,998) | (356,934) |
| - Costs for use of third-party assets | (22,972) | (26,304) |
| - Provision for risks | (7,296) | (11,105) |
| - Sundry operating expenses | (3,643) | (4,162) |
| Total Intermediate Production costs | (518,116) | (571,607) |
| GROSS ADDED VALUE FROM ORDINARY OPERATIONS (A – B) | 482,666 | 500,564 |
| C) Non-core and non-recurring operations | | |
| 12. Balance of Non-core Operations | 7,812 | 5,296 |
| + Additional revenues | 8,501 | 6,104 |
| - Additional costs | (689) | (808) |
| 13. Balance of Non-recurring Operations | 9,562 | (1,555) |
| + Non-recurring revenues | 23,580 | 11,625 |
| - Non-recurring costs | (14,018) | (13,180) |

(in thousands of Euro)

| | 31 December 2014 | 31 December 2013 |
|--|---------------------|---------------------|
| Total Non-core and non-recurring operations | 17,374 | 3,741 |
| GROSS TOTAL ADDED VALUE | 500,039 | 504,305 |
| - Amortisation/depreciation of operations for homogeneous groups of assets | (33,541) | (34,390) |
| NET TOTAL ADDED VALUE | 466,498 | 469,915 |

Below is the breakdown of the Group's consolidated Added Value distributed to stakeholders in the 2014 and 2013 financial years:



4. ANALYSIS OF THE PROFITABILITY, FINANCIAL POSITION AND CASH FLOWS 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.

It should be noted that the application of newly-issued IFRS, and specifically of *IFRS10 Consolidated Financial Statements* and *IFRS 11 Joint Arrangements* has not entailed any effects on the separate financial statements of the parent company MFM S.p.A..

4.1 Economic results

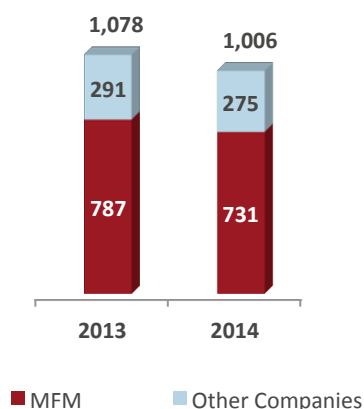
The main income data of the Parent Company MFM S.p.A. for the year ended 31 December 2014, are shown below, as well as a comparison with the figures from the previous year.

| (in thousands of Euro) | Year ended 31 December | | Change | |
|---|------------------------|---------------|-----------------|---------------|
| | 2014 | 2013 | Euro/000 | % |
| Total revenues | 731,142 | 789,694 | (55,720) | -7.1% |
| Total costs of production | (688,555) | (722,149) | 33,594 | -4.7% |
| EBITDA | 42,587 | 64,713 | (22,126) | -34.2% |
| EBITDA % | 5.8% | 8.2% | | |
| Amortization, depreciation, write-downs and write-backs of assets | (12,037) | (24,676) | 12,639 | -51.2% |
| Accruals and reversal of provisions for risks and charges | (5,784) | (6,323) | 539 | -8.5% |
| Operating Income | 24,766 | 33,714 | (8,949) | -26.5% |
| Operating Income % | 3.4% | 4.3% | | |
| Income (charges) from investments | 12,619 | 13,042 | (423) | -3.2% |
| Net financial charges | (28,595) | (23,977) | (4,618) | +19.3% |
| Profit before taxes | 8,790 | 22,779 | (13,990) | -61.4% |
| Profit before taxes % | 1.2% | 2.9% | | |
| Income taxes | (3,433) | (17,430) | 13,986 | -80.2% |
| Profit from continuing operations | 5,347 | 5,350 | (2) | |
| Profit (loss) from discontinued operations | 7,585 | 0 | 7,585 | |
| NET PROFIT | 12,932 | 5,350 | 7,583 | |
| NET PROFIT % | 1.8% | 0.7% | | |

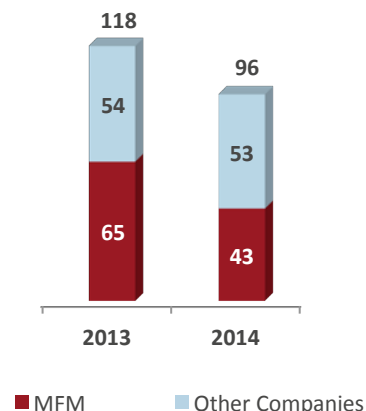
In 2014 revenues for MFM S.p.A. stood at € 731.1 million, showing a decrease of € 55.7 million compared to € 786.9 million in 2013.

The Parent Company MFM S.p.A. guarantees the Group a sizeable portion of the consolidated results (about 73% of consolidated revenues), internally developing operational structures for the traditional business of facility management, as well as administrative and technical structures for most of other Group companies as well as the Parent Company itself.

Revenues (in million of Euro)



EBITDA (in million of Euro)



In 2014 EBITDA came to € 42.6 million against € 64.7 million in 2013, with a considerable fall in terms of margins, which passed from 8.2% at 31 December 2013 to 5.8% in 2014. At 31 December 2014 the Parent Company contributed 44% of consolidated ALL-IN EBITDA (55% for the financial year ended 31 December 2013): the remarks concerning the Group's income performance, in fact, are fully borne out in MFM S.p.A. since the falls in margins and the pressure on volumes and prices in the Facility Management segment that have been described more generally are most obviously concentrated in the Parent Company.

In fact revenues during the financial year fell faster and more significantly than the related operating costs: the decreasing trend in volumes (the immediate effect of which is an average reduction in fees as a result of pressure on prices in the Group's market) is accompanied by a necessary cost efficiency process that requires a review and a revision of the model for providing services and of production facilities, which, on the other hand, will take longer to come into effect. During 2013 the company provided services in the framework of the Telecom Italia contract as a third-party provider for subsidiary Manutencoop Private Sector Solutions S.p.A. and, therefore, a difference in turnover of € 53 million was recognised in 2014 as a result of the renegotiation of this contract.

As has already been mentioned, the business segment which the subsidiary used to perform this work was spun off on 1 October 2014 and then contributed to MFM S.p.A., in order to rationalise and simplify production processes.

At EBIT level, which stood at € 24.8 million in 2014, a decrease of € 8.9 million was recorded compared to the previous year. The result in terms of EBIT was better than EBITDA, mainly as a result of the recognition of the revaluation of the investment in MIA S.p.A., which was transferred in the course of the financial year, equal to € 6.2 million. This investment was written down during 2013 but was reversed to its original value since the legal reasons making its impairment necessary no longer applied after it was measured at a market price higher than that for which it was reported when negotiating its sale. Furthermore, note *write-downs of equity investments* of € 3.2 million (€ 13.1 million at 31 December 2013, including the write-down of MIA S.p.A.), which were mainly connected to the subsidiaries operating in the building and public lighting segments, for which the future now holds a gradual exit from the markets for these activities.

In 2014 amortisation/depreciation amounted to € 9.0 million (€ 9.8 million at 31 December 2013), to which must be added write-downs of € 4.4 million on the residual amortisable value of investments in intangible assets carried out in previous financial years. In a scenario in which some corporate functions are rationalised and structural costs are reduced, these assets were deemed no longer suitable for use in the conduct of the

Group's business. Finally, *net write-downs of trade receivables* amounted to € 1.6 million (€ 1.8 million at 31 December 2013).

Lastly, as at 31 December 2014 there were provisions allocated (net of any transfers) for € 5.8 million (€ 6.3 million at 31 December 2013). A provision of € 4.6 million for corporate restructuring was recognised under the same in 2014, being the estimated future costs of measures to improve the efficiency of the operational structures in terms of staff reductions, which the management deemed necessary in order to revitalise business on a sounder and more profitable basis.

To EBIT must be added dividends and net income from equity investments amounting to € 12.5 million, compared to € 13.0 million in the previous year.

The income reflects, among others, dividends from subsidiaries for € 10.8 million (the same value as at 31 December 2013), in addition to € 1.7 million from associated companies and minority interests (€ 2.3 million at 31 December 2013), as summarised below:

| (in thousands of Euro) | Year ended 31 December | |
|---|------------------------|---------------|
| | 2014 | 2013 |
| Servizi Ospedalieri S.p.A. | 1,880 | 4,920 |
| Telepost S.p.A. | 4,376 | 4,237 |
| Sicura S.p.A. | 1,600 | 1,600 |
| Roma Multiservizi S.p.A. | 1,510 | 1,727 |
| Manutencoop Private Sector Solutions S.p.A. | 2,952 | 0 |
| Other minors | 219 | 558 |
| DIVIDENDS | 12,537 | 13,042 |

Finally, the Parent Company recognised net financial costs of € 28.6 million (€ 24.0 million in 2013), thus obtaining a profit before taxes equal to € 8.8 million in 2014 (€ 22.8 million in 2013).

In 2014 *financial income* amounted to € 13.9 million, up by € 7.0 million compared to € 6.9 million in 2013. The main item recorded in the financial year related to the capital gain of € 3.4 million achieved in the course of the last quarter from the buy-back of portions of bonds on the open market for a total of € 45 million. Furthermore, the Parent Company also recognised higher interest income on non-proprietary accounts and loans to Group companies for € 2.6 million.

Financial costs for the financial year ended 31 December 2014 amounted to € 42.5 million, with an increase of € 11.6 million compared to € 30.9 million in the financial year ended 31 December 2013. In fact, the 2014 financial year saw the full recognition of the financial costs accrued on the (8.5% p.a.) fixed-coupon bonds that had been issued for a nominal amount of € 425 million in August 2013 (€ 36.0 million), which had been accounted for starting on 2 August 2013 only (with an impact of € 15.0 million). As has been seen, the buy-back of Notes in the market entailed accrued interest income of € 1.6 million on the portions purchased and held in the portfolio and non-recurring financial costs of € 1.2 million, linked to the write-off of the portion of the related amortised cost, which was recognized in accordance with IFRS as at the date of issue. Furthermore, the Parent Company's income statement include the costs of the write-off of the remaining amount to be amortised of the costs of taking out (€ 0.6 million) the Revolving Credit Facility (R.C.F.), obtained during the 2013 bond issue process and cancelled in July 2014. Finally, it should be noted that no

trade receivables have been assigned without recourse from 2013 onwards and there were no interest discount costs during 2014, equal to € 2.3 million in the previous year.

From the profit before taxes must be deducted taxes of € 4.5 million (€ 17.4 million at 31 December 2013), thus obtaining a *net profit from continuing operations* of € 4.3 million. The 2014 financial year also recorded a *Profit (loss) from discontinued operations* of € 7.6 million, relating to the transfer of the investment in MIA S.p.A, showing a net positive profit for the year of € 11.8 million (€ 5.3 million at 31 December 2013).

The tax rate (i.e. the tax burden on the *Net profit for the year*, including the *Profit(loss) from discontinued operations*) would amount to 28%. In the 2014 financial statements the Parent Company reported revenues from tax paid in previous periods after the presentation of a supplementary declaration to the 2014 Modello Unico tax return. In the light of the recent explanations in Ministerial Circular Letter 31/E of 24 September 2013, costs sustained in other financial periods previously reallocated to taxable income were deducted. Net of these revenues, the normalised tax rate for 2014 would be 44% (77% at 31 December 2013), with a considerable decrease attributable to the recognition of capital gains and revaluations on the sale of equity investments (a total of € 14.0 million) on which IRES tax under the participation exemption regime is 5% of the taxable base, with a tax effect of € 0.1 million.

4.2 Statement of financial position

Information on the performance of the main equity and financial indicators of the Parent Company as at 31 December 2014 is shown below, compared with the figures for year ended 31 December 2013.

| <i>(in thousands of Euro)</i> | 31 December 2014 | 31 December 2013 | Change |
|---|------------------|------------------|--------------|
| USES | | | |
| Trade receivables and advances to suppliers | 436,044 | 521,080 | (85,036) |
| Inventories | 1,172 | 1,514 | (342) |
| Trade payables and advances from customers | (267,893) | (331,718) | 63,825 |
| Other elements of working capital | (73,939) | (97,768) | 23,829 |
| Net working capital | 95,384 | 93,108 | 2,276 |
| Property, plant and equipment | 11,186 | 13,939 | (2,754) |
| Intangible assets | 314,926 | 311,626 | 3,300 |
| Investments | 145,231 | 154,893 | (9,662) |
| Other non-current assets | 89,773 | 76,616 | 13,157 |
| Fixed assets | 561,115 | 557,074 | 4,041 |
| Non-current liabilities | (30,219) | (30,966) | 747 |
| NET INVESTED CAPITAL | 626,281 | 619,216 | 7,065 |
| SOURCES | | | |
| Shareholders' equity | 342,360 | 330,091 | 12,270 |
| Net financial indebtedness | 283,920 | 289,125 | (5,205) |
| TOTAL FINANCING SOURCES | 626,281 | 619,216 | 7,065 |

Net working capital

Net working capital (NWC) totalled € 95.4 million as at 31 December 2013, in line with the value posted at 31 December 2013 (€ 93.1 million). Net commercial working capital (NWOC), composed of trade receivables and inventories, net of trade payables, stood at € 169.3 million as at 31 December 2014, reporting a decrease in absolute terms equal to € 21.6 million compared to the value posted at 31 December 2013 (€ 190.9 million). The Parent Company also recognised “off balance sheet” receivables (i.e. receivables assigned without recourse to factoring companies and not yet collected by the latter) for € 1.1 million (€ 13.4 million as at 31 December 2013): in consideration of these, the balance of NWOC would record an additional significant total decrease, equal to € 33.9 million, as a result of the acceleration in average collection times that has been described above in relation to the changes in consolidated NWOC. As has already been seen, a part of this benefit was transferred to Group suppliers, the debt balance of which passed from € 331.7 million at 31 December 2013 to € 267.9 million at 31 December 2014.

A further reduction in the debt balance of the other components of net working capital is added to these changes (€ 23.8 million). The decrease in net liabilities is attributable to a combination of various factors, mainly including:

- › the recognition of lower net VAT payables for € 14.7 million, mainly as a result of the collections system which affected the stock of deferred VAT payables;
- › an increase of € 2.9 million in the net liability arising from receivables to/payables from employees and the related payables to/receivables from social security institutions and the tax Office for withholdings. The main reason for this was the higher number of employees (+ 1,043) than in 2013, which, in turn, was due to amendments to the regulations governing contract changes, particularly involving engagements of staff in connection with new CONSIP agreements;
- › the recognition of higher net credit of € 11.8 million for estimated income tax for the 2014 financial year owing on one hand to the lower taxable base in the financial statements at 31 December 2014 on which advances had been paid during the financial year which were calculated according to previous years' performance;
- › a reduction in the short-term portion of provisions for risks and charges of € 1.9 million;
- › lower net payables of € 4.5 million for sums collected on behalf of the Temporary Joint Ventures in which the Parent Company acts as representative.

Net financial indebtedness

The Parent Company's net financial indebtedness at 31 December 2014 is reported below:

| <i>(in thousands of Euro)</i> | 31 December 2014 | 31 December 2013 | Change |
|--|------------------|------------------|------------------|
| Long-term financial liabilities | 370,280 | 439,993 | (69,713) |
| Bank borrowings and current portion of long-term debt | 44,411 | 95,503 | (51,092) |
| GROSS FINANCIAL INDEBTEDNESS | 414,691 | 535,495 | (120,804) |
| Cash and cash equivalents | (92,641) | (149,834) | 57,193 |
| Other current financial assets | (38,129) | (96,535) | 58,406 |
| NET FINANCIAL INDEBTEDNESS | 283,921 | 289,124 | (5,204) |
| Outstanding amount of receivables assigned to factoring companies without recourse | 1,053 | 13,404 | (12,351) |
| ADJUSTED NET FINANCIAL INDEBTEDNESS | 284,974 | 302,529 | (17,555) |

The reduction in Gross Financial Indebtedness arises from the transactions already described, whereby portions of bonds were bought back on the open market (equal to € 43.8 million, net of the related write-off of the portion of amortised cost), as well as from the early repayment of the long-term loans disbursed, in the year, by MPS and CCFS for a total of € 38.0 million. Further, the financial year also saw the repayment of instalments of € 12.7 million of the outstanding loans (Banca Popolare di Vicenza).

Furthermore, current financial assets reduced by € 58.4 million, as a result of a reduction in the credit balances of loans granted to subsidiaries. As of 31 December 2013, this item also included the balance of the pledged current account to which were credited the receipts from the programme of assignment of trade receivables without recourse to Banca Intesa, in which the Parent Company acted as servicer in managing the customers concerned (€ 8.8 million). This account was cancelled during 2014 after an agreement to buy back the outstanding amount of the receivables previously assigned and the consequent termination of the programme.

To the net financial indebtedness must be added an amount of € 1.1 million of the balance of receivables assigned without recourse for the programme still in place with Crédit Agricole Corporate & Investment Bank (a total of €13.4 million at 31 December 2013).

4.3 Reconciliation of shareholders' equity and profit (loss) for the year of the Parent Company with corresponding consolidated figures

| (in thousands of Euro) | 31 December 2014 | | 31 December 2013 Restated | |
|---|----------------------------|----------------------|----------------------------|----------------------|
| | Profit (loss) for the year | Shareholders' Equity | Profit (loss) for the year | Shareholders' Equity |
| SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY | 12,932 | 342,360 | 5,350 | 330,091 |
| - Elimination of consolidated equity investment values | (552) | (137,210) | 0 | (159,113) |
| - Accounting of Shareholders' Equity to replace the values eliminated | (13) | 50,351 | 913 | 67,203 |
| - Allocation to consolidation difference | 0 | 62,438 | 0 | 62,787 |
| - Allocation of tangible assets | (4) | 75 | (4) | 78 |
| - Recognition of financial income/costs on PUT options | (484) | (484) | 311 | 311 |
| - Dividends distributed to Group companies | (4,596) | 0 | (10,757) | 0 |
| - Profit generated by consolidated companies | 8,474 | 8,474 | 3,976 | 3,976 |
| - Valuation of non-consolidated companies using the equity method | (162) | 5,225 | 983 | 6,394 |
| - Tax effects on consolidation adjustments | (55) | (336) | 90 | (277) |
| - Reversal of statutory write-downs | (3,213) | 3,551 | 12,971 | 12,971 |
| - Other consolidation adjustments | 26 | (223) | (86) | (120) |
| Total consolidation adjustments | (579) | (8,148) | 8,397 | (5,790) |
| Shareholders' equity and profit (loss) for the year pertaining to the Parent Company | 12,354 | 334,223 | 13,747 | 324,301 |
| Shareholders' equity and profit (loss) for the year pertaining to Minority Interests | 273 | 683 | 344 | 1,954 |
| SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS | 12,627 | 334,906 | 14,091 | 326,255 |

5. 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;
- › 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 within which the findings of the tests conducted in compliance with the control objectives are managed.

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 in the MFM Group. For each consolidated company, falling within the scope, a first cycle of audits was conducted 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 internal control.

Afterwards an area exclusively dedicated to internal control issues was developed. This area was divided into processes being audited:

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

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.

6. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

In 2014 significant changes were made to the legislation concerning the legal rules affecting the scope of application of Legislative Decree 231/2001.

Specifically, as provided for in Legislative Decree no. 39 of 4 March 2014, which was published in the Official Gazette on 22 March 2014, on 6 April 2014 Article 609-*undecies* of the Italian Criminal Code introduced the criminal offence of "Solicitation of minors" among the cases of crimes referred to in Article 25-*quinquies*, paragraph 1 (c) on "Crimes against the person". This criminal offence punishes persons who practise arts of seduction with a view to the abuse or sexual exploitation of minors under the age of sixteen, also through remote means of communication. Both the General and the Special Parts of the Group's Model, regarding crimes of association, were amended accordingly.

The text of Article 416-*ter* of the Italian Criminal Code on "Trading votes for favours with criminal gangs", already referred to in Article 24-*ter* of Legislative Decree no. 231/2001, was amended by Article 1, paragraph 1, of Law no. 62 of 17 April 2014.

The text of the Article in the Model and the penalties attached were amended.

As a result of the changes made, MFM 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 10 July 2014 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 MFM S.p.A., which took place on 18 July 2014.

At 31 December 2014, the “ODV”, which had been appointed on 29 April 2013, was made up as follows:

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

The representative from the Legal Affairs department resigned early in 2015 and has been replaced by another outside member.

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

In 2014 the “ODV” formally met five times (1 April, 28 May, 10 July, 23 September and 10 December 2014).

As regards audit activities, at the first meeting in 2014, the ODV approved the proposed audit plan for 2014, as envisaged in the Model.

In the course of the financial year 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.

7. HUMAN RESOURCES AND ORGANISATION

As at the closing date of the 2014 financial year, the MFM Group employed 15,922 workers (at 31 December 2013: 15,282 units), including personnel on lease from the Parent Company Manutencoop Società Cooperativa to Group companies, equal, at 31 December 2014, to 567 units (31 December 2013: 581 units).

Below is the Group’s staff broken down by different employee categories:

| | 31 December 2014 | 31 December 2013 |
|------------------|------------------|------------------|
| Executives | 58 | 61 |
| Office workers | 1,462 | 1,667 |
| Manual workers | 14,402 | 13,554 |
| EMPLOYEES | 15,922 | 15,282 |

Prevention and protection

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 had been already started by the RINA in the 2012 financial year. RINA’s audit was favourable on the whole.

In 2014 the Prevention and Protection Service conducted 49 audits in the Operations structure, distributed throughout all the areas. 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 MFM 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.

These members of staff, in any case, have the right to consult the Company doctor on request. In the 2014 financial year 5,335 workers underwent a medical examination.

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. The latter is assessed through the following rates:

| | 2014 | 2013 | 2012 |
|--|-------|-------|-------|
| Impact (no. of accidents x 1,000/no. of employees) | 85.60 | 90.22 | 98.18 |
| Frequency (no. of accidents x 1,000/no. of worked hours) | 72.04 | 75.80 | 93.21 |
| Severity (days of accident x 1,000/ no. of worked hours) | 1.68 | 1.74 | 1.68 |

There are currently 20 Workers' Safety Representatives at MFM S.p.A. distributed throughout the areas of Operations. In 2014 they were involved in a training/education plan on occupational safety.

During the financial year there was a different trend in brokerage, which considerably increased: there is now a constantly rising number of clients which decide to ask a third party to manage their waste. This leads to greater complexity in this field, above all in the phases of stipulating contracts and agreeing procedures with clients. In 2014, therefore, a pilot project was started in the Emilia and Cross Roma areas in order to make improvements to the present waste management software, to authorisation procedures and to the choice of suppliers. If the outcome of the project is successful, it will be extended to all areas of Operations before the end of 2015.

Also during 2014 MFM S.p.A. asked external advisors to audit its work in order to assess the applicability of regulations regarding the road haulage of hazardous materials (*ADR, Accord pour le transport de matières Dangereuses par Route*).

Finally, the regulatory body only found one case of an environmental risk during the period, arising from an infringement committed in 2013 by a waste disposal firm which is an occasional Group supplier. As of 31 December 2014 the Manutencoop Group had not been found to have committed any infringements

Training

In the course of the 2014 financial year 995 training sessions were held, which involved 12,420 participants for a total of 112,327 training hours (+58% compared to the previous year).

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

| Subject | 2014 | | | | 2013 | | | |
|-------------------------|------------|------------|---------------|----------------|------------|------------|--------------|---------------|
| | Courses | Editions | Participants | Hours | Courses | Editions | Participants | Hours |
| Safety | 38 | 773 | 10,405 | 87,253 | 35 | 434 | 5,222 | 42,304 |
| Technical-professional | 76 | 177 | 1,434 | 15,242 | 27 | 96 | 550 | 6,158 |
| IT | 1 | 3 | 38 | 608 | 5 | 16 | 224 | 1,643 |
| Quality and Environment | 8 | 19 | 277 | 988 | 19 | 67 | 833 | 1,848 |
| Management | 12 | 23 | 266 | 8,234 | 33 | 72 | 689 | 13,564 |
| Total | 135 | 995 | 12,420 | 112,327 | 112 | 685 | 7,518 | 65,517 |

In 2014 recourse to financing to cover training costs increased, and in particular the use of the Formatemp Fund (for agency workers) trebled compared to 2013.

MFM S.p.A. also responded to a Foncoop scheme for Safety, Technical and Vocational training for staff taken on with the Consip Scuole agreement with a saving of about € 200 thousand on training costs:

| CONSIP | Editions | Participants | Training hours per edition | Training hours per participant |
|--|------------|--------------|----------------------------|--------------------------------|
| First Aid – Consip | 72 | 1,471 | 908 | 18,599 |
| Basic Course on Safety at Work (Decree Law 81_08) Consip | 84 | 1,411 | 672 | 11,288 |
| Wall painting – Windows and Shutters Maintenance | 34 | 298 | 417 | 3,678 |
| TOTAL | 190 | 3,180 | 1,997 | 33,565 |

Furthermore, the utilisation of the Foncoop Corporate Training Account covered about 50% of the costs sustained during the 2014 financial year. The finance, in detail, covered 40% of the Safety training costs, 56% of the Technical and Vocational training costs and 98% of the management training costs.

As regards Safety training, during the period MFM S.p.A. expanded the scope of obligatory training, involving more than 10,000 employees, double the number of those attending training in 2013. The Company also completed the obligatory Safety training scheme for Executives and began the obligatory training of Supervisors.

As regards Technical and Vocational training, MFM S.p.A. continued training staff to obtain vocational certificates, also including a Certificate for fire protection maintenance technicians in the catalogue and certifying the first seven employees.

After it became obligatory with effect from 1 January 2014 to give training to professionals enrolled in the Council of Architects and Engineers, the Company began the training necessary for the professionals in the organisation to keep up their registration (at least 15 credits each year until 2016). Themes of general interest to the Company were dealt with at these training sessions: regulations on energy efficiency, building and town planning.

In line with corporate growth targets, about 40 employees throughout the country started to attend English language courses.

Various Management training projects were carried out:

- › training on the guidance continued on relations with collaborators with the involvement of the Services Managers and Contract Managers in the Operations Department;
- › attention was given to the requests that emerged from the compilation of Training Needs Questionnaires and the subsequent conversations with the various Managers involved. Courses were opened in Time Management, Customer Relations Management and Effective Communication; some individual Coaching sessions were also held and in some editions a new training method was adopted based on the alternation of classroom learning and carrying out individual online tasks.

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

8. ENVIRONMENT AND QUALITY

In 2014 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 11352:2014 - Energy Management - Companies providing energy services (ESCO)
- › BS OHSAS 18001:2007 – (Occupational Health and Safety Management System).

Furthermore, the Company obtained once again the SA8000:2008 certification (Social Accountability System) and the ANMDO CERMET standard for the voluntary accreditation of suppliers of hospital cleaning and sanitation services.

In 2014 MFM S.p.A. maintained 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.

Furthermore, the 11352 certification was converted from the previous 2010 version into the 2014 version.

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

| | |
|---|---|
| <i>SMAIL S.p.A.</i> | <p>Maintenance according to the UNI EN ISO 14001:2004 standard (Environmental Management System).</p> <p>Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System).</p> <p>Maintenance of the Social Accountability System according to the requirements of the SA8000:2008 standard.</p> |
| <i>MACO S.p.A.</i> | <p>Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System).</p> |
| <i>MIA S.p.A. (transferred on 30 December 2014)</i> | <p>Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System).</p> <p>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.</p> <p>Maintenance according to the BS OHSAS 18001:2007 standard – Occupational Health and Safety Management System</p> |
| <i>Manutencoop Private Sector Solutions S.p.A.</i> | <p>Maintenance according to the UNI EN ISO 9001:2008 standard (Quality Management System) and maintenance of 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-</p> |

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).

Certification according to the UNI EN ISO 14001:2004 standard (Environmental Management System).

In 2014, 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.

9. 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 2014 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 2014, to which reference should be made.

10. 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.

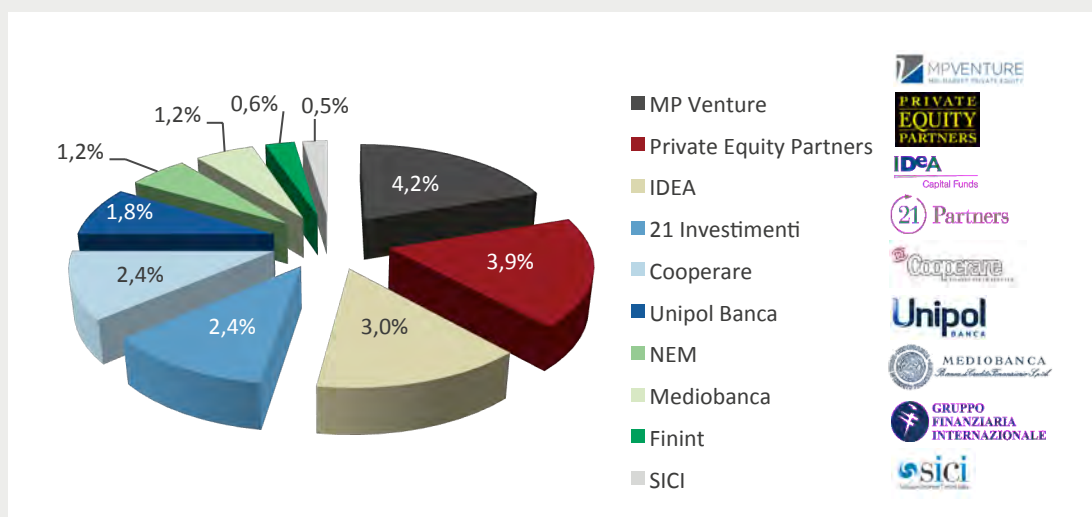
11. SHARE CAPITAL

Ordinary shares issued by the MFM Group and fully paid up at 31 December 2014 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% in MFM S.p.A.. On 1 July 2013 it also acquired an additional stake of 7.028% with retention of title ("*riserva di proprietà*"), pursuant to and for the purposes of article 1523 of the Italian Civil Code. The financial and administrative rights attached to said stake pertain to the buyer.

At 31 December 2014, the remaining stake was held by a pool of Private Equity investors:



12. RESEARCH AND DEVELOPMENT

In 2014, the MFM Group companies did not capitalise any research and development costs.

13. 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 2014, the company did not purchase or dispose of own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

14. 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 Explanatory Notes to the consolidated financial statements and the Explanatory Notes to the separate financial statements of the Parent Company Manutencoop Facility Management S.p.A..

15. SECONDARY OFFICES

The MFM Group has no secondary offices.

16. TAX CONSOLIDATION

The Manutencoop Group opted to apply the Group taxation system, pursuant to articles 117 et seq. of the T.U.I.R. (“Testo Unico Imposte sui Redditi”, the Italian consolidated Law on Income Tax), which involves Manutencoop Società Cooperativa as consolidating company and the following consolidated companies:

- › Manutencoop Facility Management S.p.A. (MFM S.p.A.)
- › Servizi Ospedalieri S.p.A.
- › Alisei S.r.l. in liquidation
- › SI.MA.GEST 2 Soc. Cons. a r.l. in liquidation
- › Società Manutenzione Illuminazione S.p.A. (SMAIL S.p.A.)
- › Manutencoop Private Sector Solutions S.p.A.
- › MACO S.p.A.
- › Telepost S.p.A.
- › S.AN.GE. Soc. Cons. a r.l.
- › Sicura S.p.A.
- › Evimed S.r.l.
- › Protec S.r.l.
- › Leonardo S.r.l.

The companies Sicura S.p.A., Evimed S.r.l., Protec S.r.l. and Leonardo S.r.l. exercised the tax consolidation option for the three-year period 2014-2016 on 13 June 2014.

After MFM’s S.p.A. sale of its equity investments in MIA S.p.A. and Energyproject S.r.l., they were excluded from the Tax consolidation owing to the loss of the control requirement.

Finally, 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.
- › Segesta Servizi per l’ambiente S.r.l.
- › Nugareto S.r.l.

17. SUBSEQUENT EVENTS

On 17 February 2015 MFM S.p.A. signed an agreement with Facilicom Facility Solutions, A Dutch company which operates in the facility management market, for the transfer of a stake held in in UFS (United Facility Solutions S.A.), equal to 33.33% of the share capital of the same.

18. OUTLOOK

Performance in the last quarter of 2014 confirmed the outlook that had already been taking shape during the previous quarters: the portfolio of newly acquired business ended below forecast in terms of both expected volumes and margins with a persistent price pressure that led the Group Management to take swift cost rationalisation measures.

In the coming months no substantial changes are expected to take place in the market, which, on the contrary, appears to be remaining difficult and practically motionless (not many tenders called, long waits for awards), while the macroeconomic scenario shows no obvious prospects of a sustained economic recovery strong enough to drive the Group's relevant market.

The stabilisation of Public Administration cash flow and the substantial revenues from corporate finance transactions, on the other hand, meant that the Group's equity and financial performance was not only effective but also highly satisfactory, laying the foundations for investments of financial resources in big commercial development projects and, more generally, in the management of its business operations.

Now the Group is reviewing its operating costs above all: wide-ranging cost-cutting processes were started in the last quarter of 2014, especially involving the reduction of overheads. These processes have led, among other measures, to starting a rationalisation plan which already has the short-term objective of dealing effectively with falling profit margins. At the same time a process of rethinking the business model has started which is going in the direction of the enhancement of production efficiency and greater customer orientation. One of the forms this process will take is the reorganisation of the Group in the centre and on the periphery.

A key point in the Group's business plan for the coming financial years is to refocus its objectives on its core business and the specialist services that are of greatest strategic value for growth in order to resume its process of sustainable development in the shortest possible time. In the 2014 financial year this process already started to take the form of giving up activities which the management did not feel it would develop further in the future, i.e. in the sector of services rendered to PV plants, building and public lighting maintenance. The sale of MIA S.p.A. also falls within this refocusing process: with this transaction the Management seized an opportunity to create value through the market from an asset that it now no longer considers strategic, at the same time releasing a substantial amount of invested funds.

The present and future resources that become available from this course of action may be channelled to sectors and markets that are more attractive given the know-how that the Group has built up in Italy during the past decades. Hence the Group is paying more attention to working on projects in foreign countries and in 2014 this already led to the inception of a contract for the sterilisation of surgical instruments in Turkey by special purpose companies formed by Servizi Ospedalieri S.p.A.. The main targets of these projects will be newly developing countries or markets that appear to be very receptive to proposals for outsourcing services and raising the efficiency of their operating costs.

From the point of view of financial planning, the Group expects to continue with the trend to reduce working capital. Funds have already come to hand as a result of Government decrees (Decree Laws nos. 35/2013, 102/2013 and 66/2014) regarding Public Administration's payment of their debts to contractors and it is reasonable to believe that further Government decisions will result in additional resources becoming available from these sources (Euro 20 billion against Euro 36 billion already disbursed); at the same time the procedures for digital invoicing to the public sector will start to be operational in the first half of 2015. It may be presumed, therefore, that the process of deleverage which began in the second half of the 2013 financial year will be consolidated.

19. ALLOCATION OF THE PROFIT FOR THE YEAR

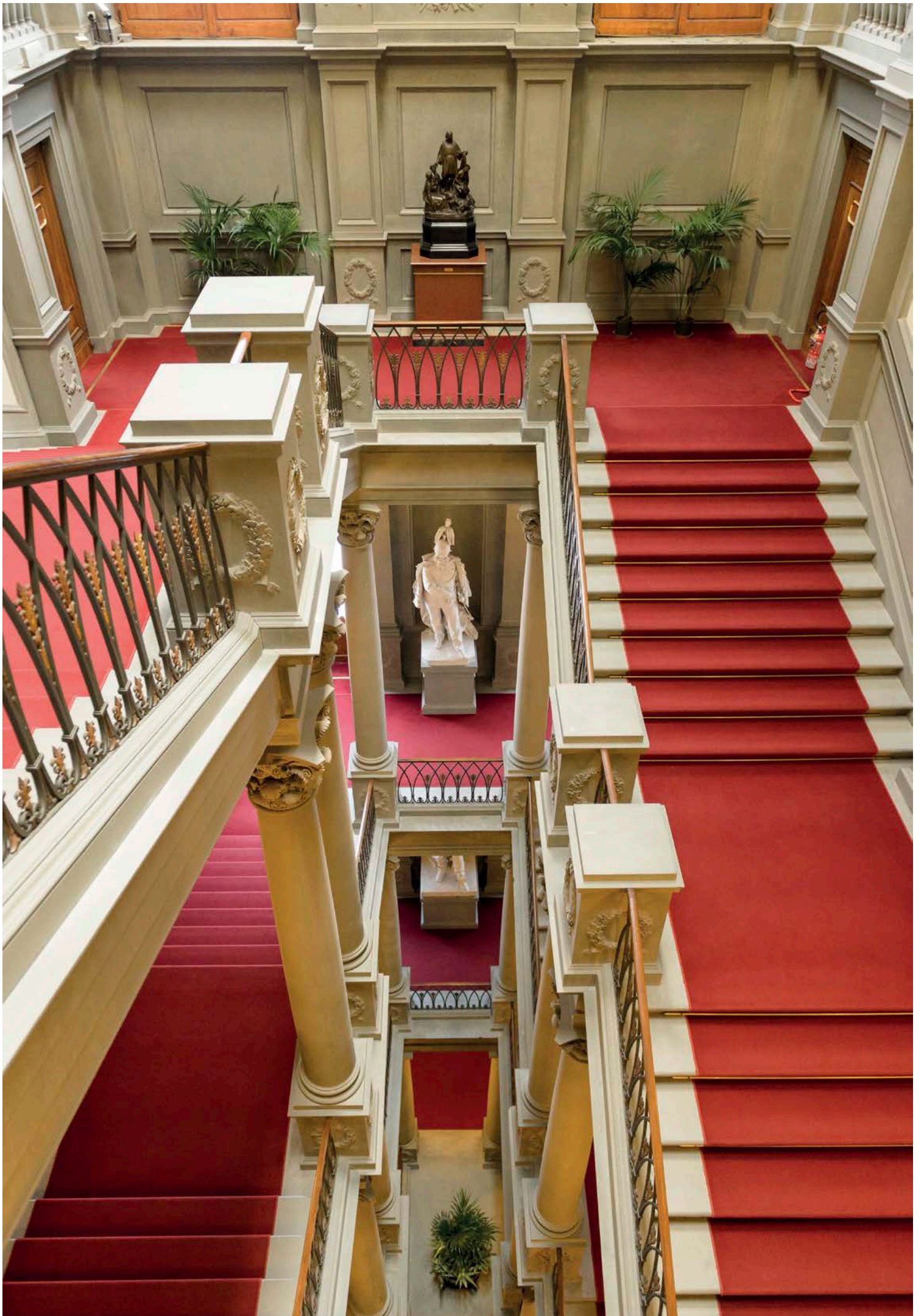
In concluding the report on 2014, the Directors invite you to approve the Financial Statements of Manutencoop Facility Management S.p.A. for the year ended 31 December 2014 and allocate the year-end profit of € 12,932,435.42 as follows:

- › € 646,621.77 to the legal reserve
- › € 12,285,813.65 to the extraordinary reserve.

Zola Predosa, 24 March 2015

The Chairman and CEO

Claudio Levorato

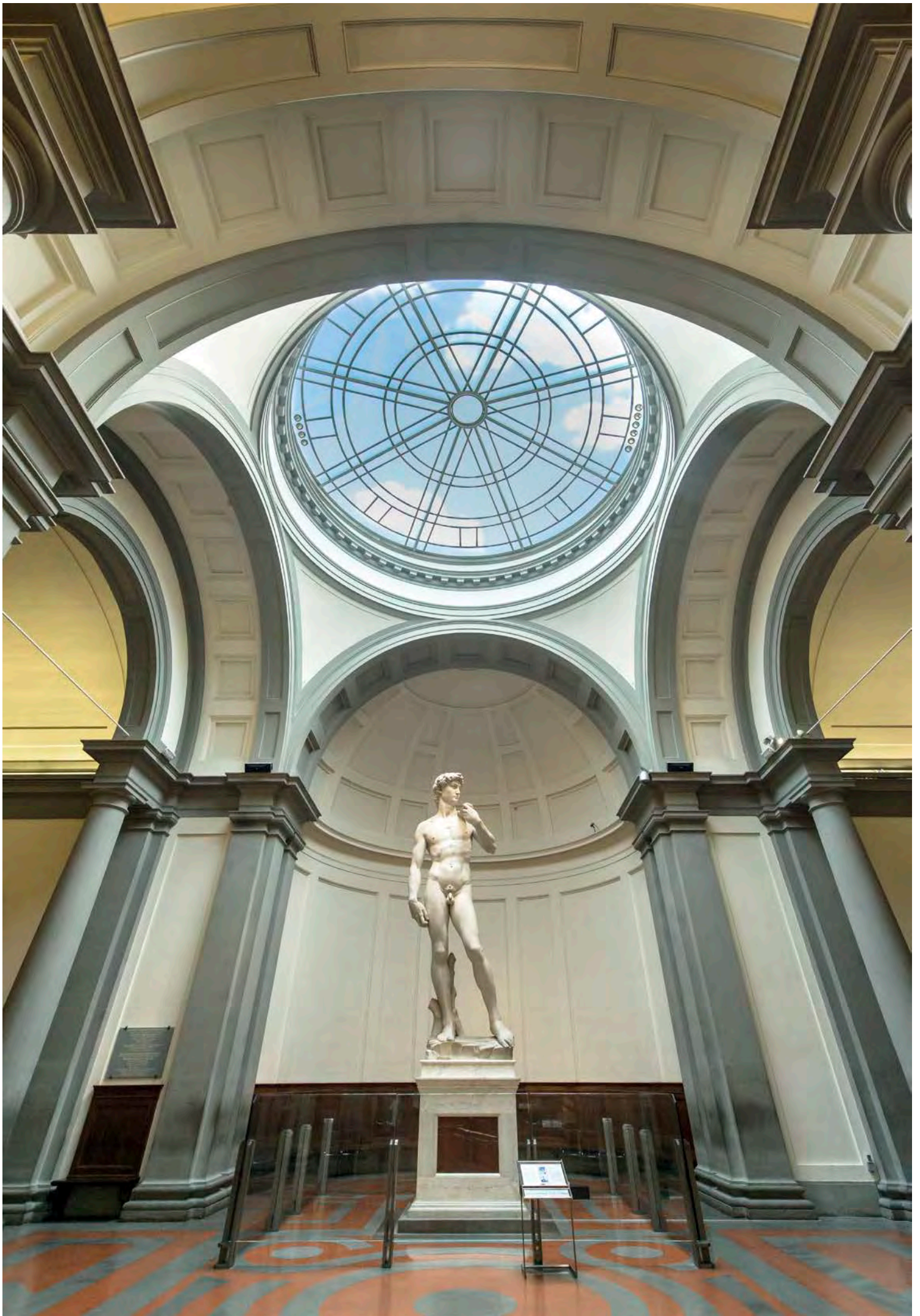




**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014**



ARISTOREMO COSTOLI
1913 - 1971
MUSICA
Donazione della famiglia Costoli



CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>(in thousands of Euro)</i> | NOTES | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATED (*) | 1 JANUARY 2013 RESTATED (*) |
|---|-------|---------------------|----------------------------------|--------------------------------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipments | 4 | 67,691 | 77,320 | 77,876 |
| Property, plant and equipments under lease | 4 | 2,867 | 3,598 | 5,996 |
| Goodwill | 6 | 369,860 | 415,094 | 417,677 |
| Other intangible assets | 5 | 24,782 | 29,062 | 26,916 |
| Investments accounted for under the equity method | 7 | 29,390 | 31,858 | 30,028 |
| Other investments | 7 | 3,341 | 3,038 | 3,041 |
| Non-current financial assets | 8 | 18,449 | 10,840 | 11,623 |
| Other non-current assets | 8 | 1,787 | 1,638 | 1,738 |
| Deferred tax assets | | 27,439 | 24,126 | 23,540 |
| TOTAL NON-CURRENT ASSETS | | 545,606 | 596,574 | 598,435 |
| CURRENT ASSETS | | | | |
| Inventories | | 5,115 | 6,162 | 11,205 |
| Trade receivables and advances to suppliers | 10 | 580,629 | 694,704 | 653,185 |
| Current tax receivables | | 28,922 | 16,495 | 24,691 |
| Other current assets | 10 | 30,632 | 29,139 | 23,234 |
| Current financial assets | 11 | 3,501 | 13,374 | 11,480 |
| Cash and cash equivalents | 11 | 113,382 | 184,538 | 51,394 |
| TOTAL CURRENT ASSETS | | 762,081 | 944,412 | 775,189 |
| Assets held for sale | 12 | 5,003 | 7,868 | 130 |
| TOTAL NON-CURRENT ASSETS HELD FOR SALE | | 5,003 | 7,868 | 130 |
| TOTAL ASSETS | | 1,372,790 | 1,548,854 | 1,373,754 |

(*) For any information on the restatement of the comparative data determined in the application of the new standards IFRS 10 and 11, reference should be made to Note 3 – Effect of changes in accounting standards.

(in thousands of Euro)

| | NOTES | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATED (*) | 1 JANUARY 2013 RESTATED (*) |
|---|-----------|---------------------|----------------------------------|--------------------------------|
| Shareholders' equity | | | | |
| Share capital | | 109,150 | 109,150 | 109,150 |
| Reserves | | 170,167 | 167,797 | 144,221 |
| Retained earnings | | 42,553 | 33,606 | 23,540 |
| Profit for the year attributable to equity holders of the Parent | | 12,254 | 13,747 | 32,574 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | 334,224 | 324,300 | 309,485 |
| Capital and reserves attributable to non-controlling interests | | 409 | 1,611 | 1,772 |
| Profit for the year attributable to non-controlling interests | | 273 | 344 | 728 |
| EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | | 682 | 1,955 | 2,500 |
| TOTAL SHAREHOLDERS' EQUITY | 13 | 334,906 | 326,255 | 311,985 |
| NON-CURRENT LIABILITIES | | | | |
| Employee termination indemnity | 14 | 21,207 | 27,599 | 31,161 |
| Provisions for risks and charges, non-current | 15 | 12,373 | 11,715 | 11,797 |
| Derivatives | | 0 | 0 | 1,222 |
| Long-term financial debt | 17 | 379,001 | 456,369 | 118,420 |
| Deferred tax liabilities | | 11,755 | 12,144 | 11,991 |
| Other non-current liabilities | | 28 | 7 | 7 |
| TOTAL NON-CURRENT LIABILITIES | | 424,364 | 507,834 | 174,598 |
| CURRENT LIABILITIES | | | | |
| Provisions for risks and charges, current | 15 | 20,559 | 24,973 | 29,297 |
| Trade payables and advances from customers | 18 | 380,821 | 453,687 | 439,415 |
| Current tax payables | | 4 | 226 | 2,892 |
| Other current liabilities | 18 | 123,625 | 148,343 | 148,113 |
| Bank borrowings, including current portion of long-term debt, and other financial liabilities | 17 | 28,512 | 85,116 | 267,390 |
| TOTAL CURRENT LIABILITIES | | 553,520 | 712,345 | 887,107 |
| Liabilities directly associated with non-current assets held for sale | 12 | 0 | 2,420 | 64 |
| TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | | 0 | 2,420 | 64 |
| TOTAL LIABILITIES | | 1,312,790 | 1,548,854 | 1,373,754 |

For any information on the restatement of the comparative data determined in the application of the new standards IFRS 10 and 11, reference should be made to Note 3 – Effect of changes in accounting standards.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| (in thousands of Euro) | NOTES | FOR THE YEAR ENDED | |
|--|-----------|--------------------|----------------------------------|
| | | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATED (*) |
| REVENUE | | | |
| Revenue from sales and services | | 970,524 | 1,042,497 |
| Other revenue | | 3,766 | 2,500 |
| Total revenue | | 974,290 | 1,044,998 |
| OPERATING COSTS | | | |
| Costs of raw materials and consumables | | (135,524) | (165,704) |
| Costs for services and use of third-party assets | | (364,040) | (385,700) |
| Personnel costs | | (374,210) | (375,207) |
| Other operating costs | | (7,645) | (7,672) |
| Capitalized internal construction costs | | 0 | 1,838 |
| Amortization, depreciation, write-downs and write-backs of assets | 4 – 5 – 9 | (38,635) | (40,755) |
| Accrual (reversal) of provisions for risks and charges | 14 | (7,238) | (11,010) |
| Total operating costs | | (927,292) | (984,210) |
| OPERATING INCOME | | 46,998 | 60,788 |
| FINANCIAL INCOME AND EXPENSES | | | |
| Share of net profit of associates | 7 | 1,198 | 2,652 |
| Dividend and income (loss) from sale of investments | | 427 | 665 |
| Financial income | | 5,679 | 1,884 |
| Financial charges | | (42,313) | (31,018) |
| Gains / (losses) on exchange rate | | 3 | 0 |
| Profit (loss) before taxes | | 11,992 | 34,971 |
| Income taxes | | (11,414) | (22,748) |
| Profit (loss) from continuing operations | | 578 | 12,224 |
| Profit (loss) from discontinued operations | | 12,049 | 1,867 |
| Net profit (loss) for the year | | 12,627 | 14,091 |
| Net profit (loss) for the year attributable to non- controlling interests | | (273) | (344) |
| NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | 12,354 | 13,747 |

| (amounts in Euro) | FOR THE YEAR ENDED | |
|---|--------------------|----------------------------------|
| | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATED (*) |
| Basic earnings per share | 0.103 | 0.126 |
| Diluted earnings per share | 0.103 | 0.126 |
| Basic earnings per share from continuing operations | 0.004 | 0.130 |
| Diluted earnings per share from continuing operations | 0.004 | 0.130 |

(*) For any information on the restatement of the comparative data determined in the application of the new standards IFRS 10 and 11, reference should be made to Note 3 – Effect of changes in accounting standards.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| (in thousands of Euro) | NOTES | FOR THE YEAR ENDED | |
|--|-------|--------------------|----------------------------------|
| | | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATED (*) |
| NET PROFIT FOR THE YEAR | | 12,627 | 14,091 |
| Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year: | | | |
| Differences arising from translation of financial statements in foreign currency | | 1 | 0 |
| Net gain/(loss) on Cash Flow Hedge | | 0 | 1,222 |
| Income taxes on Cash Flow Hedge | | 0 | (336) |
| Net effect on gains (losses) of cash flow hedge | | 0 | 886 |
| Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year | 7 | (1,003) | 668 |
| Other components of the comprehensive income for the year, which will be subsequently reclassified under profit/loss for the year | | (1,002) | 1,554 |
| Other components of the comprehensive income, which will not be subsequently reclassified under profit/ loss for the year: | | | |
| Actuarial gains (losses) on defined benefit plans | | (1,843) | 1,273 |
| Income taxes | | 507 | (350) |
| Net effect of actuarial gains/(losses) | 14 | (1,336) | 923 |
| Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year | 7 | (92) | 59 |
| Other components of the comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year | | (1,428) | 982 |
| TOTAL PROFIT (LOSS) IN THE STATEMENT OF COMPREHENSIVE INCOME, NET OF TAXES | | (2,430) | 2,536 |
| TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAXES | | 10,197 | 16,627 |
| Attributable to: | | | |
| Equity holders of the Parent | | 9,924 | 16,283 |
| Non-controlling interests | | 273 | 344 |

(*) For any information on the restatement of the comparative data determined in the application of the new standards IFRS 10 and 11, reference should be made to Note 3 – Effect of changes in accounting standards.

CONSOLIDATED STATEMENT OF CASH FLOWS

| (in thousands of Euro) | NOTES | FOR THE YEAR ENDED | |
|---|-------|--------------------|---------------------------------|
| | | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATE (*) |
| Net profit (loss) from continuing operations for the year | | 578 | 12,224 |
| Income taxes for the year | | 11,414 | 22,748 |
| Profit before taxes from continuing operations | | 11,992 | 34,971 |
| Profit(loss) from discontinued operations | | 12,049 | 1,867 |
| Capital gain on disposal of discontinued operation | | (13,351) | 0 |
| Other impairment on discontinued operations | | 2,752 | 0 |
| Amortization, depreciation, write-downs and (write-backs) of assets | | 40,645 | 42,818 |
| Accrual (reversal) of provisions for risks and charges | | 7,296 | 11,530 |
| Employee termination indemnity provision | | 1,459 | 1,757 |
| Payments of employee termination indemnity | | (7,982) | (4,242) |
| Utilization of provisions for risks and charges | | (10,296) | (14,780) |
| Share of net profit of associates, net of dividends collected | | 363 | (915) |
| Financial charges (income) for the year | | 36,597 | 29,552 |
| Operating cash flows before movements in Working Capital | | 81,523 | 102,559 |
| Cash flows related to continuing operations | | 1,784 | 4,909 |
| Cash flows related to discontinued operations | | 79,739 | 97,650 |
| Decrease (increase) of inventories | | 345 | 4,961 |
| Decrease (increase) of trade receivables | | 97,624 | (48,883) |
| Decrease (increase) of other current assets | | (3,216) | (6,213) |
| Increase (decrease) of trade payables and advances from customers | | (70,806) | 11,516 |
| Increase (decrease) of other current liabilities | | (23,865) | 845 |
| Change in Working Capital | | 83 | (37,774) |
| Net interest received (paid) in the year | | (34,019) | (14,068) |
| Income tax paid in the year | | (29,005) | (20,123) |
| Net cash flow from operating activities | | 18,582 | 30,594 |
| Purchase of intangible assets, net of sales | 5 | (9,267) | (10,431) |
| Purchase of property, plant and equipment | 4 | (17,520) | (24,506) |
| Proceeds from sales of property, plant and equipment | 4 | 1,811 | 642 |
| Acquisition of investments | | 692 | (185) |
| Decrease (increase) of financial assets | | 5,837 | 1,275 |
| Net cash used in business combinations | | 0 | (854) |
| Net cash from assets held for sale | 12 | 58,842 | (8) |
| Net cash flow used in investing activities | | 40,395 | (34,067) |
| Net proceeds from/(repayment of) borrowings | 17 | (130,027) | 140,149 |
| Dividends paid | | (107) | (565) |
| Acquisition/Sale of minority interests in subsidiaries | | 0 | (1,792) |
| Reclassification of assets held for sale | | 0 | (1,175) |
| Net cash flow from / (used in) financing activities | | (130,134) | 136,617 |
| Changes in cash and cash equivalents | | (71,156) | 133,144 |
| Cash and cash equivalents at the beginning of the year | | 184,538 | 51,394 |
| Changes in cash and cash equivalents | | (71,156) | 133,144 |
| Cash and cash equivalents at the end of the year | | 113,382 | 184,538 |
| Details of cash and cash equivalents | | | |
| Cash and bank current accounts | | 113,382 | 184,538 |
| TOTAL CASH AND CASH EQUIVALENTS | | 113,382 | 184,538 |

SUPPLEMENTARY INFORMATION

| <i>(amounts in thousands of Euro)</i> | FOR THE YEAR ENDED | |
|---------------------------------------|--------------------|----------------------------------|
| | 31 DECEMBER 2014 | 31 DECEMBER 2013 RESTATED (*) |
| Interest paid | (39,444) | (16,030) |
| Interest received | 5,425 | 1,962 |
| Dividends received | 1,900 | 2,402 |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| <i>(in thousands of Euro)</i> | Share capital | Reserves | Retained earnings | Result of the year | Total Shareholders' equity attributable to equity holders of the parent | Equity attributable to non-controlling interests | Total shareholders' equity |
|---|---------------|----------|-------------------|--------------------|---|--|----------------------------|
| 1 January 2014 Restated (*) | 109,150 | 167,797 | 33,606 | 13,747 | 324,300 | 1,955 | 326,255 |
| Dividends distribution | | | | | 0 | (158) | (158) |
| Allocation of previous year result | | 4,800 | 8,947 | (13,747) | 0 | 0 | 0 |
| Acquisition/ transfer of minority interests in subsidiaries | | | | | 0 | (1,387) | (1,387) |
| Total comprehensive income | | (2,430) | | 12,354 | 9,924 | 273 | 10,197 |
| 31 December 2014 | 109,150 | 170,167 | 42,553 | 12,354 | 334,224 | 682 | 334,906 |

| <i>(in thousands of Euro)</i> | Share capital | Reserves | Retained earnings | Result of the year | Total Shareholders' equity attributable to equity holders of the parent | Equity attributable to non-controlling interests | Total shareholders' equity |
|---|---------------|----------|-------------------|--------------------|---|--|----------------------------|
| 1 January 2013 Restated (*) | 109,150 | 144,221 | 23,540 | 32,574 | 309,485 | 2,500 | 311,985 |
| Dividends distribution | | | | | 0 | (566) | (566) |
| Allocation of previous year result | | 21,040 | 11,533 | (32,574) | 0 | 0 | 0 |
| Acquisition/ transfer of minority interests in subsidiaries | | | (1,467) | | (1,467) | (325) | (1,792) |
| Total comprehensive income | | 2,536 | | 13,747 | 16,283 | 344 | 16,627 |
| 31 December 2013 Restated (*) | 109,150 | 167,797 | 33,606 | 13,747 | 324,300 | 1,955 | 326,255 |

(*) For any information on the restatement of the comparative data determined in the application of the new standards IFRS 10 and 11, reference should be made to Note 3 – Effect of changes in accounting standards.

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the consolidated Financial Statements of Manutencoop Facility Management S.p.A. Group (the “MFM Group” or the “Group”) for the year ended 31 December 2014 was authorized by resolution of the Management Board of 24 March 2015.

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

1.1 The business

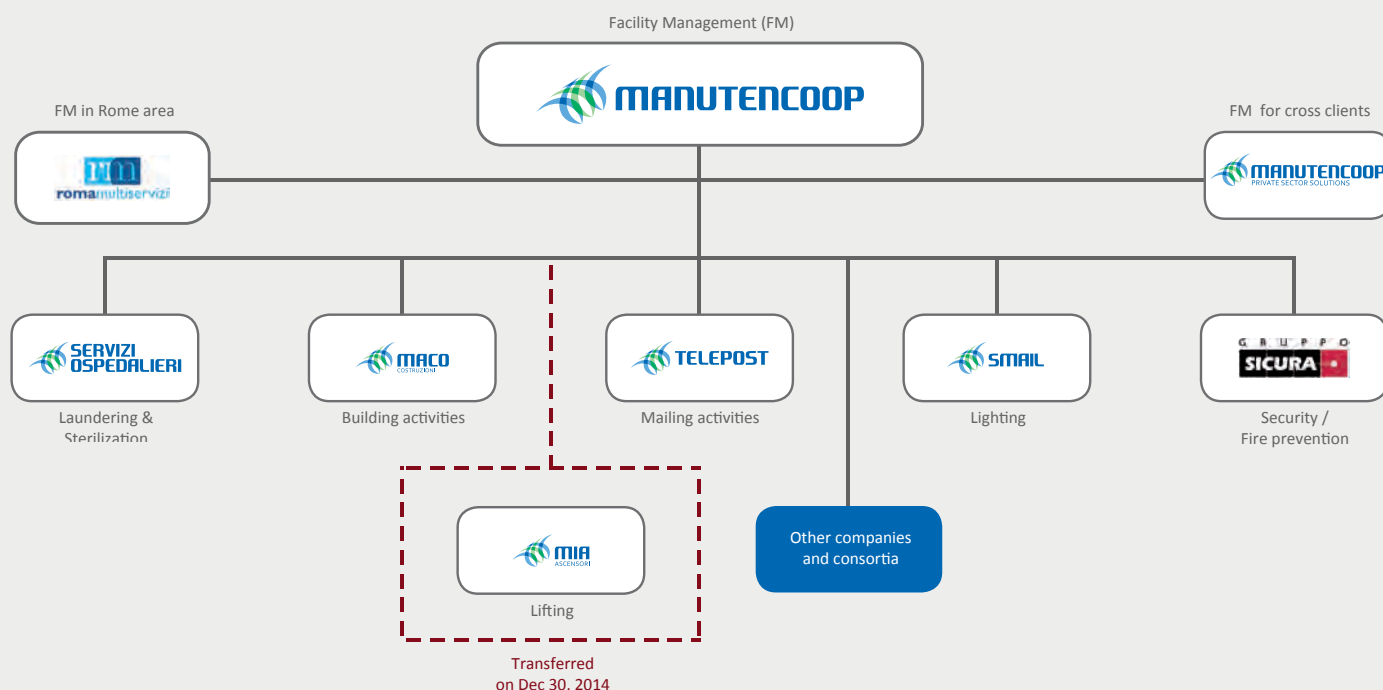
The Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support so-called “Integrated Facility Management” health care activities.

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

At present 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, in the previous financial years a diversification strategy was pursued which, through a series of acquisitions, has placed some “specialist” facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services): these services involve fire prevention and safety products and systems, maintenance services for lifting equipment (lifts and hoists), building activities and operating lighting systems, in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities.

In the 2014 financial year the Group also started a phase in which it refocused its resources on what is referred to as “traditional” facility management. Meeting this objective took the form of selling Energyproject S.r.l. to third-parties in February and MIA S.p.A. (with its various subsidiaries) in December. These two companies operate respectively in energy management and in lifting equipment maintenance and therefore, in practice, abandoned the businesses which they originally conducted.

The Group now operates throughout the whole country through specific companies for each sector:



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

The so-called “traditional” Facility Management services provided by the MFM Group include the following activities:

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

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

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

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

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

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

- › installation and maintenance services of lifting systems;
- › services related to building security;
- › public lighting services;
- › mail services;
- › document management.

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

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

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

The so-called Project Management consists of a group of activities involving the technical design, planning, procurement management and supervision of job orders for the construction, restructuring or reconversion of properties. The so-called Energy Management consists of a group of activities involving the technical design, construction and operation of photovoltaic and cogeneration plants, from the feasibility study to completion, as well as the operation and maintenance of systems to provide customers with energy efficiency solutions.

The Building activities consist of construction projects, which are not particularly significant in respect of total Group production and which are also carried out on behalf of other Manutencoop Group companies, as well as, on occasion, to support facility management activities where, as part of non-ordinary maintenance works, small building works are also necessary.

Currently, the Management does not consider the Energy Management, Project Management and Building activities and installation and maintenance services of lifting systems to be strategic any longer. The Group has therefore decided not to develop those areas of business any further, and it will just manage, in the near future, the commitments it has already taken on with respect to ongoing contracts with customers until they will be completed.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2014 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The consolidated Financial Statements at 31 December 2014 were prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value.

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

The consolidated Financial Statements at 31 December 2014 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The consolidated Financial Statements at 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The MFM Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Group has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements of the previous year, with the exception of the aspects detailed below for the standards and interpretations which are newly issued and applicable from 1 January 2014.

The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

New or revised IFRS and interpretations applicable as from 1 January 2014

The following accounting standards must be applied starting from 1 January 2014, the Group has taken steps to apply them to these Financial Statements:

- › *IFRS 10 – Consolidated Financial Statements.* The new accounting standard redefines the concept of control, expanding its scope and introducing new application rules for the identification of companies that must be consolidated. New accounting rules are also established for the drafting of the consolidated financial statements, replacing the so-called "proportional method".

- › *IFRS 11 – Joint Arrangements.* The new standard requires an evaluation of the substance of entities that were “jointly-controlled entities” according to IAS 31 and provides operating guidelines for performing said valuation. The accounting method used for the consolidation of joint-ventures is the equity method.
- › *IFRS 12 – Disclosure of Interests in Other Entities.* The new standard provides a general overview of the information relating to interests in other entities, such as joint arrangements, equity investments in subsidiaries, associates and other interests not falling within the consolidation area.

Following the introduction of the new IFRS11 and IFRS12, IAS 28 has been renamed *Investments in Associates and Joint Ventures* and describes the application of the equity method to investments in joint ventures in addition to associates.

The economic and financial effects of the application of such accounting standards are described in note 3 below, to which reference should be made.

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

The IASB issued a number of new standards and amendments during the 2014 financial year which will come into effect in later periods. The Group is studying these standards and is assessing the impact they will have on its consolidated Financial Statements, but does not intend to promote an early adoption. The innovations brought in are described below.

IFRS9 - Financial Instruments (applicable from the financial years that will end after 1 January 2018). The aim of the new standard is to make it simpler for the user of the financial statements to understand the amounts, timing and uncertainty of cash flows by replacing the different types of financial instruments referred to in IAS 39. In fact all financial assets are initially accounted for at fair value, adjusted by transaction costs if they are not accounted for at fair value through profit or loss (FVTPL). Nevertheless, trade receivables that do not have a significant financial component are initially measured at their transaction price, as defined by the new *IFRS 15 – Revenues from Contracts with Customers*. Debt instruments are measured on the basis of the contract cash flows and the business model on the basis of which they are held. Instruments only involving cash flows for the payment of interest and principal are accounted for according to the amortised cost method, while those also involving the exchange of financial assets are measured at fair value in the OCI and subsequently reclassified in profit or loss (FVOCI). Finally, there is an express option for accounting at fair value (FVO). Similarly, all equity instruments are initially measured at FVTPL but the entity has an irrevocable option to account for it at FVTOCI. Any additional classifications and the measurement rules laid down under IAS39 have been reported under the new IFRS9. As regards impairment, the IAS39 model based on the losses incurred has been replaced by the ECL (Expected Credit Loss) model. Finally, some changes are made in Hedge Accounting, with the possibility of conducting a prospective effectiveness and quality test, measuring risk factors independently if they can be identified.

IFRS14 – Regulatory Deferral Accounts (applicable from the financial years that will end after 1 January 2016). The new standard is an interim rule whose purpose is to improve the comparability of the financial disclosures of entities that operate in government regulated markets, such as some industrial sectors in which governments control the prices of particular goods or services provided by private entities (i.e. gas, water, electricity). An entity that already provides its financial disclosures in conformity to IFRS need not apply IFRS 14. This standard, in fact, only allows an entity that is a first-time adopter to continue using the

previous accounting standards if its production is regulated. It is not obligatory to adopt the standard, but if it is not adopted in an entity's first IFRS financial statements, the entity will not be entitled to adopt it in subsequent financial periods. The standard also requires the balances related to regulated activities to be presented separately in the statement of financial position, income statement and OCIs. Specific information must also be given regarding the nature of these activities and the risks attached to them.

IFRS15 – Revenues from contracts with customers (applicable from the financial years that will end after 1 January 2017). The new standard replaces the previous IAS11 – Construction contracts, IAS18 – Revenue, IFRIC13 – Customer Loyalty Programme, IFRIC15 – Agreements for the construction of real estate, IFRIC18 – Transfers of Assets from Customers, SIC31 – Barter Transactions Involving Advertising Services. This standard provides a model for the recognition and measurement of all revenues from non-financial assets, including the disposals of property, plant and equipment or intangible assets. The general principle is that the entity must recognise revenue in the amount corresponding to the consideration to which it expects to be entitled for transferring goods or providing a service to a customer. Guidelines are laid down for identifying the contract, the performance obligations and the transaction price. If there are multiple services, suggestions are also given regarding the allocation of their prices. Finally, the criteria for accounting for the revenue when the performance obligation has been satisfied are explained and suggestions are made for accounting for the incremental costs of obtaining the contract if these costs are directly attributable to its performance. Finally, the standard provides guidance on its application to specific issues such as licences, guarantees, right of withdrawal, agency relationships, termination of contracts. The standard is applicable according to a full retrospective approach or a modified retrospective approach.

Some amendments to existing standards have also been issued, clarifying some particular points:

- › *Amendments to IFRS11 – Joint Arrangements.* This amendment explains that if an entity acquires an interest in a joint operation which constitutes a form of business, it must apply the accounting standards and disclosure requirements laid down in IFRS 3, *Business Combinations*, and those in all other IFRSs that do not conflict with the provisions of IFRS 11.
- › *Amendments to IAS16 and IAS38 – Clarification of Acceptable Methods of Depreciation and Amortisation.* This amendment explains that it is advisable to use methods of amortisation and depreciation of fixed assets that take the actual economic benefit of using them into account. If goods or assets are used in business operations, the ratio between the revenue generated by business and the entity's total revenues is not a correct reflection of the amortisation or depreciation percentage to apply. This ratio may only be used in limited cases for the amortisation of intangible assets.
- › *Amendments to IAS16 and IAS41.* This amendment explains that biological assets used in agriculture (e.g. fruit trees) continue to be subject to the requirements of IAS 16 while their products (e.g. the fruit gathered) continue to be subject to the requirements of IAS 41.
- › *Amendments to IAS27 – Equity Method in Separate Financial Statements.* This amendment explains that since the equity method is used for accounting for investments in subsidiaries and associates in certain countries, the option previously provided for in IAS 27 has been reinstated. Therefore, the investments in the Separate Financial Statements can be valued at cost (IAS27), in accordance with IAS39 or the new IFRS9 or by using the equity method (IAS27 amended). The method adopted must be applied homogeneously for all types of these investments.

Improvements to IFRS

In 2014 the IASB issued a new series of amendments to IFRS (series 2012-2014, which follows the previous series 2009-2011, 2010-2012 and 2011-2013). The Annual improvement of international standards is the instrument by which the IASB introduces amendments or improvements to the standards that are already being applied, thus promoting the ongoing review of the accounting policies of the IAS adopters. The amendments will be obligatory applicable as from the financial years that will end after 1 January 2016.

The last series of improvements has specifically concerned a change in the sales programmes under *IFRS5 – Non-current Assets Held for Sale and Discontinued Operations*, the applicability of *IFRS7 – Financial Instruments* in the condensed Interim Financial Statements, the use of discount rates under *IAS19 – Employee Benefits* and the disclosures to be supplemented with respect to *IAS34 – Interim Financial Reporting*.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

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

At 31 December 2014, the carrying amount of the goodwill stood at € 369,860 thousand (31 December 2013 restated: € 415,094 thousand). More details are given in note 6.

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

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

Similarly, the contract for the purchase of certain majority interests in subsidiaries provides for the transferors, i.e. the current minority shareholders, to be granted an earn-out upon the fulfilment of given conditions on a certain future date. In this case, the correct recognition in the financial statements of the related liability requires management to make some estimates to determine the expected relevant parameters.

Other financial position items

Management also needed to use estimates in determining:

- › Deferred tax assets, in particular relating to the likelihood of these being reversed in the future;
- › Accruals to the provision for bad debts and provisions for risks and charges;
- › main assumptions applied to the actuarial valuation of the TFR (employee termination indemnity), such as the future turnover rate and discount financial rates;
- › Inventories of contract work in progress, particularly in relation to the total amount of estimated final costs to be used to determine the percentage of completion.

Consolidation principles

The Consolidated Financial Statements include the financial statements of Manutencoop Facility Management S.p.A. (the “Parent Company, “MFM S.p.A.” or simply “MFM”) and its subsidiaries, prepared as at 31 December 2014. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

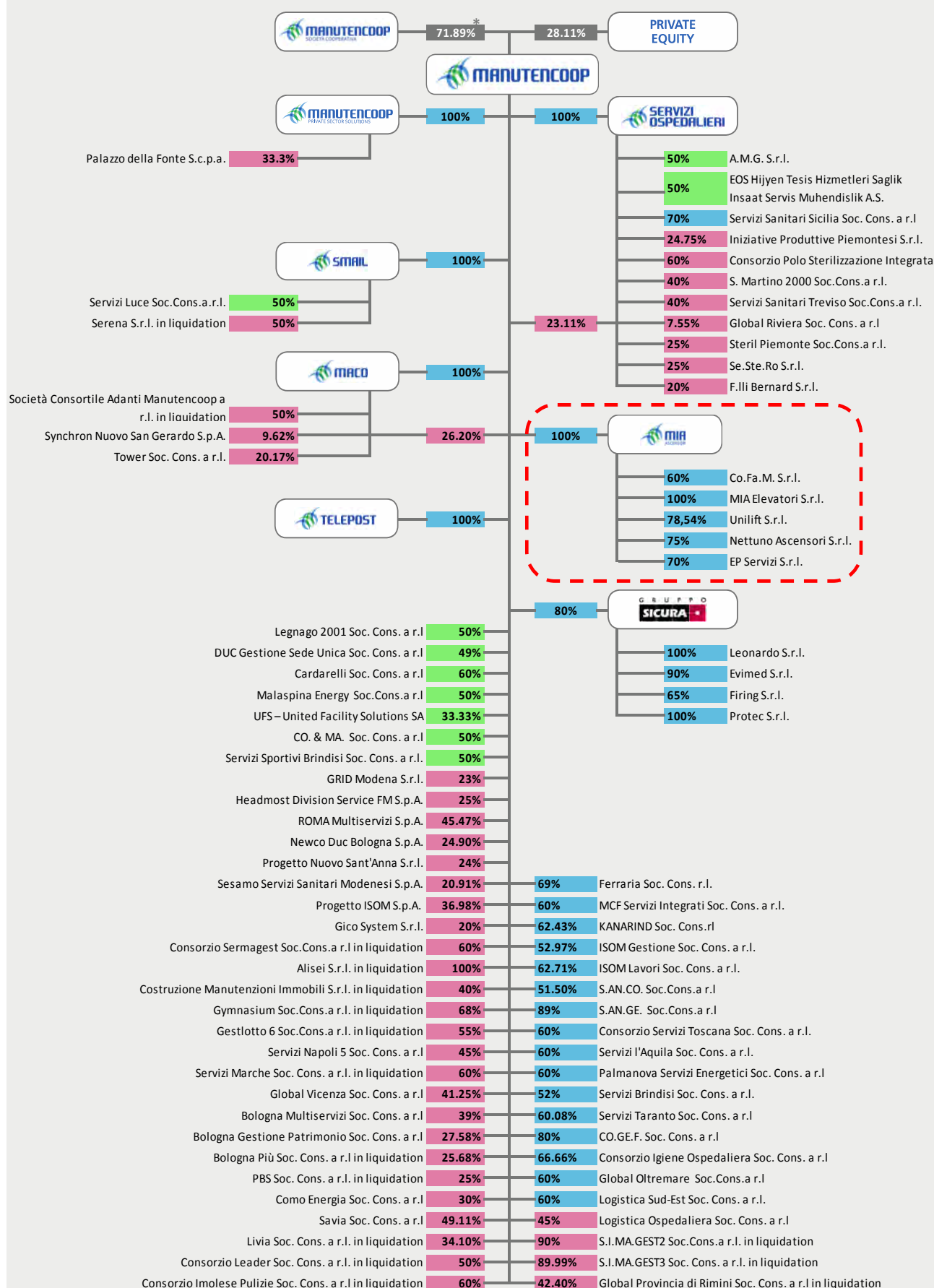
Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group.

Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to joint control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the acquiree starting from the date of acquisition until the end of the fiscal year. Joint-ventures with other shareholders and associates are accounted for under equity method.

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

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

The consolidation area as at 30 December 2014 is shown below:



Legend:

- Subsidiaries consolidated on a line-by-line basis
- Joint Ventures consolidated by equity method
- Associates and other companies consolidated by equity method
- Subsidiaries sold on Dec 30, 2014

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

Below are reported the most significant changes within the Group:

- › On 3 February 2014 an agreement was reached for the transfer of the total quota held by MFM S.p.A. in subsidiary Energyproject S.r.l., which in turn holds the total quota capital of Mowbray S.r.l., to UMA S.r.l.. 15 April 2014 saw the transfer of the stake held by the Group in Perimetro Gestione Proprietà Immobiliari S.c.p.A., equal to 20.10% of the share capital of the same, with the consequent exit from the contract for the management of real estate assets of banks, which the company holds on behalf of its shareholders.
- › 30 December 2014 saw the transfer of the stake held by MFM S.p.A. in MIA S.p.A..

Lastly, mergers within the Group took place during the financial year, with a view to corporate streamlining. In particular:

- › On 1 January 2014 the mergers of the companies Sedda S.r.l., Securveneta S.r.l., Mako Engineering S.r.l., Antincendi Piave S.r.l. and Sicurama S.r.l. into Sicura S.r.l. became effective.
- › On 30 April 2014 the reverse merger of Gruppo Sicura S.r.l. into the subsidiary Sicura S.r.l. became effective, with accounting and tax effects from 1 January 2014. On 19 May 2014 the latter also approved the transformation in Sicura S.p.A..

2.4 Summary of the main accounting policies

Conversion of foreign currency items

The financial statements are presented in Euro, the Group's functional currency.

Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for balance sheet items and average exchange rates for items in the income statement.

Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at year-end exchange rates with respect to the average exchange rate. The conversion reserve is reversed to the income statement at the moment of the sale or liquidation of the company that set up said reserve.

Property, plant and equipment

Property, plant and equipment are recognized at historical cost, net of ordinary maintenance costs, less the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the plant and equipment at the moment they are incurred if they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of. The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable. A tangible asset is derecognized from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net proceeds from the sale and the carrying amount) are included in the income statement in the year of the aforementioned derecognition. The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

The useful life of the various classes of tangible assets is estimated as shown below:

| <i>Types of plant and equipment</i> | Useful Life |
|---|--------------------------------------|
| Plant and equipment, maintenance and landscaping | 11 years |
| Plant and equipment, maintenance and construction of properties | From 6.5 to 10 years |
| Telephone systems | 4 years |
| Properties | 33 years |
| Equipment for cleaning/landscaping activities | 6.5 years |
| Equipment for technological system management | 3 years |
| Equipment for building construction and maintenance | 2.5 years |
| Other industrial and commercial equipment | 10 years |
| Laundry equipment | 8 years |
| Linen | From 2.5 to 4 years |
| Vehicles | From 4 to 5 years |
| Office furniture and equipment | From 5 to 8 years |
| Leasehold improvements (including under plant and equipment) | < between useful life and lease term |

The plant and equipment category includes not only plant and equipment in the strictest sense, but also machinery, motor vehicles, office machines and furniture.

Financial costs arising from the purchase are charged to the income statement except in the case in which they are directly attributable to the acquisition, construction or production of an asset which justifies their capitalisation (qualifying asset), in which case they are capitalised.

A qualifying asset is an asset that requires a certain period of time to be ready for use. The capitalisation of financial costs ceases when all the activities needed to make the qualifying asset ready for use have been completed.

Extraordinary maintenance expenses are only included in the carrying amount of the asset when the company is likely to receive the associated economic benefits in the future and the cost can be reliably measured. The costs of repairs, maintenance or other operations to ensure the functioning of the assets are charged to the income statement in the year in which they are incurred.

Leasehold improvements are classified, on the basis of the nature of the cost incurred, under property, plant and equipment when they meet the capitalisation criteria set forth by IAS 16. The depreciation period corresponds to the lower of the residual useful life of the tangible asset and the residual lease term.

Goodwill

Goodwill, acquired in a business combination, is initially valued at cost, represented by the excess of the cost of the business combination with respect to the share pertaining to the Group in the net fair value relating to the identifiable values of assets, liabilities and contingent liabilities. After the initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is subject to an analysis of fairness on an annual basis, or more frequently if events or changes are identified which may give rise to impairment losses.

For the purposes of this analysis of fairness, goodwill is allocated, from the date of acquisition, when the allocation is possible without arbitrariness, to each of the cash-generating units of the Group which believe that they will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units. Each unit to which goodwill is allocated:

- › represents the lowest level, within the Group, at which goodwill is monitored for internal management purposes; and
- › is not larger than the segments identified on the basis of either the primary or secondary presentation layout as regards disclosures on the Group's operating segments, based on *IFRS 8 - Operating Segments*.

Impairment is determined by defining the recoverable value of the cash-generating unit (or group of units) to which goodwill is allocated. When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying amount, an impairment loss is recognized. The value of goodwill previously written down cannot be restored.

Other intangible assets

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations of companies not subject to joint control are capitalised at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortisation and accumulated impairment losses.

The useful life of the intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and subject to fairness tests whenever there is evidence of potential impairment losses. The amortisation period and method applied thereto are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the amortisation period or method, as necessary, and treated as changes in the accounting estimates. The amortisation charges of intangible assets with a finite useful life are recorded in the income statement under the cost category 'amortisation, depreciation, write-downs and write-backs of assets'.

The Group did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Group applied for intangible assets are summarised below:

| | Concessions, licences, trademarks and similar rights | Other intangible assets |
|---|--|---|
| Breakdown of composition | Software and Trademarks | Contractual customer relations |
| Useful Life | Finite | Finite |
| Method used | Amortisation on a straight line basis over the shortest time span between: > legal term of the right > expected period of use. | Amortisation in proportion to consumption of related backlog. |
| Produced internally or purchased | Purchased | Acquired in business combination. |
| Impairment tests / tests on recoverable value | Yearly or more frequently when there is evidence of impairment. | Yearly or more frequently when there is evidence of impairment. |

Profits or losses arising from the disposal of an intangible asset are measured as the difference between the net sales revenue and the carrying amount of the asset, and are recognised in the income statement at the moment of disposal.

Equity investments in joint venture and in associates

According to the equity method, the equity investment is recognized in the balance sheet at cost increased by changes, after the acquisition, in the Group's share of the investee's net assets. Goodwill relating to the

associate is included in the carrying amount of the equity investment and not subject to amortisation. Following application of the equity method, the Group determines whether it is necessary to recognize any additional impairment losses with reference to the Group's net equity investment in the investee. The income statement reflects the Group's share of the investee's result for the year. In the event in which the investee recognises adjustments directly in shareholders' equity, the Group recognises its share, and presents this, where applicable, in the statement of changes in shareholders' equity.

In the majority of cases, the end of the investees' financial year is the same as that of the Group. Where this does not occur, in most cases, the investees prepare accounting statements at the reporting date of the Group's financial year. The accounting standards used conform to those used by the Group, for transactions and events of the same nature and in similar circumstances.

Impairment of assets

At the reporting date of the financial statements, the Group assesses whether there is any evidence of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit, net of selling costs and its value in use and is determined for each individual asset, except when said asset does not generate cash flows that are largely independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the present value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recognized in the income statement under 'amortisation, depreciation, write-downs and write-backs of assets'.

At each reporting date, the Group also assesses whether there is any evidence that the impairment losses recorded previously no longer exist (or have fallen) and, if said evidence exists, estimates the recoverable value. The value of an asset previously written down can only be restored if there have been changes to the estimates used to calculate the recoverable value of the asset following the latest recognition of an impairment loss. In said case, the carrying amount of the asset is adjusted at the recoverable value, without, however, the increased value exceeding the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised in the preceding years. Any write-back is recognized as income in the income statement, in the same category in which the write-down was recorded, except where the asset is recognised in a revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recognised, the amortisation charge of the asset is adjusted in future periods, in order to break down the modified carrying amount, net of any residual values, on a straight line basis over the residual useful life.

Financial assets

IAS 39 makes provision for the following types of financial instruments:

- › financial assets at fair value with changes through profit or loss, a category which includes the financial assets held for trading, i.e. all assets acquired for short-term sale;
- › loans and receivables, defined as non-derivative financial assets with fixed or determinable payments that are not listed on an active market;
- › investments held to maturity, i.e. financial assets that are not derivative instruments and that are characterised by fixed or determinable payments on maturity for which the owner has the intention and capacity to hold them in the portfolio until maturity;

- › available-for-sale financial assets, i.e. financial assets, excluding derivative financial instruments, which have been designated as such or are not classified in one of the other three previous categories.

All financial assets are initially recognized at fair value, increased, in the event of assets other than those at fair value through profit or loss, by additional charges. Following the initial recognition, the Group determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the closing date of each financial year.

The financial assets held by the Group in the year just ended, equal to those held in the previous year, are exclusively attributable to the two categories of 'loans and receivables' and 'available-for-sale financial assets'.

The accounting policies applied by the Group are the following:

Loans and receivables

Loans and receivables are recognized according to the amortised cost criterion using the effective discount rate method. Profits or losses are recognized through profit or loss when the loans and receivables are derecognized from the accounts or when impairment losses occur, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets, following initial recognition at cost, must be measured at fair value and profits or losses must be recognized in a separate equity item until the assets are derecognised from the accounts or until it has been verified that they have been impaired; profits or losses accumulated up until that moment in shareholders' equity are then charged to the income statement.

For the year ended, however, as in the previous year, the Group only classifies investments of lower than 20% in this category, which are valued at cost if the calculation of the fair value is not reliable. In particular, consortium companies and consortia, which are not listed on regulated markets and whose objective is to regulate relations as part of temporary business combines established for the operational purposes of management of some service contracts, are valued at cost, represented by the portion of subscribed share capital.

Inventories

Inventories are valued at the lower of cost and net presumed realisable value.

The costs incurred to deliver each asset to its current location and for warehousing are recognized as follows:

| | |
|--------------------------------|---|
| Raw materials (excluding fuel) | purchase cost based on the weighted average cost method |
| Fuel inventories | purchase cost based on the FIFO method |

The net presumed realisable value of raw materials is represented by the replacement cost.

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recognized at nominal value, stated in the invoice net of the provisions for bad debts. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified. Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Contracts for construction work and plant building

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a customer, who defines its design and technical features on a preliminary basis.

Job order revenues include the considerations initially agreed with the customer, in addition to the changes to the job order and price variations set out in the contract which can be determined reliably.

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of work in progress, classified under "Trade receivables". When the costs of the job order are likely to exceed total revenues, the expected loss is recognized immediately as a provision. Should the amount of the contract price already invoiced exceed the estimated value of work in progress, it must be recognised as a payable for the portion exceeding the value of the same and, as such, must be classified under "Advances from customers".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the balance sheet include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortised cost criterion using the effective interest rate method. All profits or losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised from the accounts when:

- › the contractual rights over cash flows arising from financial assets have expired;
- › the Group has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is derecognised in full, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group recognizes the new financial asset, financial liability or liability originating from service at fair value.

A financial liability is derecognised from the accounts when the obligation underlying the liability is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the reporting date, the Group assesses whether a financial asset or group of financial assets has incurred any impairment loss.

Assets valued according to the amortised cost criterion

If there is an objective evidence that a loan or receivable carried at amortised cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses still not incurred) discounted at the original effective interest rate of the financial asset (i.e. effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced both directly and through the use of a provision. The amount of the loss will be recognized through profit or loss.

The Group firstly assesses whether there is any objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of any objective evidence of impairment of a financial asset that is valued individually, whether it is significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment test in a collective fashion. The assets valued at individual level and for which an impairment loss is recognized or continues to be recognized, will not be included in a collective valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment loss, the previously reduced value can be written back. Any subsequent write-backs are recognized through profit or loss to the extent the carrying amount does not exceed the amortised cost at the write-back date.

Assets recognised at cost

If there is objective evidence of an impairment of an unlisted equity instrument which is not recognised at fair value since its fair value cannot be measured reliably, or of a derivative instrument which is linked to said equity instrument and has to be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

In the case of an impairment of an available-for-sale financial asset, a transfer from shareholders' equity to the income statement is effected of a value equal to the difference between its cost (net of the repayment of capital and amortisation) and its present fair value, net of any impairment losses recognised previously in the income statement. Write-backs of equity instruments classified as available for sale are not recognised through profit or loss. Write-backs of debt instruments are recognised through profit or loss if the increase in the fair value of the instrument can be related objectively to an event which occurred after the loss was recognised in the income statement.

Provisions for risks and charges

Accruals to provisions for risks and charges are made when the Group has to fulfil a current obligation (legal or implicit) resulting from a past event, resources are likely to be sacrificed to meet said obligation and its amount can be estimated reliably.

When the Group believes that an accrual to the provision for risks and charges will be partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recognized separately under assets if and only if it is virtually certain. In said case, a cost is stated through profit or loss which is the cost of the associated related accrual, net of the amount recognised for the compensation.

If the effect of discounting the value of money is significant, accruals are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recognized as a financial cost.

Provision for employee termination benefits

Liabilities in the form of employee termination benefits are only recognized when the Group is demonstrably committed to: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary resignation for redundancy purposes. The Group is demonstrably committed to terminate employment only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, said indemnity is reported in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the assumption that all employees terminate their employment at said date.

The IFRIC issued by the IASB tackled the issue of Italian ESI and concluded that, in application of IAS 19, it falls within the scope of “defined benefit” plans, as regards post-employment benefits and, as such, must be calculated using the Projected Unit Credit Method (PUCM), in which the amount of liabilities in the form of acquired benefits must reflect the expected date of termination and must be discounted.

Following the 2007 reform of national legislation which governs, for Companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a “defined contribution” plan, whose payments are accounted for directly in the income statement, as a cost, when recognised. ESI accrued up until 31.12.2006 remains a defined benefit plan, without future contributions.

The Group accounts for actuarial gains or losses arising from the application of the aforementioned method (PUCM) in an appropriate equity reserve according to the provisions of IAS 19 pars. 120 and 128.

The actuarial valuation of the liability was entrusted to an independent actuary.

The Group has no other significant defined benefit pension plans.

Leasing

The definition of a contractual agreement as a leasing transaction (or containing a leasing transaction) is based on the substance of the agreement and requires an assessment of whether fulfilment of the contractual obligations depends on the use of one or more specific assets and whether the agreement transfers the right to use said asset.

A review is carried out after the start of the contract only if one of the following conditions is met:

- (a) there is a change in the contractual conditions, other than a contract renewal or extension;
- (b) a renewal option is exercised or an extension granted, provided that the terms of the renewal or extension were not initially included in the terms of the leasing transaction;
- (c) there is a change in conditions according to which fulfilment of the contract depends on a specific asset; or
- (d) there is a substantial change in the asset.

Where a review is carried out, accounting of the leasing will start or end from the date on which the circumstances change which gave rise to the revision for cases a), c) or d) and on the renewal or extension date for scenario b).

For contracts signed prior to 1 January 2005, the start date is considered 1 January 2005, in line with the transitional provisions of IFRIC 4.

Finance lease contracts, which substantially transfer all risks and rewards of ownership of the leased asset to the Group, are capitalised at the date of the start of the lease at the fair value of the leased asset or, if lower, at the present value of rental fees. Rental fees are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement.

Capitalised leased assets are amortised over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the contract.

Operating lease fees are recognized as costs in the income statement on a straight line basis over the contract term.

Revenue recognition

Revenues are recognized to the extent in which it is likely that economic benefits can be achieved by the Group and the associated amount can be determined reliably. The following specific revenue recognition criteria must be complied with before revenues are charged to the income statement:

Provision of services

The main types of service provided by the Group, separately or jointly as part of Integrated Services, are:

- › operation and maintenance of properties and plants, often associated with the provision of heat (energy service);
- › cleaning and environmental hygiene services;
- › landscaping;
- › project management services;
- › linen rental and industrial laundering and sterilization services.

Revenues are recognised on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (square metres, hours, costs incurred, hospital days).

The provisions of services, which are still not completed at the reporting date, constitute contract work in progress and are classified under trade receivables.

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under advances from customers, and classified under trade payables.

The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is quantified at fair value.

When the outcome of a services transaction cannot be measured reliably, revenues are only recognised to the extent it is believed that the costs incurred can be recovered.

Building activity

The Group recognizes the revenues arising from building contracts on the basis of the percentage of completion of the job order, measured as a percentage of the costs incurred with respect to the total estimated costs for completing the work. When the outcome of a job order cannot be measured reliably, revenues are only recognised to the extent it is believed that the costs incurred can be recovered

Sale of assets

The revenue is recognised when the company has transferred all significant risks and rewards related to ownership of the asset to the purchaser.

Interest

Interest is recognized as financial income following the verification of interest income accrued (carried out using the effective interest rate method which is the rate that accurately discounts expected future cash flows based on the expected life of the financial instrument at the net carrying amount of the financial asset).

Dividends

Revenues are recognised when the right of shareholders to receive the payment arises.

Government grants

Government grants are recognized when it is reasonably certain they will be received and all inherent conditions are met. When grants are related to cost components, they are recognized as revenues, but are systematically split over the financial years so they are commensurate with the costs they intend to compensate. In the event the grant is related to an asset, the fair value is deducted from the carrying amount of the asset to which it is related and the release to the income statement occurs progressively over the expected useful life of the asset on a straight line basis, through the systematic reduction of the associated amortisation charges.

Income taxes

Current taxes

Current tax assets and liabilities for the period are valued by applying estimate criteria to determine the amount accrued in the period which is expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values stated in the financial statements.

Deferred tax liabilities are recognized against all temporary taxable differences, except:

- › when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- › with reference to taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognised against all deductible temporary differences and for tax assets and liabilities carried forward, to the extent it is possible that there will be adequate future tax profits that make the use of temporary deductible differences and tax assets and liabilities carried forward applicable, except in the case in which:

- › deferred tax assets connected to deductible temporary differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- › with reference to taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent in which it is likely that the deductible temporary differences will be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

The value of deferred tax assets to be recognized in the financial statements is reviewed at each reporting date of the financial statements and reduced to the extent it is no longer likely that sufficient tax profits will be available in the future to permit all or part of said receivable to be used. Unrecognised deferred tax assets are reviewed annually at the reporting date of the financial statements and are recognized to the extent it has become likely that the tax profit is sufficient to allow said deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied in the year in which said assets are sold or said liabilities are extinguished, considering the rates in force and those already issued or substantially issued at the balance sheet date.

Income taxes relating to items recorded directly in equity are charged directly to equity and not to the income statement.

Deferred tax assets and liabilities are offset, if there is a legal right to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authorities.

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognized through profit or loss. Trade receivables and payables for which an invoice has already been issued or received are carried inclusive of tax.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the tax authorities is included in the financial statements under other receivables or payables depending on whether the balance is receivable or payable.

Derivative financial instruments and cash flow hedges

At the moment of initial recognition, and then subsequently, derivative instruments are recognized at fair value, any changes in fair value are recognized through profit or loss, with the exception of derivatives designated as cash flow hedges pursuant to IAS 39, whose fair value changes are charged to equity.

In particular, the transaction is considered a hedge if documentation exists on the relationship between the hedging instrument and the liability hedged that shows risk management objectives, the hedging strategy and methods used to verify the effectiveness of the hedge. A transaction is considered a hedge if the effectiveness is verified at the moment it starts and, going forward, confirmed during its entire life.

Within the scope of the International Accounting Standards (IFRS), these instruments are viewed as derivative financial instruments.

These derivative financial instruments are initially recognised at fair value at the date they are stipulated; subsequently, said fair value is re-measured periodically. They are accounted as assets when the fair value is positive and liabilities in the case of a negative fair value.

Any profits or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are charged directly to the income statement in the year.

Service concession arrangements

The Group is the holder of concession agreements in which certain companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concessionary companies through the infrastructures that the concessionary company obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorisation granted and any other interest in the infrastructures upon expiry of the concession agreement.

The concessionary company shall not carry infrastructure under tangible assets as it does not hold “control”, as set forth in IFRIC 12. The asset to be recognised is the right to use the infrastructure for providing the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation regardless of actual use of the infrastructure and as an intangible asset in the presence of a right to exploit the infrastructure itself in financial terms, charging users based on use of the service received. Provision is also made for a “mixed” accounting model if the concessionary company is the holder of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration as provided for under the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).

The concessionary company also recognises revenues for the services it provides, in compliance with IAS 11 and IAS 18 and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). Pursuant to IAS 23, financial costs attributable to the agreement must be recognised as costs in the year in which they are incurred, unless the concession holder has recognised an intangible asset, for which said costs are capitalised during the phase of drafting of the agreement. Otherwise, if the concession holder has recognized a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognised in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

An operating segment is made up of a clearly identifiable group of assets and operations which provides a collection of related products and services, subject to risks and rewards other than those of other Group business sectors. For operational purposes, the Group is structured into business areas that coincide with the "strategic business units" in which the Group operates, as defined in paragraph 1.1.

No operating segments were combined for the purpose of determining the operating segments subject to disclosure obligations.

The Group's Management look at the results achieved by the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on the basis of the EBIT. The Group's financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.

Methods of calculation of the costs allocated to the segments

The Group includes direct and indirect production costs relating to the business sector in the costs attributed to the segments.

Starting from the consolidated financial statements for the year ended 31 December 2007, it was deemed appropriate to also allocate to the segments commercial costs and other general overheads on the basis of the appropriate conventional allocation drivers. By contrast, any income and costs generated by financial management and current and deferred taxes remain unallocated to the segments, while income from equity investments valued at equity is attributed to the segments.

Methods of calculation of the assets and liabilities allocated to the segments

The assets and liabilities have been attributed to the various segments in accordance with the method used for income statement items.

Changes in accounting estimates and errors

Some elements in the financial statements cannot be measured accurately and are therefore the objects of estimates which depend on future uncertain circumstances governing the conduct of the entity's business. Over time these estimates will be revised to take account of the data and information that subsequently become available. The effect of a change in accounting estimates in the financial year in which it has occurred must be recognised prospectively and included in the income statement of that period and in future periods if the change also affects these. Prospective recognition of the effects of the changed estimate means that the change is applied to transactions that take place from the time that the estimate is changed. Accounting estimates are reviewed or changed if new information comes to hand or if there are new developments in operations a.d. for these reasons, these do not constitute corrections of errors.

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or a misuse of, reliable information that was available when the financial statements for those periods were authorized for issue, and could reasonably have been expected to have been obtained and used in the preparation and presentation of these financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting standards, oversights or misinterpretation of facts and fraud. Financial statements do not comply with IFRSs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's statement of financial position, financial performance or cash flows. Potential current period errors discovered in that period must be corrected before the financial statements are authorised for issue. Errors discovered in subsequent periods must be corrected in the comparative information presented in the financial statements for that subsequent period if they are material errors and the correction is deemed feasible, restating the opening balances of assets, liabilities and equity for that period.

Restatement is not applied and errors are recognised prospectively if the errors and omissions are considered immaterial.

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. EFFECT OF CHANGES IN ACCOUNTING STANDARDS

By Regulation (EC) no. 1254 of 29 December 2012, the European Union endorsed, among others, the documents issued by the IASB on 12 December 2012, named *IFRS10 Consolidated Financial Statements*, *IFRS11 Joint Arrangements*, *IFRS12 Disclosure of Interests in Other Entities*, as well as amended and renamed *IAS27 Separate Financial Statements* and *IAS28 Investments in Associates and Joint Ventures*. The new standards were applied starting from the financial years commencing after 1 January 2014, with voluntary early application permitted as from 1 January 2013. The new standard must be applied on a retrospective basis.

Below are summarised the first-time adoption accounting standards.

IFRS10 Consolidated Financial Statements

The new accounting standard outlines the requirements for the preparation and presentation of consolidated financial statements. It is due to replace SIC 12 and to partially amend IAS 27, which remains in force for the recognition of equity investments in subsidiaries, associates and joint-ventures in the separate financial statements. The new accounting standard redefines the concept of control, expanding its scope and introducing new application rules for the identification of companies that must be consolidated. New accounting rules are also established for the drafting of the consolidated financial statements, replacing the so-called “proportional method”.

IFRS 11 – Joint Arrangements

The new standard requires an evaluation of the substance of entities that were “jointly-controlled entities” according to IAS 31 and provides operating guidelines for performing said valuation. The new standard is due to replace IAS 31 and SIC 13. Under the new standard a distinction is made between a “joint venture”, where the entity has rights and obligations in relation to total net assets, and a “joint operation”, where the entity has rights and obligations in relation to specific assets and liabilities, respectively. The accounting method used for the consolidation of joint-ventures is the equity method.

IFRS 12 – Disclosure of Interests in Other Entities

The new standard provides a general overview of the information relating to interests in other entities, such as joint arrangements, equity investments in subsidiaries, associates and other interests not falling within the consolidation area. Its main purpose is to define consistent disclosures of the risks and rewards associated with equity investments, in relation to the nature and materiality of the relationship. In addition, disclosure is required on the considerations of substance of “joint arrangements”, of which guidance is provided. As a result of the issue of the new IFRS11 and of the new IFRS 12, *IAS28 Investments in Associates* was renamed *IAS28 Investments in Associates and Joint Ventures*.

The analysis conducted on first-time adoption in the MFM Group’s Consolidated Financial Statements showed, first of all, the need to change the consolidation method adopted for “joint ventures”, which in the past were consolidated with the proportional method, which provides for the consolidation on a line-by-line basis of the share of each assets, liabilities, revenues and costs of the joint venture in the respective items in the consolidated financial statements.

The MFM Group’s Consolidated Financial Statements at 31 December 2013 reported the following operating joint ventures, for which the Group companies hold interests that ensure joint control as of right and as of fact (i.e. arising from agreements with the other interest holders):

- › AMG S.r.l. (50% owned by Servizi Ospedalieri S.p.A.)
- › Malaspina Energy Soc. Cons. a r.l. (50% owned by MFM S.p.A.)
- › Cardarelli Soc. Cons. a r.l. (60% owned by MFM S.p.A.)
- › DUC Gestione Sede Unica Soc. Cons. a r.l. (49% owned by MFM S.p.A.)
- › Legnago 2001 Soc. Cons. a r.l. (50% owned by MFM S.p.A.)
- › Servizi Luce Soc. Cons. a r.l. (50% owned by SMAIL S.p.A.)

In the application of the so-called “equity method”, the interest in an investee company is initially recognized at cost in the consolidated Statement of Financial Position, increased by changes, after the acquisition, in the net assets of the investee company. Goodwill (if any) arising from the acquisition is included in the carrying amount of the equity investment and not subject to amortisation. The consolidated Statement of Profit or Loss for the year reflects the Group’s share of the result for the year of the investee company. In the event that the investee company recognizes adjustments that are directly attributable to equity, the Group will recognize its relevant share and will reported it, if applicable, in the consolidated Statement of Changes in Shareholders’ Equity and in the consolidated Statement of Other Comprehensive Income.

Reconciliation of the equity and profit for the year in the consolidated Financial Statements at 31 December 2013 and the Equity and Profit for the year at 31 December 2013, as restated to include the effects of changes in accounting standards

The accounting standards IFRS10, IFRS11 and IFRS12 were applied on a retroactive basis pursuant to IAS8, through the restatement of consolidated data at 1 January 2013. As regards all the joint ventures listed above, a restatement was made of the accounting statements included in the consolidated Financial Statements.

However, the adoption of a different consolidation method did not have any effect on consolidated net profit, as these consolidation methods have the same bottom-line effects. On the contrary, a restatement was made of the single items in the financial statements, which had previously included the Group’s proportional share of assets, liabilities, costs and revenues and the corresponding Expense/Income from interests accounted for at equity were subsequently recognized under Financial Income/Costs in the consolidated Statement of Profit/(Loss) for the year. The effects (if any) accounted for under equity reserves in previous years were maintained under the respective reserves and were included in the consolidated Statement of other comprehensive income.

The tables below show the changes that were reported in the single items of the consolidated Financial Statements as a result of the changes in accounting standards described above.

Below is reported the reconciliation of the financial figures at 1 January 2013 and the financial figures at 1 January 2013, as restated to include the abovementioned adjustments.

(in thousands of Euro)

| | 1 January 2013 | Effects of new standards | 1 January 2013 Restated |
|--|-------------------|-----------------------------|----------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 80,276 | (2,400) | 77,876 |
| Property, plant and equipment under lease | 5,996 | 0 | 5,996 |
| Goodwill | 418,724 | (1,047) | 417,677 |
| Other intangible assets | 26,919 | (3) | 26,916 |
| Investments accounted for at equity | 27,881 | 2,147 | 30,028 |
| Other investments | 3,041 | 0 | 3,041 |
| Non-current financial assets | 11,455 | 168 | 11,623 |
| Other non-current assets | 1,746 | (8) | 1,738 |
| Deferred tax assets | 23,550 | (10) | 23,540 |
| TOTAL NON-CURRENT ASSETS | 599,588 | (1,153) | 598,435 |
| CURRENT ASSETS | | | |
| Inventories | 11,240 | (35) | 11,205 |
| Trade receivables and advances to suppliers | 655,497 | (2,312) | 653,185 |
| Current tax receivables | 24,747 | (56) | 24,691 |
| Other current assets | 23,690 | (456) | 23,234 |
| Other current financial assets | 11,202 | 278 | 11,480 |
| Cash and cash equivalents | 51,987 | (593) | 51,394 |
| TOTAL CURRENT ASSETS | 778,363 | (3,174) | 775,189 |
| Assets held for sale | 130 | 0 | 130 |
| TOTAL NON-CURRENT ASSETS HELD FOR SALE | 130 | 0 | 130 |
| TOTAL ASSETS | 1,378,081 | (4,327) | 1,373,754 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 109,150 | 0 | 109,150 |
| Reserves | 144,221 | 0 | 144,221 |
| Retained earnings | 23,540 | 0 | 23,540 |
| Profit for the year attributable to equity holders of the Parent | 32,574 | 0 | 32,574 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 309,485 | 0 | 309,485 |
| Capital and reserves attributable to non-controlling interests | 1,772 | 0 | 1,772 |
| Profit for the year attributable to non-controlling interests | 728 | 0 | 728 |
| EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 2,500 | 0 | 2,500 |
| TOTAL SHAREHOLDERS' EQUITY | 311,985 | 0 | 311,985 |
| NON-CURRENT LIABILITIES | | | |
| Employee termination indemnity | 31,321 | (160) | 31,161 |
| Provisions for risks and charges, non-current | 11,797 | 0 | 11,797 |
| Derivatives | 1,222 | 0 | 1,222 |
| Long-term financial debt | 119,213 | (793) | 118,420 |
| Deferred tax liabilities | 12,006 | (15) | 11,991 |
| Other non-current liabilities | 7 | 0 | 7 |
| TOTAL NON-CURRENT LIABILITIES | 175,566 | (968) | 174,598 |
| CURRENT LIABILITIES | | | |
| Provisions for risks and charges, current | 29,297 | 0 | 29,297 |
| Trade payables and advances from customers | 441,551 | (2,136) | 439,415 |
| Current tax payables | 2,922 | (30) | 2,892 |
| Other current liabilities | 148,362 | (249) | 148,113 |
| Bank borrowings, including current portion of long-term debt, and other financial liabilities | 268,334 | (944) | 267,390 |
| TOTAL CURRENT LIABILITIES | 890,466 | (3,359) | 887,107 |
| Liabilities directly associated with non-current assets held for sale | 64 | 0 | 64 |
| TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 64 | 0 | 64 |
| TOTAL LIABILITIES | 1,378,081 | (4,327) | 1,373,754 |

Below is reported the reconciliation of the economic figures at 31 December 2013 reported in the Consolidated Financial Statements at 31 December 2013 and the economic figures at 31 December 2013, as restated to include changes in accounting standards. The statement also includes the effects of the application of IFRS5 in the restatement of comparative data:

| <i>(in thousands of Euro)</i> | 31 December 2013 | Effects of new standards | Effects of IFRS5 | 31 December 2013 Restated |
|--|---------------------|-----------------------------|------------------|---------------------------------|
| REVENUE | | | | |
| Revenue from sales and services | 1,077,932 | (2,459) | (31,882) | 1,043,591 |
| Other revenue | 2,665 | (23) | (142) | 2,500 |
| TOTAL REVENUE | 1,080,597 | (2,482) | (32,024) | 1,046,091 |
| Operating costs | | | | |
| Costs of raw materials and consumables | (173,711) | 609 | 7,398 | (165,704) |
| Costs for services and use of third party assets | (394,229) | 269 | 8,349 | (385,611) |
| Personnel costs | (387,757) | 1,001 | 11,549 | (375,207) |
| Other operating costs | (8,353) | 70 | 611 | (7,672) |
| Capitalized internal construction costs | 1,838 | 0 | 0 | 1,838 |
| Amortization, depreciation, write-downs and write-backs of assets | (43,205) | 387 | 2,063 | (40,755) |
| Accrual (reversal) of provisions for risks and charges | (11,105) | 0 | 95 | (11,010) |
| TOTAL OPERATING COSTS | (1,016,522) | 2,336 | 30,065 | (984,121) |
| OPERATING INCOME | 64,075 | (146) | (1,959) | 61,970 |
| FINANCIAL INCOME AND COSTS | | | | |
| Share of net profit of associates | 2,592 | 60 | 0 | 2,652 |
| Dividend and income (loss) from sale of investments | 665 | 0 | 0 | 665 |
| Financial income | 2,713 | (14) | 889 | 3,588 |
| Financial costs | (32,318) | 67 | 1,232 | (31,019) |
| Gain (loss) on exchange rate | 1 | 0 | (1) | 0 |
| PROFITS (LOSS) BEFORE TAXES | 37,727 | (33) | 162 | 37,856 |
| Income taxes | (23,211) | 33 | 430 | (22,748) |
| PROFITS (LOSS) FROM CONTINUING OPERATIONS | 14,516 | 0 | 592 | 15,108 |
| Profit (loss) from discontinued operations | (425) | 0 | (592) | (1,017) |
| PROFITS (LOSS) FOR THE YEAR | 14,091 | 0 | 0 | 14,091 |
| Net profit (loss) for the year attributable to non- controlling interests | (344) | 0 | 0 | (344) |
| PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 13,747 | 0 | 0 | 13,747 |

Below is reported the reconciliation of financial figures at 31 December 2013 reported in the Consolidated Financial Statements at 31 December 2013 and financial figures at 31 December 2013, as restated to include the abovementioned adjustments.

| <i>(in thousands of Euro)</i> | 31 December 2013 | Effects of the new standards | 31 December 2013 Restated |
|---|---------------------|---------------------------------|------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 80,059 | (2,739) | 77,320 |
| Property, plant and equipment under lease | 3,598 | 0 | 3,598 |
| Goodwill | 416,141 | (1,047) | 415,094 |
| Other intangible assets | 29,064 | (2) | 29,062 |
| Investments accounted for at equity | 29,660 | 2,198 | 31,858 |
| Other investments | 3,038 | 0 | 3,038 |

| <i>(in thousands of Euro)</i> | 31 December 2013 | Effects of the new standards | 31 December 2013 Restated |
|---|---------------------|---------------------------------|------------------------------|
| Non-current financial assets | 10,668 | 172 | 10,840 |
| Other non-current assets | 1,653 | (15) | 1,638 |
| Deferred tax assets | 24,129 | (3) | 24,126 |
| TOTAL NON-CURRENT ASSETS | 598,010 | (1,436) | 596,574 |
| CURRENT ASSETS | | | |
| Inventories | 6,194 | (32) | 6,162 |
| Trade receivables and advances to suppliers | 696,677 | (1,973) | 694,704 |
| Current tax receivables | 16,548 | (53) | 16,495 |
| Other current assets | 29,650 | (511) | 29,139 |
| Current financial assets | 13,208 | 166 | 13,374 |
| Cash and cash equivalents | 185,293 | (755) | 184,538 |
| TOTAL CURRENT ASSETS | 947,570 | (3,158) | 944,412 |
| Non-current assets held for sale | 7,868 | 0 | 7,868 |
| TOTAL NON-CURRENT ASSETS HELD FOR SALE | 7,868 | 0 | 7,868 |
| TOTAL ASSETS | 1,553,448 | (4,594) | 1,548,854 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 109,150 | 0 | 109,150 |
| Reserves | 167,797 | 0 | 167,797 |
| Retained earnings | 33,606 | 0 | 33,606 |
| Profit for the year attributable to equity holders of the parent | 13,747 | 0 | 13,747 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | 324,300 | 0 | 324,300 |
| Capital and reserves attributable to non-controlling interests | 1,611 | 0 | 1,611 |
| Profit for the year attributable to non-controlling interests | 344 | 0 | 344 |
| EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 1,955 | 0 | 1,955 |
| TOTAL SHAREHOLDERS' EQUITY | 326,255 | 0 | 326,255 |
| NON-CURRENT LIABILITIES | | | |
| Employee termination indemnity | 27,785 | (186) | 27,599 |
| Provisions for risks and charges, non-current | 11,715 | 0 | 11,715 |
| Long-term debt | 457,074 | (705) | 456,369 |
| Deferred tax liabilities | 12,156 | (12) | 12,144 |
| Other non-current liabilities | 8 | (1) | 7 |
| TOTAL NON-CURRENT LIABILITIES | 508,738 | (904) | 507,834 |
| CURRENT LIABILITIES | | | |
| Provisions for risks and charges, current | 24,973 | 0 | 24,973 |
| Trade payables and advances from customers | 456,420 | (2,733) | 453,687 |
| Current tax payables | 227 | (1) | 226 |
| Other current liabilities | 148,535 | (192) | 148,343 |
| Bank borrowings, including current portion of long-term debt, and other financial liabilities | 85,880 | (764) | 85,116 |
| TOTAL CURRENT LIABILITIES | 716,035 | (3,690) | 712,345 |
| Liabilities directly associated with assets held for sale | 2,420 | 0 | 2,420 |
| TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 2,420 | 0 | 2,420 |
| TOTAL LIABILITIES | 1,553,448 | (4,594) | 1,548,854 |

Furthermore, the Group has prepared a new consolidated Statement of Cash Flows, with the objective to also improve the representation of the financial flows for the year in relation to the significant changes that have been reported in the capital and financial structure in the most recent financial years.

Below is reported the reconciliation of the values arising from the Consolidated Financial Statements at 31 December 2013 and the values at 31 December 2013 as restated to adopt the change in the relevant accounting standards and in the items of the Consolidated Statement of Cash Flows:

(in thousands of Euro)

| | For the year ended 31 December 2013 | Effects of the new standards | Effects of IFRS5 | For the year ended 31 December 2013 Restated |
|---|---|---------------------------------|------------------|---|
| Net profit (loss) from continuing operations | 14,516 | 0 | (2,292) | 12,224 |
| Income taxes for the year | 23,211 | (33) | (430) | 22,748 |
| Profit before taxes for the year | 37,727 | (33) | (2,723) | 34,971 |
| Profit (loss) from discontinued operations | 0 | 0 | 1,867 | 1,867 |
| Amortization, depreciation, write-downs and (write-backs) of assets | 43,205 | (389) | 2 | 42,818 |
| Accrual (reversal) of provisions for risks and charges | 11,105 | 0 | 425 | 11,530 |
| Employee termination indemnity provision | 1,788 | (31) | 0 | 1,757 |
| Payments of employee termination indemnity | (4,247) | 5 | 0 | (4,242) |
| Decrease for uses of provisions for risks and charges | (14,780) | 0 | 0 | (14,780) |
| Share of net profit of associates | (855) | (60) | 0 | (915) |
| Financial costs (income) for the year | 29,605 | (53) | 0 | 29,552 |
| Cash flows from operating activities before changes in working capital | 103,549 | (561) | (429) | 102,559 |
| Cash flow from continuing operations | 0 | 0 | 4,484 | 4,484 |
| Cash flow from discontinued operations | 0 | 0 | 98,075 | 98,075 |
| Decrease (increase) of inventories | 4,964 | (3) | 0 | 4,961 |
| Decrease (increase) of trade receivables | (48,583) | (300) | 0 | (48,883) |
| Decrease (increase) of other current assets | (6,241) | 28 | 0 | (6,213) |
| Increase (decrease) of trade payables and advances from customers | 12,113 | (597) | 0 | 11,516 |
| Increase (decrease) of other current liabilities | 789 | 56 | 0 | 845 |
| Change in working capital | (36,958) | (816) | 0 | (37,774) |
| Net interest received (paid) in the year | (14,113) | 45 | 0 | (14,068) |
| Income tax paid in the year | (20,608) | 55 | 430 | (20,123) |
| Net cash flow from operating activities | 31,870 | (1,276) | 0 | 30,594 |
| Purchase of intangible assets, net of sales | (10,430) | (1) | 0 | (10,431) |
| Purchase of property, plant and equipment, net of sales | (25,259) | 753 | 0 | (24,506) |
| Proceeds from sales of property, plant and equipment | 673 | (31) | 0 | 642 |
| Acquisition of investments | (194) | 9 | 0 | (185) |
| Decrease (increase) of financial assets | 1,167 | 108 | 0 | 1,275 |
| Net cash used in business combinations | (854) | 0 | 0 | (854) |
| Net cash from assets held for sale | (8) | 0 | 0 | (8) |
| Net cash flow used in investing activities | (34,905) | 838 | 0 | (34,067) |
| Net proceeds from/(repayment of) borrowings | 139,873 | 276 | 0 | 140,149 |
| Dividends paid | (565) | 0 | 0 | (565) |
| Acquisition/Sale of minority interests in subsidiaries | (1,792) | 0 | 0 | (1,792) |
| Reclassification of assets held for sale | (1,175) | 0 | 0 | (1,175) |
| Net cash flow from / (used in) financing activities | 136,341 | 276 | 0 | 136,617 |
| Changes in cash and cash equivalents | 133,306 | (162) | 0 | 133,144 |
| Cash and cash equivalents at the beginning of the year | 51,987 | (593) | 0 | 51,394 |
| Changes in cash and cash equivalents | 133,306 | (162) | 0 | 133,144 |
| Cash and cash equivalents at the end of the year | 185,293 | (755) | 0 | 184,538 |
| Breakdown of cash and cash equivalents: | | | | |
| Cash and bank current accounts | 185,293 | (755) | 0 | 184,538 |
| TOTALE CASH AND CASH EQUIVALENTS | 185,293 | (755) | 0 | 184,538 |

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment (owned and under a finance lease) in the year ended 31 December 2014.

| | Property | Plant and equipment | Property under lease | Plant and equipment under lease | Total |
|---|--------------|---------------------|----------------------|---------------------------------|---------------|
| At 1 January 2014 restated, net of accumulated depreciation and impairment | 5,243 | 72,077 | 222 | 3,376 | 80,918 |
| Additions from acquisitions | 8 | 17,512 | | | 17,520 |
| of which discontinued operations | | 90 | | | 90 |
| Impairment losses | (23) | 0 | | | (23) |
| Disposals | (35) | (1,774) | | (2) | (1,811) |
| of which discontinued operations | | (18) | | | (18) |
| Depreciation for the year | (162) | (24,387) | (22) | (685) | (25,256) |
| of which discontinued operations | (2) | (102) | | | (104) |
| Others | (61) | (707) | | (22) | (790) |
| At 31 December 2014 | 4,970 | 62,721 | 200 | 2,667 | 70,558 |
| At 1 January 2014 restated | | | | | |
| Cost | 7,296 | 294,984 | 375 | 6,215 | 308,870 |
| Accumulated depreciation and impairment losses | (2,053) | (222,907) | (153) | (2,839) | (227,952) |
| NET BOOK VALUE | 5,243 | 72,077 | 222 | 3,376 | 80,918 |
| At 31 December 2014 | | | | | |
| Cost | 6,981 | 304,936 | 375 | 4,953 | 317,245 |
| Accumulated depreciation and impairment losses | (2,011) | (242,215) | (175) | (2,286) | (246,687) |
| NET BOOK VALUE | 4,970 | 62,721 | 200 | 2,667 | 70,558 |

The additions from acquisitions for the year relate for € 15,999 thousand to investments made by companies operating in the Laundering & Sterilization segment, mainly due to the purchase of linen (€ 11,729 thousand) and to the purchases of plant, machinery and specific equipment (€ 2,002 thousand). Finally, € 1,641 thousand was specifically invested in surgical instrumentation sterilization activities. The residual amount mainly refers to the purchase of machinery and equipment used in the Facility Management services.

The decreases for the year, totalling € 1,811 thousand, mainly relate to the sale of equipment relating to the Porto Garibaldi plant for € 704 thousand, of which € 406 thousand relate to the sale of linen and € 311 thousand relate to some transfers that took place in the year, thus achieving a capital loss of € 23 thousand.

Other changes mainly relate to the business conducted by the sub-group controlled by MIA S.p.A., which was transferred on 30 December 2014. They also include reclassifications of lower amounts under classes and categories of assets, first of all after the repurchase of leased assets and equipment.

The table below shows the changes in property, plant and equipment (owned and under a finance lease) in the year ended 31 December 2013.

| | Property | Plant and equipment | Property under lease | Plant and equipment under lease | Total |
|---|--------------|---------------------|----------------------|---------------------------------|---------------|
| At 1 January 2013 restated, net of accumulated depreciation and impairment | 5,249 | 72,627 | 243 | 5,753 | 83,872 |
| Additions from business combinations | 0 | 28 | | 0 | 28 |
| Additions from acquisitions | 781 | 21,697 | | 2,028 | 24,506 |
| <i>of which discontinued operations</i> | 0 | 52 | 0 | 0 | 52 |
| Impairment losses | | (1,048) | | (138) | (1,186) |
| Disposals | (15) | (627) | | | (642) |
| <i>of which discontinued operations</i> | 0 | (16) | 0 | 0 | (16) |
| Depreciation for the year | (286) | (24,485) | (21) | (832) | (25,624) |
| <i>of which discontinued operations</i> | (2) | (103) | 0 | 0 | (106) |
| Others | (486) | 3,885 | 0 | (3,435) | (36) |
| At 31 December 2013 restated | 5,243 | 72,077 | 222 | 3,376 | 80,918 |
| At 1 January 2013 restated | | | | | |
| Cost | 7,433 | 273,601 | 375 | 9,969 | 291,378 |
| Accumulated depreciation and impairment losses | (2,184) | (200,974) | (132) | (4,216) | (207,506) |
| NET BOOK VALUE | 5,249 | 72,627 | 243 | 5,753 | 83,872 |
| At 31 December 2013 restated | | | | | |
| Cost | 7,296 | 294,984 | 375 | 6,215 | 308,870 |
| Accumulated depreciation and impairment losses | (2,053) | (222,907) | (153) | (2,839) | (227,952) |
| NET BOOK VALUE | 5,243 | 72,077 | 222 | 3,376 | 80,918 |

5. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2014.

| | Other intangible assets | Goodwill | Total |
|---|-------------------------|----------------|----------------|
| At 1 January 2014 restated, net of accumulated amortization and impairment | 29,062 | 415,094 | 444,156 |
| Additions from acquisitions | 9,276 | 0 | 9,276 |
| <i>of which discontinued operations</i> | 172 | 0 | 172 |
| Disposals | (9) | 0 | (9) |
| Amortization for the year | (8,285) | 0 | (8,285) |
| <i>of which discontinued operations</i> | (1,289) | 0 | (1,289) |
| Impairment losses | (4,418) | 0 | (4,418) |
| Others | (844) | (45,234) | (46,078) |
| At 31 December 2014 | 24,782 | 369,860 | 394,642 |
| At 1 January 2014 restated | | | |
| Cost | 85,558 | 417,487 | 503,045 |
| Accumulated amortization and impairment losses | (56,496) | (2,393) | (58,889) |
| NET BOOK VALUE | 29,062 | 415,094 | 444,156 |
| At 31 December 2014: | | | |
| Cost | 89,572 | 372,253 | 461,825 |
| Accumulated amortization and impairment losses | (64,790) | (2,393) | (67,183) |
| NET BOOK VALUE | 24,782 | 369,860 | 394,642 |

Goodwill is tested annually for impairment; for more details please refer to note 6 below.

Other changes include a decrease equal to € 45,234 thousand, which was recognised in the sub-consolidated accounts of MIA S.p.A. and which was disposed of in the transaction that took place in December 2014 as described above.

Other intangible assets, amounting to € 24,782 thousand at 31 December 2014, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. The additions from acquisitions for the year (€ 9,276 thousand) were attributable almost entirely to the investments in software used in the corporate IT systems within the Facility Management SBU (€ 8,929 thousand).

The amortisation charges of intangible assets amounted to € 8,285 thousand in 2014, compared to € 8,767 thousand in the previous year. Amortization of backlog came to € 603 thousand in the year.

Finally, the year saw the recognition of impairment losses of € 4,418 thousand, mainly linked to the write-off of the net residual value of software projects capitalised in previous years which, after careful analysis, proved to be no longer suitable to be used for company business purposes because they were no longer utilised or had been superseded by more innovative projects.

The table below shows the changes in intangible assets in the year ended 31 December 2013, as restated.

| | Other intangible assets | Goodwill | Total |
|---|-------------------------|----------------|----------------|
| At 1 January 2013 restated, net of accumulated amortization and impairment | 26,917 | 417,677 | 444,594 |
| Additions from business combinations | 680 | | 680 |
| Additions from acquisitions | 10,987 | | 10,987 |
| of which discontinued operations | 394 | | 394 |
| Disposals | (66) | (490) | (556) |
| of which discontinued operations | (66) | | (66) |
| Amortization for the year | (8,767) | | (8,767) |
| of which discontinued operations | (1,206) | | (1,206) |
| Impairment losses | (686) | | (686) |
| Others | (3) | (2,093) | (2,096) |
| At 31 December 2013 restated | 29,062 | 415,094 | 444,156 |
| At 1 January 2013 restated | | | |
| Cost | 73,042 | 420,070 | 493,112 |
| Accumulated amortization and impairment losses | (46,125) | (2,393) | (48,518) |
| NET BOOK VALUE | 26,917 | 417,677 | 444,594 |
| At 31 December 2013 restated | | | |
| Cost | 85,558 | 417,487 | 503,045 |
| Accumulated amortization and impairment losses | (56,496) | (2,393) | (58,889) |
| NET BOOK VALUE | 29,062 | 415,094 | 444,156 |

6. IMPAIRMENT TEST OF GOODWILL

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

ASA – Facility Management

The SBU is identified with:

- › Manutencoop Facility Management S.p.A.
- › Manutencoop Private Sector Solutions S.p.A.
- › SMAIL S.p.A. and the Group controlled by Sicura S.p.A., operating in the facility management segment as suppliers of more specialist services
- › Telepost S.p.A. which provides internal mailing services for the Telecom Italia Group
- › other minor investee companies operating in the same segment.

The 2014 financial year saw the transfer of MIA S.p.A. that operated in this segment. Furthermore, at 31 December 2014, the SMAIL S.p.A. business unit used in the respective public lighting equipment maintenance business was classified as an asset held for sale pursuant to IFRS5.

ASA – Laundering & Sterilization

The SBU is identified with:

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

ASA – Other

The SBU is identified with:

- › MACO S.p.A., to which the business unit relating to Group “building” activities was conferred in 2009; this company has also been the object of assessments by the Management as to the exit from the market of this business, since Management does not consider it to be strategic any longer
- › Other minor investee companies operating in the same segment.

The table below sets forth the carrying amounts of the goodwill recognized in the Consolidated Financial Statements at 31 December 2014, relating to the different CGUs, compared with the figures for the year ended 31 December 2013.

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|------------------------------|
| Goodwill allocated to Facility Management CGU | 358,097 | 403,331 |
| Goodwill allocated to Laundering/Sterilization CGU | 11,763 | 11,763 |
| GOODWILL | 369,860 | 415,094 |

Facility Management CGU goodwill

The goodwill allocated to the Facility Management CGU, which amounted to € 358,097 thousand at 31 December 2014, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- › Operation 'Palladio', which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa.
- › Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (now Manutencoop Private Sector Solutions S.p.A.).
- › Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service.
- › Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enabled the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A..
- › Acquisition of Gruppo Sicura S.r.l. (now Sicura S.p.A.), which paved the way for an expansion in the range of specialist facility management services in the fire prevention and accident prevention market.

In 2014 the value of goodwill pertaining to the Facility Management CGU decreased by € 45,234 thousand following the transfer of subsidiary MIA S.p.A., as described in note 5.

Laundering & Sterilization CGU goodwill

The goodwill allocated to the Laundering & Sterilization CGU emerged as a result of the acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilization of surgical instruments and linen, as well as following further minor acquisitions, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilisation market. Omasa S.p.A. was then merged by incorporation into Servizi Ospedalieri S.p.A. on 1 July 2009.

Total goodwill attributable to the Laundering & Sterilization CGU, unchanged with respect to the previous year, amounted to € 11,763 thousand at 31 December 2014.

Impairment Test

Pursuant to IAS 36, goodwill is not amortised, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test was carried out through the comparison between the net book value and the recoverable value of the individual CGUs/SBUs to which goodwill had been allocated, as determined on the basis of the discounting-back of expected future cash flows relating to the period 2015-2019 extrapolated from the Business Plan of the Manutencoop Group.

The business plan used for the analyses described in these notes was approved by the Management Board of Manutencoop Facility Management S.p.A. on 23 February 2015.

The estimated value in use of the Facility Management SBU and of the Laundering & Sterilization SBU was based on the following assumptions:

- › The expected future cash flows for the period 2015-2019 were extrapolated from the Business Plan. The main assumptions on which Management based cash flow projections for the purposes of impairment test of goodwill are:
 - Determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumption of new portfolio acquisitions.
 - Changes in net working capital estimated on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables.
- › A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2019 EBIT, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for the Facility Management SBU and of 0.5% for the Laundering & Sterilization SBU.
- › The expected future cash flows were discounted back at a discount rate (WACC) of 7.35% for the Facility Management SBU (2013: 7.92%) and at a discount rate (WACC) of 6.61% (2013: 7.66%) for the Laundering & Sterilization SBU. The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), by which the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term government bonds, while the non-diversifiable systematic risk ratio (*beta*) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points in each period of time.

For all CGUs/SBUs analysed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis, a "Worst Case" was outlined with reference to the WACC and to the growth rates applied. However, in simulating nil growth rates (equal to 0%), also in combination with WACCs exceeding those applied by a percentage point (and, then, equal to 8.35% for Facility Management and to 7.61% for Laundering & Sterilization, respectively), there would be no need to make write-downs in both CGUs/SBUs, as the recoverable value would exceed the related book value.

7. INVESTMENTS IN COMPANIES VALUED AT EQUITY

The Group holds some investments in associates and joint venture, which are accounted under the equity method in the Consolidated Financial Statements. A complete list of these investments is provided in Annex I attached to the Consolidated Financial Statements.

Specifically, at 31 December 2014 the Group held ten investments in joint-ventures. These relate mostly to consortium companies and companies not listed on regulated markets and established for the purpose of regulating relations under temporary business combined set up for the operational management of certain facility management and industrial laundering service contracts.

At 31 December 2014 the net-book value of investments valued at Equity amounted to € 29,390 thousand, compared to a figure of € 31,858 thousand in the previous year.

| | Net Assets 31 December 2014 | Net Assets 31 December 2013 Restated |
|-------------------------------------|-----------------------------|---|
| Investments valued at Equity | 29,390 | 31,858 |
| Provision for risks on investments | (60) | (60) |
| INVESTMENTS VALUED AT EQUITY | 29,330 | 31,798 |

The breakdown of changes during the year is shown in Annex II attached to the Consolidated Financial Statements.

In 2014 investments accounted for under the equity method overall recorded a positive result equal to € 1,198 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 1,884 thousand and write-downs of € 686 thousand. Furthermore, positive effects were recognized directly in the consolidated equity to an overall amount of € 1,095 thousand.

In April 2014 the quota held by MFM S.p.A. in Perimetro Gestione Proprietà Immobiliari S.c.p.a. (20.10%) was transferred to third parties at its book value (€ 1,111 thousand).

Below are the main financial statements data relating to the most important companies, as well as to the project financing companies owned by the Group. The data relate to the information contained in the most recent separate financial statements and accounting positions available.

| | Ownership % | Total Assets | Liabilities | Shareholder s' equity | Net financial position | Revenues | Profit (loss) for the year |
|------------------------------|----------------|--------------|-------------|--------------------------|------------------------------|----------|-------------------------------|
| Palazzo della Fonte S.c.p.a. | 33% | 91,692 | (52,965) | (38,727) | (47,494) | 15,178 | 0 |
| Roma Multiservizi S.p.A. | 45% | 60,952 | (44,141) | (16,812) | (15,334) | 79,397 | 627 |
| Project financing companies | <50% | 409,046 | (379,581) | (29,465) | (109,491) | 144,622 | 1,589 |

Project financing companies (Newcoduc S.p.A., Progetto ISOM S.p.A., Progetto Nuovo Sant'Anna S.r.l., Se.sa.mo. S.p.A., Synchron Nuovo San Gerardo S.p.A.) are vehicles participated in by the Group in order to do work in the field of long-term project financing concessions.

8. OTHER ITEMS OF NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2014 and at 31 December 2013:

| | 31 December 2014 | 31 December 2013 Restated |
|---------------------------------|------------------|------------------------------|
| Other investments | 3,341 | 3,038 |
| Non-current financial assets | 18,449 | 10,840 |
| Other non-current assets | 1,787 | 1,638 |
| OTHER NON-CURRENT ASSETS | 23,577 | 15,516 |

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

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

Non-current financial assets, amounting to € 18,449 thousand at 31 December 2014 (€10,840 thousand at 31 December 2013), are composed of:

- › € 7,541 thousand of non-current financial receivables due from associates, affiliates and joint ventures (€8,426 thousand at 31 December 2013). The face value of these receivables is € 8,728 thousand, while the discounting fund amounts to € 288 thousand. Some of these are non-interest bearing since they were drawn down proportionally from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread. The decrease recognised in the year was mainly linked to the reclassification of an existing loan disbursed to an associate of MFM S.p.A. under short-term loans.
- › € 10,745 thousand of non-current financial receivables from third parties (€1,082 thousand at 31 December 2013); this increase was due to the recognition of € 10,000 thousand of the escrow account relating to the transfer of MIA S.p.A..
- › € 163 thousand of securities held to maturity (€ 163 thousand at 31 December 2013).

Other non-current assets, amounting to € 1,787 thousand at 31 December 2014 (€ 1,638 thousand at 31 December 2013) mainly consist of security deposits related to long-term manufacturing contracts (€ 1,000 thousand) and long-term prepaid expenses relating to certain job orders (€ 526 thousand).

9. INVENTORIES

The Group recognized inventories of € 5,115 thousand at 31 December 2014, marking a decrease of € 1,047 thousand compared to the previous year.

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|------------------------------|
| Inventories of raw materials, consumables and goods for resale | 5,257 | 6,268 |
| Provision for write-down of raw materials, finished products and goods for resale | (142) | (106) |
| INVENTORIES | 5,115 | 6,162 |

The final inventory of raw materials is composed of materials present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly safety and fire prevention devices) stored in the warehouses of the Sicura Group and stocks of fuel in tanks belonging to integrated service customers.

The decrease recognised in the year was mainly linked to the sale of the Group controlled by MIA S.p.A., which had recognized inventories of € 700 thousand at 31 December 2013.

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

The following table includes the breakdown of *Trade receivables and advances to suppliers* and *Other current operating receivables* at 31 December 2014 and 31 December 2013:

| | 31 December 2014 | of which from related parties | 31 December 2013 Restated | of which from related parties |
|--|---------------------|----------------------------------|------------------------------|----------------------------------|
| Inventories of contract work in progress | 21,242 | 4 | 26,096 | 0 |
| Trade receivables, gross | 552,564 | | 663,319 | 0 |
| Allowance for doubtful accounts | (37,507) | | (38,672) | 0 |
| Provision for discounting of trade receivables | (57) | | (301) | 0 |
| Trade receivables from third parties | 536,242 | 4 | 650,442 | 0 |
| Inventories of contract work in progress – Group | 0 | | 584 | 584 |
| Trade receivables from Parent Companies | 113 | 113 | 58 | 58 |
| Trade receivables from Group companies | 34,801 | 34,801 | 34,555 | 34,555 |
| Trade receivables from Affiliates and Joint Ventures | 7,706 | 7,706 | 5,418 | 5,418 |
| Trade receivables from Manutencoop Group | 42,620 | 42,620 | 40,615 | 40,615 |
| Advances to suppliers | 1,767 | | 3,647 | 0 |
| TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS | 580,629 | 42,624 | 694,704 | 40,615 |
| Other tax receivables due within 12 months | 10,999 | | 8,563 | |
| Other current receivables from third parties | 13,776 | | 15,526 | |
| Short-term receivables from social security institutions | 4,057 | | 2,785 | |
| Short-term receivables from employees | 485 | | 488 | |
| Other current assets from third parties | 29,317 | | 27,362 | |
| Current assets from Manutencoop Società Cooperativa | 9 | 9 | 10 | 10 |
| Current assets from associates | 78 | 78 | 78 | 78 |

| | 31 December 2014 | of which from related parties | 31 December 2013 Restated | of which from related parties |
|--|---------------------|----------------------------------|------------------------------|-------------------------------------|
| Other current assets from Manutencoop Group | 87 | 87 | 88 | 88 |
| Accrued income | 1 | | 2 | |
| Prepaid expenses | 1,227 | | 1,687 | |
| Accrued income and prepaid expenses | 1,228 | | 1,689 | |
| OTHER CURRENT ASSETS | 30,632 | 87 | 29,139 | 88 |

The balance of *trade receivables and advances to suppliers*, which also includes inventories of contract work in progress, amounted to € 580,629 thousand at 31 December 2014, showing a decrease of € 114,075 thousand compared to the amount of € 694,704 thousand at 31 December 2013.

The change is mainly due to a decrease in gross trade receivables, which amounted to € 552,564 thousand at 31 December 2014 (31 December 2013: € 659,799 thousand), against the related adjustment provisions that showed a balance of € 37,507 thousand at 31 December 2014 (31 December 2013: € 38,672 thousand).

Furthermore, in the course of 2014, the Group entered into an agreement for the repurchase of the trade receivables assigned to Banca IMI in previous financial years and not yet collected by the factor, for an initial overall cost of € 9,946 thousand. The balance of these receivables has been recognised at the purchase value under “trade receivables”, while the balance of the items not yet collected at 31 December 2014 was equal to € 5,901 thousand.

As part of the non-recourse factoring transactions the Group issued sureties for a total nominal value of € 2,104 thousand. In light of the characteristics of the transactions and the protections to which the assumption of enforcement of the sureties is subject, the fair value of the underlying financial guarantees, which the Group recorded under *Loans and other current financial liabilities*, has been written off as the assignments of receivables are no longer carried out (31 December 2013: € 35 thousand). The related financial impact was accounted for under financial income.

Trade receivables from Group companies include, in particular, receivables from project financing companies, including Progetto ISOM S.p.A. (€9,337 thousand), Progetto Nuovo S. Anna (€5,818 thousand) and Se.Sa.Mo. S.p.A. (€3,003 thousand).

Since many of the Group’s customers are Public Authorities, who are notorious for long payment delays, it was necessary to discount trade receivables in the past. Changes in the provision for discounting of trade receivables in 2014 are shown below:

| | 31 December 2013 Restated | Increases | Utilizations | Other changes | 31 December 2014 |
|--|------------------------------|-----------|--------------|---------------|---------------------|
| Provision for discounting of trade receivables | 301 | 0 | (244) | 0 | 57 |

The total decrease in the provision for discounting receivables is primarily due to the amounts freed from provisions previously allocated by the main Group companies, since collections are now in line with market

practice after the substantial improvement in average sale days outstanding and the discounting impact is no longer judged to be significant.

A specific provision for bad debts was also recognized in connection with non-performing receivables, which are difficult to fully recover, amounting to € 37,507 thousand at 31 December 2014 (at 31 December 2013: € 38,672 thousand). Below are the reported the changes in the year:

| | 31 December 2013 Restated | Increases | Utilizations | Releases | Business combinations | Other changes | 31 December 2014 |
|---|------------------------------------|-----------|--------------|----------|--------------------------|------------------|------------------------|
| Provision for bad debts | 38,672 | 2,937 | (2,877) | (265) | 0 | (960) | 37,507 |
| <i>of which discontinued operations</i> | | 582 | (237) | (16) | | | |

The other changes relate to amounts previously classified as *provisions for future charges* that for the purpose of clarification have been reclassified and directly deducted from the asset items to which they referred. The same section also reports a decrease in the consolidated provision for write-down of default interest.

An analysis of trade receivables at 31 December 2014 and as at the end of the previous year is provided below, broken down by maturity.

| | Overdue trade receivables | | | | | | |
|---------------------------|---------------------------|--|-----------|-----------------|-----------------|------------------|-------------------|
| | Total | Trade receivables reaching maturity | < 30 days | 30 - 60 days | 60 - 90 days | 90 - 120 days | after 120 days |
| 31 December 2014 | 515,057 | 338,880 | 35,276 | 22,162 | 8,698 | 10,380 | 99,661 |
| 31 December 2013 Restated | 624,647 | 389,886 | 62,866 | 35,189 | 18,788 | 20,440 | 97,478 |

The balances shown are net of the provision for bad debts but include the effect of discounting.

Other current assets, equal to € 30,632 thousand (€29,139 thousand at 31 December 2013), increased by an overall amount of € 1,493 thousand in the year.

This item includes the receivables arising from the periodic VAT settlements of some Group companies (€ 7,917 thousand compared to € 5,731 thousand at 31 December 2013).

The same item had also been recognizing, since 2012, receivables of € 2,587 thousand from the Tax Authorities on account of refund following the petition submitted for the deduction of IRAP (Local Production Activities) tax from the IRES (Corporate Income) tax base by companies not adhering to the National Tax Consolidation agreement with Manutencoop Società Cooperativa.

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

11. CASH AND CASH EQUIVALENTS, RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

A breakdown of the balance as at 31 December 2014 and 31 December 2013 is shown below:

| | 31 December 2014 | 31 December 2013 Restated |
|---|------------------|---------------------------|
| Bank and postal deposits | 108,529 | 173,101 |
| Cash in hand | 36 | 71 |
| Current financial accounts - consortia | 4,817 | 11,366 |
| CASH AND CASH EQUIVALENTS | 113,382 | 184,538 |
| Current financial receivables from third parties | 2,005 | 11,711 |
| Current financial receivables from Group companies | 1,494 | 1,602 |
| Current financial receivables | 3,499 | 13,313 |
| Other receivables for dividends | 2 | 61 |
| RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS | 3,501 | 13,374 |

Bank deposits accrue interest at the respective short-term interest rates.

Amounts deposited at Consorzio Cooperativo Finanziario per Lo Sviluppo (C.C.F.S.) and Consorzio Cooperative Costruzioni (C.C.C.) also have the nature of available current accounts on demand and accrue interest.

At 31 December 2014 *Current financial assets* amounted to € 3,501 thousand (at 31 December 2013: € 13,374 thousand).

At 31 December 2013 this item included the balance of pledged current accounts related to the collection service of the receivables assigned without recourse to Intesa San Paolo (€ 9,512 thousand). These accounts were released in 2014 after the transaction already described above, in which receivables not yet collected by the Factor were bought back with the consequent exit from the previously existing assignment programme.

At 31 December 2014 the following items had been mainly recognised:

- › receivables for transfers of businesses to third parties for € 910 thousand, as per contract;
- › an overall amount of € 1,494 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies.

12. NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

Non-current assets held for sale

At 31 December 2014 *Non-current assets held for sale* amounted to € 5,003 thousand (at 31 December 2013: € 7,868 thousand).

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|---------------------------|
| SMAIL S.p.A. balance sheet assets | 5,003 | 0 |
| Energyproject S.r.l. balance sheet assets | 0 | 7,391 |
| Mowbray S.r.l. balance sheet assets | 0 | 347 |
| Residential property owned by Unilift S.r.l. | 0 | 130 |
| NON-CURRENT ASSETS HELD FOR SALE | 5,003 | 7,868 |

The table below shows an analytical breakdown of the item:

| | 31 December 2014 | 31 December 2013 Restated | | | |
|---|------------------|---------------------------|----------------|----------------|--------------|
| | SMAIL S.p.A. | Energyproject S.r.l. | Mowbray S.r.l. | Unilift S.r.l. | Total |
| Property, plant and equipment | | | | 130 | 130 |
| Deferred tax assets | | 524 | | | 524 |
| Current tax receivables | | 1,319 | | | 1,319 |
| Inventories | | 3,388 | | | 3,388 |
| Other non-current assets | | 31 | 27 | | 57 |
| Trade receivables and advances to suppliers | 5,003 | 704 | 6 | | 710 |
| Current financial assets | | 100 | | | 100 |
| Other current assets | | 270 | 194 | | 464 |
| Cash and cash equivalents | | 1,055 | 120 | | 1,175 |
| TOTAL NON-CURRENT ASSETS HELD FOR SALE | 5,003 | 7,391 | 347 | 130 | 7,868 |

At 31 December 2014 non-current assets held for sale amounted to € 5,003 thousand compared to € 7,868 thousand recognised at 31 December 2013. They included the assets involved in the business unit of SMAIL S.p.A. for which the management have started a disposal plan that is expected to be completed in 2015. The balance sheet assets of Energyproject and Mowbray S.r.l. were transferred in the course of the year, together with the property owned by Unilift S.r.l..

Specifically:

- › On 3 February 2014 an agreement was reached for the transfer of the total quotas of the quota capital of Energyproject S.r.l. (and the related subsidiary Mowbray S.r.l.) to UMA S.r.l. at a price of € 660 thousand, in addition to the repayment of the shareholders' loan outstanding at 31 December 2013.
- › On 20 January 2014 Unilift S.r.l. completed the sale of the property to the former quotaholders of ABM S.r.l., subject to the prior redemption of the mortgage encumbering the property.

No additional write-downs were applied to adjust them at their sales value following the disposals in question.

Liabilities directly associated with non-current assets held for sale

At 31 December 2014 no liabilities were recognised which were directly associated with non-current assets held for sale, as they were discharged or assumed in the course of the year.

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|------------------------------|
| Energyproject S.r.l. balance sheet liabilities | 0 | 1,863 |
| Mowbray S.r.l. balance sheet liabilities | 0 | 77 |
| Provisions for risks and charges in consolidated accounts | 0 | 425 |
| Non-current loans (mortgages) of Unilift S.r.l. | 0 | 55 |
| LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 0 | 2,420 |

The table below shows an analytical breakdown of the comparative item:

| | 31 December 2014 | 31 December 2013 Restated | | | |
|--|---------------------|---------------------------|-------------------|-------------------|--------------|
| | SMAIL S.p.A. | Energyproject S.r.l. | Mowbray S.r.l. | Unilift S.r.l. | Total |
| Employee termination indemnity | 0 | 2 | 0 | 0 | 2 |
| Provisions for risks and charges, current in consolidated accounts | 0 | 425 | 0 | 0 | 425 |
| Provisions for risks and charges, current | 0 | 731 | 0 | 0 | 731 |
| Trade payables and advances from customers | 0 | 149 | 8 | 0 | 157 |
| Current tax payables | 0 | 0 | 69 | 0 | 69 |
| Other current liabilities | 0 | 879 | 0 | 0 | 879 |
| Long-term debt | 0 | 0 | 0 | 56 | 56 |
| Bank borrowings and other financial liabilities | 0 | 100 | 0 | 0 | 100 |
| TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 0 | 2,287 | 77 | 56 | 2,420 |

Net cash flows generated from/(used in) discontinued operations

Below are the cash flows generated from discontinued operations:

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|------------------------------|
| Profit/(loss) for the year from discontinued operations | 1,450 | (8) |
| Amortization, depreciation, write-downs and (write-backs) of assets | 2,010 | 2,063 |
| Accrual (reversal) of provisions | 58 | 520 |
| Employee termination indemnity provision | 339 | 512 |
| Payments of employee termination indemnity | (1,937) | (295) |
| Utilization of provisions | (102) | (176) |
| Financial expenses (income) for the year | (34) | 418 |
| CASH FLOW RELATED TO THE PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS | 1,784 | 3,033 |
| Payment of Unilift S.r.l. loan instalment | 0 | (8) |
| Net transfer price of Unilift S.r.l. property | 74 | 0 |
| Partial repayment of MFM S.p.A. loan to Energyproject S.r.l. | 3,905 | 0 |
| Net cash flow from MIA S.p.A.'s transfer | 54,863 | 0 |
| CASH FLOW FROM DISPOSAL OF OPERATING ACTIVITIES | 58,842 | (8) |

The agreement for the transfer of the quota held in Energyproject S.r.l. provided for the procedures to repay the loan granted by MFM S.p.A. to the same company, equal to € 4,155 thousand as at the date of execution of the agreement. A portion of the same was collected at the same time as the transfer of the capital quotas (€ 1,900 thousand) and subsequently for additional € 2,004 thousand, while the residual portion will be collected in the course of the 2015 financial year.

The transfer of the total quota held in MIA S.p.A. (the sub-holding company of the related group of companies operating in the market of lifting equipment installation and maintenance) took place on 30 December 2014. The transfer agreement provided for the definition of a preliminary price of the investment, in addition to the full repayment of the intragroup loan, which was outstanding, as at that date, between the transferred company and the transferor MFM S.p.A.. On the closing date the buyer followed up the payment, totalling € 60,405 thousand, in connection with the repayment of the intragroup loan and a portion of the preliminary consideration relating to the transfer of the equity, while a portion of the transfer price (€ 10 million) was paid by the buyer into an escrow account, as security for the future commitments entered into by the parties. According to the transfer agreement, the price set before closing will be adjusted according to specific contractual provisions. The management included an estimate of this price adjustment, made on the basis of the information to hand at the time, in the financial statements at 31 December 2014.

Finally, it should be pointed out that, as at the date of the loss of control, the transferred sub-group held cash and cash equivalents of € 5,542 thousand, which entailed a net effect of the transfer on the Group's cash and cash equivalents equal to € 54,863 thousand.

Income from discontinued operations

Below is the breakdown of income from discontinued operations:

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|------------------------------|
| Revenue | 31,655 | 33,117 |
| Operating costs | (28,250) | (27,818) |
| GROSS MARGIN | 3,405 | 5,299 |
| Amortization, depreciation, write-downs and write-backs | (2,011) | (95) |
| Accrual (reversal) of provisions for risks and charges | (58) | (520) |
| Net financial charges | 34 | (418) |
| Net capital gain from discontinued operations | 13,351 | 0 |
| Write-down recognized on the restatement at fair value | (2,751) | (425) |
| Profit (loss) before taxes from discontinued operations | 11,970 | 2,298 |
| Income taxes from discontinued operations: | | |
| > related to profit (loss) for the year | (183) | (431) |
| > related to fair-value measurement | 368 | 0 |
| > related to the capital gain from discontinued operations | (106) | 0 |
| PROFIT (LOSS) FROM DISCONTINUED OPERATIONS | 12,049 | 1,867 |
| Basic earnings per share from discontinued operations | 0.1104 | 0.0171 |
| Diluted earnings per share from discontinued operations | 0.1104 | 0.0171 |

The transfer of the stake held in MIA S.p.A. gave rise to the recognition of a capital gain, in the consolidated Statement of Profit/Loss for the year, net of additional operating costs of the transaction, equal to € 13,351 thousand.

Furthermore, the assets relating to SMAIL S.p.A. were subject to a write-down of € 2,751 thousand to adjust their carrying amount at market value.

At 31 December 2013 profit (loss) from discontinued operations for the 2013 financial year showed a loss of € 425 thousand, relating to the allocation of the difference between the net balance sheet value relating to the companies in the PV segment that were transferred in 2014 and the agreed transfer price.

The tax effect relating to discontinued operations posted a positive value of € 79 thousand against deferred tax assets recognised for the write-down of the assets of Smail S.p.A. for € 368 thousand and € 183 thousand relating to the profit (loss) from discontinued operations (€ 431 thousand at 31 December 2013). Furthermore, an amount of € 106 thousand was recognised as current taxes payable in relation to the taxation of the net capital gain from transfer of equity investments, which is expected to be, for IRES tax purposes, equal to 5% in the application of the participation exemption regime.

13. SHARE CAPITAL AND RESERVES

| | 31 December 2014 | 31 December 2013 Restated |
|---------------------------------|------------------|---------------------------|
| Share Capital - Ordinary shares | 109,150 | 109,150 |

Ordinary shares have a nominal value of Euro 1 each.

Ordinary shares issued and fully paid up at 31 December 2014 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained Earnings

The table below shows changes in equity reserves:

| | Share premium reserve | Legal reserve | SE reserves companies valued at equity | Cash flow hedge reserve | SORIE reserve | Other reserves | Total reserves |
|---|-----------------------|---------------|--|-------------------------|----------------|-----------------|----------------|
| 1 January 2013 Restated | 145,018 | 16,157 | (489) | (885) | (5,366) | (10,214) | 144,221 |
| Allocation of profits of previous years | | 1,312 | | | | 19,729 | 21,041 |
| Economic effects on equity | | | 728 | 885 | 922 | | 2,535 |
| 31 December 2013 Restated | 145,018 | 17,469 | 240 | 0 | (4,445) | 9,515 | 167,797 |
| Allocation of profits of previous years | | 267 | | | | 4,532 | 4,800 |
| Economic effects on equity | | | (1,095) | | (1,336) | | (2,431) |
| 31 December 2014 | 145,018 | 17,736 | (855) | 0 | (5,781) | 14,047 | 170,167 |

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

- › The reserve originating from the recognition of joint operations, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between jointly-controlled entities, for a negative amount of € 45,400 thousand at 31 December 2014.
- › The Parent Company's extraordinary reserve (€ 60,944 thousand).

The table below shows changes in *Retained earnings*:

| | Accumulated profits (losses) of the Parent Company | Consolidation reserve | Total retained earnings |
|---|--|-----------------------|-------------------------|
| 1 January 2013 Restated | 3,809 | 19,731 | 23,540 |
| Allocation of profits of previous years | 0 | 11,533 | 11,533 |
| Acquisition/ Transfer of minority interests in subsidiaries | 0 | (1,467) | (1,467) |
| 31 December 2013 Restated | 3,809 | 29,797 | 33,606 |
| Allocation of profits of previous years | 0 | 8,947 | 8,947 |
| 31 December 2014 | 3,809 | 38,744 | 42,553 |

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

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|---------------------------|
| Equity attributable to minority interests | 409 | 1,611 |
| <i>of which attributable to:</i> | | |
| <i>Subsidiaries of Sicura S.p.A.</i> | <i>335</i> | <i>206</i> |
| <i>Subsidiaries of MIA S.p.A.</i> | <i>0</i> | <i>1,329</i> |
| <i>Other minor consortia</i> | <i>74</i> | <i>75</i> |

| | 31 December 2014 | 31 December 2013 Restated |
|---|------------------|---------------------------|
| Profit for the year attributable to minority interests | 273 | 344 |
| <i>of which attributable to:</i> | | |
| <i>Subsidiaries of Sicura S.p.A.</i> | <i>100</i> | <i>144</i> |
| <i>Subsidiaries of MIA S.p.A.</i> | <i>173</i> | <i>200</i> |

MFM S.p.A. holds a stake of 80% in the share capital of Sicura S.p.A.. However, no equity attributable to minority interests has been recognized as the Parent Company holds a Call option on the minority interest entered in the consolidated financial statements (as described in detail under note 17). Therefore, the equity attributable to minority interests relates to the minorities present in some indirect subsidiaries relating to the same sub-group.

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2014 are shown below, compared with changes in the previous year.

| | Financial year ended | | | |
|--|----------------------|----------------------------------|---------------------------|----------------------------------|
| | 31 December 2014 | of which discontinued operations | 31 December 2013 restated | of which discontinued operations |
| At 1 January | 27,599 | | 31,161 | |
| Increases from business combinations | 0 | | 198 | |
| Current service cost | 660 | 237 | 667 | 270 |
| Interest costs on benefit obligations | 877 | 22 | 1,058 | 242 |
| Curtailements | (78) | | 32 | |
| Settlements | 0 | | 0 | |
| Benefits paid | (7,514) | (226) | (4,245) | (295) |
| Transfers of businesses/branches | (1,711) | (1,711) | 0 | |
| Net actuarial (gains)/ losses from benefit obligations | 1,843 | | (1,273) | |
| Other changes | (469) | | 1 | |
| At 31 December | 21,207 | | 27,599 | |

Decreases from transfers of businesses/branches (€ 1,711 thousand) relate to the sale of the sub-holding company MIA S.p.A., which took place on 30 December 2014. In this regard, reference should be made to note 12.

The financial year also saw the recognition of actuarial losses of € 1,843 thousand (actuarial gains of € 1,273 thousand at 31 December 2013), mainly as a result of a negative change in the discount rate compared to the previous year.

Below is the breakdown of the net cost of the benefit relating to ESI:

| | Financial year ended | | | |
|---|----------------------|----------------------------------|---------------------------|----------------------------------|
| | 31 December 2014 | of which discontinued operations | 31 December 2013 restated | of which discontinued operations |
| Curtailments | (78) | | 32 | |
| Current service cost | 660 | 237 | 667 | 270 |
| Interest costs on benefit obligations | 877 | 22 | 1,058 | 242 |
| Net cost of the benefits recognized through profit or loss | 1,459 | | 1,757 | |
| Net actuarial (gains)/ losses recognized in equity | 1,843 | | (1,273) | |
| Total net benefit costs | 3,302 | | 484 | |

The curtailments reported during the 2014 financial year concerned MFM S.p.A., for which a corporate restructuring plan has been embarked on which has changed the actuarial assumptions regarding its liabilities.

In the course of the 2013 financial year a curtailment was also recognized on the measurement of the liabilities of Servizi Ospedalieri S.p.A..

The main financial and demographic assumptions used in the actuarial valuation of the obligation relating to ESI are illustrated below:

| | 31 December 2014 | 31 December 2013 |
|--------------------|---------------------|---------------------|
| Discount rate | 1.60% | 3.30% |
| Inflation rate | 2.00% | 2.00% |
| Estimated turnover | From 1.5% to 11.50% | From 1.5% to 11.50% |

The discount rates used to assess the ESI obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to the amounts and maturity dates of the payments of expected future benefits. In 2014 the discount rate was equal to 1.60% (2013: 3.30%).

The estimated turnover rate is presented in a range as the actuary appointed by the Group Companies for the actuarial estimate of the liability used different turnover rates for the individual companies.

The effects on the ESI obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below:

| | Discount rate | Actuarial assumptions | Employee termination indemnity |
|--|---------------|-----------------------|--------------------------------|
| Financial year ended 31 December 2014 | + 0.25 bps | + 0.09 pps | 21,794 |
| | - 0.25 bps | - 0.09 pps | 20,644 |
| Financial year ended 31 December 2013 Restated | + 0.25 bps | + 0.08 pps | 26,961 |
| | - 0.25 bps | - 0.08 pps | 28,261 |

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

| | FY 2014 | FY 2013 Restated |
|----------------------|---------------|------------------|
| Executives | 61 | 63 |
| Office workers | 1,582 | 1,658 |
| Manual workers | 14,625 | 13,290 |
| AVERAGE STAFF | 16,268 | 15,011 |

In 2014, the average number of leased personnel employed, including those shown in the table, stood at 582 (2013: 597).

15. PROVISIONS FOR RISKS AND CHARGES

The breakdown and changes in the provisions for risks and charges in 2014 are shown below:

| | Risks on investments | Risks on job orders | Pending legal disputes | Tax litigation | Agents' indemnity leave | Termination employee benefits | Bonuses | Other provisions | Total |
|----------------------------------|----------------------|---------------------|------------------------|----------------|-------------------------|-------------------------------|--------------|------------------|---------------|
| At 1 January 2014 | 60 | 9,060 | 8,794 | 971 | 159 | 11,050 | 4,910 | 1,684 | 36,688 |
| Accruals | | 1,486 | 3,431 | 54 | | 4,617 | 698 | 104 | 10,390 |
| of which discontinued operations | | 108 | | | | | 12 | | 119 |
| Utilizations | | (2,143) | (1,070) | (340) | | (3,583) | (2,780) | (417) | (10,333) |
| of which discontinued operations | | | (2) | | | | (73) | (26) | (102) |
| Reversal | | (1,491) | (808) | | | (473) | (230) | (91) | (3,093) |
| of which discontinued operations | | | (2) | | | | (60) | | (62) |
| Others | | (648) | (79) | | 18 | 115 | (54) | (72) | (720) |
| At 31 December 2014 | 60 | 6,264 | 10,268 | 685 | 177 | 11,726 | 2,544 | 1,208 | 32,932 |
| At 31 December 2014: | | | | | | | | | |
| Current | 60 | 5,873 | 661 | 685 | | 11,726 | 1,503 | 51 | 20,559 |
| Non-current | | 391 | 9,607 | | 177 | | 1,041 | 1,157 | 12,373 |
| At 31 December 2013 Restated: | | | | | | | | | |
| Current | 60 | 8,703 | 913 | 971 | | 11,050 | 2,714 | 562 | 24,973 |
| Non-current | | 357 | 7,881 | | 159 | | 2,196 | 1,122 | 11,715 |

Provision for risks on investments

The item, amounting to € 60 thousand at 31 December 2014, includes the provision for unrecoverable future losses of Group companies and only related to the subsidiary Alisei S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The value of the provision at year-end amounted to € 6,264 thousand, against accruals of € 1,486 thousand, in addition to uses, releases and other changes that led to an overall decrease of € 4,282 thousand in the provision.

The accruals were mainly made for work performed by MFM S.p.A. for € 803 thousand, by Servizi Ospedalieri S.p.A. for € 292 thousand and by MACO S.p.A. for € 175 thousand. Other changes, amounting to € 648 thousand, mainly related to amounts reclassified, for a clearer representation, as a direct reduction in the asset items to which they relate, and, specifically, for € 394 thousand as a deduction in receivables repurchased from the Factor in the year, entered under trade receivables.

Provision for pending disputes

At the end of the financial year, the company assesses the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers and employees. In 2014 the provision recorded total increases for accruals of € 3,431 thousand and decreases for uses, releases and other changes of € 1,957 thousand.

Accruals were mainly recognized to cover risks of MFM S.p.A. for € 2,308 thousand, Manutencoop Private Sector Solutions S.p.A. for € 57 thousand and Servizi Ospedalieri S.p.A. for € 1,050 thousand.

Uses and releases in the year, totalling € 1,878 thousand, refer to the provisions recognized in previous years due to the settlement of disputes with suppliers and legal proceedings with other parties.

Tax litigation

In 2014 uses totalled € 340 thousand as a result of the completion of certain tax assessments and accruals of € 54 thousand.

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of the restructuring plans implemented by some Group companies.

At 31 December 2013 the Group had recognized provisions totalling € 11,050 thousand, € 2,680 thousand of which in Servizi Ospedalieri S.p.A., € 3,283 thousand in Telepost S.p.A., € 4,105 thousand in Manutencoop Private Sector Solutions S.p.A., € 832 thousand in MACO S.p.A. and € 150 thousand in MFM S.p.A. In 2014 there were uses of € 3,583 thousand, € 448 thousand of which in MFM S.p.A., € 692 thousand in Servizi Ospedalieri S.p.A., € 143 thousand in MACO S.p.A., € 577 thousand in Telepost S.p.A. and € 1,722 thousand in Manutencoop Private Sector Solutions S.p.A..

At 31 December 2014 the Group started an additional plan at the Parent Company MFM S.p.A. and, therefore, set aside provisions of € 4,617 thousand.

Provision for bonuses

This provision includes accrual for future payments to the Group's management in relation to the medium and long-term bonus system adopted by the Group. In 2014 this incentive plan was not applied and, therefore, there was an allocation of the residual amounts.

The changes that occurred in 2014 comprised new accruals for € 698 thousand and uses, releases and other changes for a total of € 3,064 thousand.

Other provisions for risks and charges

The provision, amounting to € 1,208 thousand at 31 December 2014, recognized accruals of € 104 thousand in 2014, as well as uses, releases and other changes of € 580 thousand.

16. DERIVATIVES

At 31 December 2014 there were no derivative contracts.

17. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

The items *Non-current loans* and *Loans and other current financial liabilities* include both the non-current and current portion of loans from credit institutions and consortium members, respectively.

Furthermore, in application of the financial method of recognizing leases, payables to other lenders are included, as well as other current debt balances of a financial nature such as, for example, the debt for the acquisition of investments or business units and the liability for dividends to be paid.

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2014 and at 31 December 2013.

| | 31 December 2014 | within 1 year | from 1 to 5 years | after 5 years |
|--|---------------------|---------------|----------------------|----------------|
| Senior Secured Notes | 370,280 | | | 370,280 |
| BPV loan | 12,869 | 12,869 | | |
| Prepaid expenses on financial interest within 12 months | (55) | (55) | | |
| Accrued interest expense within 12 months | 13,464 | 13,464 | | |
| Long-term bank borrowings and current portion of long-term bank borrowings | 396,558 | 26,278 | 0 | 370,280 |
| Finance lease obligations | 2,288 | 775 | 1,408 | 105 |
| Loans from syndicated shareholders | 376 | 376 | | |
| Loan from the parent company (Manutencoop Cooperativa) | 26 | 26 | | |
| Other financial liabilities | 733 | 733 | | |
| Due to factoring agencies | 53 | 53 | | |
| Debt for the acquisition of investments/business units | 66 | 66 | | |
| Potential debt for the acquisition of investments/business units | 7,207 | | 7,207 | |
| Share capital to be paid into associates | 5 | 5 | | |
| Debt for dividends to other Shareholders | 200 | 200 | | |
| TOTAL FINANCIAL LIABILITIES | 407,513 | 28,512 | 8,616 | 370,385 |

| | 31 December 2013 Restated | within 1 year | from 1 to 5 years | after 5 years |
|--|---------------------------------|---------------|----------------------|----------------|
| Senior Secured Notes | 412,687 | | | 412,687 |
| C.C.F.S. loan | 17,987 | 17,987 | | |
| BPV loan | 25,495 | 12,624 | 12,871 | |
| MPS loan | 19,978 | 4,993 | 14,985 | |
| Other bank loans | 231 | 58 | 173 | |
| Prepaid expenses on financial interest | (719) | (140) | (579) | |
| Accrued interest expense | 15,022 | 15,022 | | |
| Long-term bank borrowings and current portion of long-term bank borrowings | 490,681 | 50,544 | 27,450 | 412,687 |
| Current account overdrafts, advance payments and hot money | 57 | 57 | | |
| Finance lease obligations | 3,359 | 976 | 2,213 | 171 |
| Loans from syndicated shareholders | 1,982 | 452 | 1,530 | |
| Loan from the parent company (Manutencoop Cooperativa) | 143 | 143 | | |
| Other financial liabilities | 103 | 103 | | |
| Due to factoring agencies | 8,830 | 8,830 | | |
| Obligations from assignments of receivables with recourse | 287 | 287 | | |
| Debt for the acquisition of investments / business units | 10,998 | 10,186 | 812 | |
| Potential debt for the acquisition of investments/business units | 22,229 | 10,723 | 11,506 | |
| Share capital to be paid into associates | 2,201 | 2,201 | | |
| Financial liabilities at fair value through profit or loss | 35 | 35 | | |
| Debt for dividends to other Shareholders | 579 | 579 | | |
| TOTAL FINANCIAL LIABILITIES | 541,485 | 85,116 | 43,511 | 412,858 |

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

On 2 August 2013 the Parent Company MFM S.p.A. issued secured High Yield bonds (Senior Secured Notes) due 1 August 2020, reserved for institutional investors. The proceeds of the transaction were used to repay most of the existing bank loans and replace the revolving programmes for the assignment of trade receivables without recourse. The bonds, which are listed on the Euro MTF Market of the Luxembourg Stock Exchange and on the Extra MOT Pro Segment of the Italian Stock Exchange, was issued for a nominal value of € 425 million, with an issue price below par by 98.713%, with a fixed annual 8.5% coupon on a six-monthly settlement basis.

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

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

Owing to the good financial performance after the issue, which provided surplus resources, and with a view to cutting borrowing costs on a prospective basis, in the last quarter of the year, MFM S.p.A. formalised the acquisition of some of its bonds on the open market, for a total nominal amount of € 45 million, at a weighted average buy-back price of just under 93% against an issue price equal to 98.713% on 2 August 2013. The transactions in question entailed the recognition of financial capital gains in the consolidated income statement, net of related commissions, equal to € 3,287 thousand, thus giving rise to a proportional write-off of the upfront fees that had been accounted for at the time of the issue to an amount of € 1,162 thousand.

The Notes bought back were not formally cancelled and are at present in a securities account with Unicredit.

Revolving Credit Facility (MFM S.p.A.)

In the framework of the bond issue process, on 31 July 2013 the Parent Company also signed a 3-year Revolving Credit Facility (RCF) agreement that assured a revolving credit line, which can be activated on request, 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.. No use of the line has been requested from the lending banks. With effect from 30 July 2014, the Parent Company informed the banks of the pool as to its intention to cancel said credit line. Therefore, the residual amount to be amortised in relation to the costs incurred for the registration of the line, equal to € 579 thousand, was accounted for as a financial cost for the period.

CCFS loan (MFM S.p.A.)

During the 2013 financial year, the Parent Company entered into a bullet loan agreement with CCFS for a debt on account of capital of € 18,000 thousand, initially falling due in January 2016. The credit line was early repaid in the financial year.

MPS loan (MFM S.p.A.)

The loan with Banca Monte Paschi comprises a long-term credit line at a variable rate plus a spread amounting to € 25 million, used partially, and expiring on 22 December 2017. The credit line was early repaid in the course of the financial year.

Banca Popolare di Vicenza loan (MFM S.p.A.)

The loan with Banca Popolare di Vicenza was stipulated for € 50 million and will expire on 31 December 2015, with repayments in half-yearly instalments. The loan has variable interest rates equal to 1-month Euribor plus a spread. As at 31 December 2014 the residual debt was € 12,869 thousand.

Accrued interest expenses

At 31 December 2014 the Group recognised accrued interest expenses of € 13,464 thousand, of which € 13,458 thousand relating to the amount accrued on the coupon of the Senior Secured Notes due 2 February 2015. The balance of the latter items includes an amount accrued on the total coupons being paid equal to € 15,022 thousand, net of accrued income of € 1,597 thousand relating to the Notes acquired in the course of the financial year and held on securities accounts.

Obligations arising from finance lease

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

Loan from the Parent Company (Manutencoop Cooperativa)

This item refers to a financial account on which transactions with the controlling company Manutencoop Società Cooperativa are settled. As at 31 December 2014, the balance was € 26 thousand. The balance accrues interest at the 3-month Euribor rate, plus a spread and is repayable on demand. The agreement related to this financial account is renewable by tacit agreement.

Syndicated loans

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

An amount of € 1,530 thousand of the decrease in the period is due to the portion of the loan from the minority shareholder of SANCO Soc. Cons. a r.l., which has exited from the Company's equity.

Collections on behalf of Crédit Agricole Corporate & Investment Bank and Banca IMI

The debt balance at 31 December 2013, equal to € 8,830 thousand, related to receivables transferred under non-recourse factoring transactions on a revolving basis carried out by the Group, collected on behalf of the assignee and still not paid to the factor as at the balance sheet date. At the time of the gradual abandonment of the assignments in the course of the 2013 financial year and also as a result of the already described transaction involving the repurchase of the receivables not yet collected by Banca IMI, with the consequent termination of all the service operations, this debt included a residual amount of € 53 thousand at 31 December 2014.

Share capital to be paid into associates

The Group recognized liabilities for capital contribution to be paid to unconsolidated companies for € 5 thousand, against € 2,201 thousand at 31 December 2013. In early 2014 an amount of € 2,192 thousand was paid in favour of the associate Synchron Nuovo San Gerardo S.p.A..

Debt for the acquisition of investments/business units

This item, amounting to € 66 thousand at 31 December 2014 (€10,998 thousand at 31 December 2013) relates to the amounts still not paid to the transferor within business combinations.

The decrease recorded in the year was mainly due to the exit from the MFM Group of MIA S.p.A., which recognized a debt for the acquisition of investments and business units of € 9,740 thousand at 31 December 2013. Prior to the date of the loss of control (30 December 2014) this debt had been paid off for a total of € 7,976 thousand.

Finally, at 31 December 2013 payables of € 1,197 thousand had been recognised as consideration still to be paid by Gruppo Sicura S.r.l. (which was merged into Sicura S.p.A. in 2014) to the holders of minority interests in the subsidiaries that were acquired in 2013. This debt was fully paid off in 2014.

Potential debt for the acquisition of investments/business units

Potential debt for the acquisition of investments was recognized to an amount of € 7,207 thousand (€ 22,229 thousand at 31 December 2013). The decrease was mainly determined by:

- › The payment of the earn-out to the minority shareholders of Gruppo Sicura S.r.l. (which was merged into Sicura S.p.A. in 2014), for a total amount of € 11,000 thousand (which was recognized for € 10,604 thousand at 31 December 2013), which was made on 16 July 2014.
- › The transfer of the sub-holding company controlled by MIA S.p.A., which recognised total liabilities of € 4,495 thousand at 31 December 2013, mainly in relation to the Earn Out debt to the shareholders of ABM S.p.A (€ 54 thousand), in addition to a put option debt to the minority shareholders of Cofam (€ 3,459 thousand) and Unilift (€ 924 thousand). As at the date of the loss of control, these liabilities had been recognised to a total amount of € 1,075 thousand.

Finally, at 31 December 2014, a present value of € 7,207 thousand was also recognized for the Put option held by the minorities of Sicura S.p.A. in relation to 20% of the share capital that is still owned by them (€ 7,124 thousand at 31 December 2013).

In connection with the fair value measurement of the items described above, the Group recognized net financial costs against their fair value for € 1,326 thousand, of which € 447 thousand relating to the measurement of the liabilities assumed by MIA S.p.A. and its subsidiaries.

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

The table below sets forth the breakdown of the item at 31 December 2014 and 31 December 2013:

| | 31 December 2014 | of which to related parties | 31 December 2013 Restated | of which to related parties |
|---|---------------------|--------------------------------|------------------------------|--------------------------------|
| Trade payables | 347,061 | 4 | 410,907 | |
| Trade payables to third parties | 347,061 | 4 | 410,907 | 0 |
| Trade payables to Manutencoop Cooperativa | 10,897 | 10,897 | 11,613 | 11,613 |
| Trade payables to Group companies within 12 months | 15,798 | 15,798 | 24,295 | 24,295 |
| Trade payables to Manutencoop Group | 26,695 | 26,695 | 35,908 | 35,908 |
| Advances from customers and payables for work to be performed | 7,065 | | 6,872 | |
| TRADE PAYABLES AND ADVANCES FROM CUSTOMERS | 380,821 | 26,699 | 453,687 | 35,908 |
| Fees due to directors and statutory auditors | 706 | | 907 | |
| Tax payables | 44,292 | | 65,275 | |
| Payables to social security institutions within 12 months | 9,152 | | 10,002 | |
| Collections on behalf of ATI ("Associazione temporanea di Imprese") | 11,859 | | 16,557 | |
| Payables to employees within 12 months | 47,149 | | 45,378 | |
| Other payables within 12 months | 6,430 | | 5,139 | |
| Property collection on behalf of customers | 2,176 | | 2,176 | |
| Other current operating payables to third parties | 121,764 | | 145,434 | 0 |
| Other current payables to Manutencoop Cooperativa | 80 | 80 | 7 | 7 |
| Other payables to Group subsidiaries | 701 | 701 | 171 | 171 |
| Other current operating payables to Manutencoop Group | 781 | 781 | 178 | 178 |
| Accrued expenses | 6 | | 18 | |
| Deferred income | 1,074 | | 2,715 | |
| Accrued expenses and deferred income | 1,080 | 0 | 2,733 | 0 |
| OTHER CURRENT LIABILITIES | 123,625 | 781 | 148,345 | 178 |

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

Trade payables and advances from customers at 31 December 2014 amounted to € 380,821 thousand, against a balance of € 453,687 thousand at 31 December 2013.

Trade payables to Manutencoop Group, amounting to € 26,695 thousand at 31 December 2014, are mainly composed of payables due to Manutencoop Cooperativa for € 10,897 thousand, Bologna Multiservizi Soc. Cons. a r.l. for € 1,687 thousand, Se.Sa.Tre. Soc. Cons. a r.l. for € 1,715 thousand, Roma Multiservizi S.p.A. for € 1,973 thousand and Savia Soc. Cons. a r.l. for € 1,626 thousand.

Other current liabilities showed a balance of € 123,625 thousand at 31 December 2014 and are mainly made up of the following items:

- › payables to employees of € 47,149 thousand, including the current monthly salaries to be paid in the months after the closing of the financial year, as well as payables for additional monthly salaries to be paid (a portion of the 14th salary, to be paid in the month of July). Furthermore, the corresponding payables to social security institutions were recognized for € 9,152 thousand;

- › payables to tax authorities for € 44,292 thousand, mainly related to the balance of the VAT payables due from Group subsidiaries (€ 65,275 thousand at 31 December 2013);
- › collections on behalf of Temporary Associations of Companies for € 11,859 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under Consip agreements.

19. OPERATING SEGMENTS

The services provided by the MFM Group can be divided into three primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channelled. The latter is not affected by significant seasonality factors.

The SBUs identified coincide with the CGUs where the Group's activities are conducted. See note 6 for details.

Information on the operating segments for the financial year ended 31 December 2014

| | Facility Management | Laundering & Sterilization | Other Activities | Eliminations | Total |
|---|---------------------|----------------------------|------------------|--------------|---------------|
| Segment revenues | 824,371 | 144,856 | 8,654 | (3,590) | 974,291 |
| Segment costs | (791,208) | (130,098) | (9,578) | 3,590 | (927,294) |
| Operating income (loss) by segment | 33,163 | 14,758 | (924) | | 46,997 |
| Share of net profit of associates | 1,057 | 141 | | | 1,198 |
| Net financial income (costs) | | | | | (36,203) |
| Profit before taxes | | | | | 11,992 |
| Income taxes | | | | | (11,414) |
| Profit from discontinued operations | 12,049 | | | | 12,049 |
| NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2014 | | | | | 12,627 |

| | Facility Management | Laundering & Sterilization | Other Activities | Eliminations | Total |
|---|---------------------|----------------------------|------------------|----------------|------------------|
| Assets allocated to the segment | 564,369 | 139,484 | 5,125 | (2,267) | 706,712 |
| Goodwill | 358,097 | 11,763 | | | 369,860 |
| Investments valued at Equity | 26,611 | 5,270 | 852 | | 32,733 |
| Assets held for sale | 5,003 | | | | 5,003 |
| Other assets not allocated and related taxes | | | | | 198,484 |
| SEGMENT ASSETS | 954,080 | 156,518 | 5,976 | (2,267) | 1,312,792 |
| Liabilities allocated to the segment | 485,668 | 69,015 | 6,170 | (2,267) | 558,585 |
| Liabilities held for sale | | | | | |
| Other liabilities not allocated and related taxes | | | | | 419,300 |
| SEGMENT LIABILITIES | 485,668 | 69,015 | 6,170 | (2,267) | 977,886 |

| | Facility Management | Laundering & Sterilization | Other Activities | Total |
|---|---------------------|----------------------------|------------------|--------|
| Other segment information at 31 December 2014 | | | | |
| Investments in segment assets | 10,780 | 16,016 | 0 | 26,796 |
| Amortisation/depreciation and write-downs of segment assets | 18,565 | 21,933 | 146 | 40,644 |

Information on the operating segments for the financial year ended 31 December 2013

| | Facility Management | Laundering & Sterilization | Other Activities | Eliminations | Total |
|--|---------------------|----------------------------|------------------|--------------|---------------|
| Segment Revenues | 899,243 | 138,402 | 12,684 | (5,332) | 1,044,998 |
| Segment costs | (844,250) | (130,511) | (14,781) | 5,332 | (984,210) |
| Operating income (loss) by segment | 54,993 | 7,891 | (2,096) | 0 | 60,788 |
| Share of net profit of associates | 2,504 | 148 | | | 2,652 |
| Net financial income (costs) | | | | | (28,469) |
| Profit before taxes | | | | | 34,971 |
| Income taxes | | | | | (22,748) |
| Profit from discontinued operations | 2,292 | | (425) | | 1,867 |
| NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2013 RESTATED | | | | | 14,091 |

| | Facility Management | Laundering & Sterilization | Other Activities | Eliminations | Total |
|---|---------------------|----------------------------|------------------|----------------|------------------|
| Assets allocated to the segment | 687,009 | 150,082 | 7,558 | (4,664) | 839,986 |
| Goodwill | 403,331 | 11,763 | | | 415,094 |
| Investments valued at Equity | 28,968 | 5,077 | 852 | | 34,896 |
| Assets held for sale | 130 | | 7,738 | | 7,868 |
| Other assets not allocated and related taxes | | | | | 251,009 |
| SEGMENT ASSETS | 1,119,438 | 166,922 | 16,148 | (4,664) | 1,548,854 |
| Liabilities allocated to the segment | 585,185 | 76,372 | 9,424 | (4,664) | 666,318 |
| Liabilities held for sale | 56 | | 2,363 | | 2,420 |
| Other liabilities not allocated and related taxes | | | | | 553,861 |
| SEGMENT LIABILITIES | 585,241 | 76,372 | 11,788 | (4,664) | 1,222,599 |

| | Facility Management | Laundering & Sterilization | Other Activities | Total |
|---|---------------------|----------------------------|------------------|--------|
| Other segment information at 31 December 2013 Restated | | | | |
| Investments in segment assets | 12,161 | 23,332 | 0 | 35,493 |
| Amortisation/depreciation and write-downs of segment assets | 19,020 | 23,737 | 61 | 42,817 |

Geographical areas

The Group conducts its core business in Italy. At 31 December 2014 the activities conducted abroad were entirely marginal for the Group and generated revenues amounting to € 1,435 thousand (€ 529 thousand at 31 December 2013).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2014 and 2013.

| | Italy | Foreign countries | Eliminations | Total |
|---|---------|-------------------|--------------|---------|
| Information by Geographical Area at 31 December 2014 | | | | |
| Revenues | 972,855 | 1,435 | | 974,291 |
| Non-current operating assets | 466,793 | 194 | | 466,987 |

| | Italy | Foreign countries | Eliminations | Total |
|--|-----------|-------------------|--------------|-----------|
| Information by Geographical Area at 31 December 2013 Restated | | | | |
| Revenues | 1,044,469 | 529 | | 1,044,998 |
| Non-current operating assets | 530,515 | | | 530,515 |

It should be pointed out that a share of 4% of consolidated revenues was generated by a key customer in the Private market (10% in 2013).

20. REVENUES FROM SALES AND SERVICES

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|--|----------------------|---------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Revenues from product sales | 9,329 | 16,615 |
| Service revenues | 820,594 | 883,100 |
| Revenues from construction activities and plant installation | 100,876 | 116,248 |
| Other sales revenues | 39,725 | 26,534 |
| REVENUES FROM SALES AND SERVICES | 970,524 | 1,042,497 |

At 31 December 2014, the item *Revenues from sales and services* amounted to € 970,524 thousand (€ 1,042,497 thousand at 31 December 2013).

The decrease recorded in this item was attributable to the reduced volumes achieved in 2014 on the main customer (Telecom Italia), which entailed a revenue differential of € 70 million compared to the previous year.

21. OTHER REVENUES

The breakdown of the item is shown below for the years ended 31 December 2014 and 2013:

| | Financial year ended | |
|--|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Grants | 613 | 1,150 |
| Asset capital gains | 503 | 517 |
| Recovery of costs - seconded personnel | 137 | 100 |
| Payment of damages | 620 | 300 |
| Revenues for leases and rentals | 15 | 20 |
| Other revenues | 1,878 | 413 |
| OTHER REVENUES | 3,766 | 2,500 |

At 31 December 2014, the balance of *Other revenues* was € 3,766 thousand compared to € 2,500 thousand in 2013.

Capital gains were predominantly realised by Servizi Ospedalieri through the sale of linen and machinery no longer usable in linen rental and industrial laundering activities.

The item also includes additional revenues arising from the energy management of some PV plants.

Finally, an amount of € 613 thousand was recognised as operating grants, mainly relating to employee training projects.

22. COSTS OF RAW MATERIALS AND CONSUMABLES

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Change in inventories of fuel and raw materials | 342 | 4,005 |
| Fuel consumption | 65,974 | 85,532 |
| Consumption of raw materials | 48,280 | 50,638 |
| Purchase of semi-finished/finished products | 6,319 | 7,175 |
| Purchase of auxiliary materials and consumables | 10,084 | 13,661 |
| Packaging | 1,951 | 1,934 |
| Other purchases | 2,574 | 2,759 |
| CONSUMPTION OF RAW MATERIALS AND CONSUMABLES | 135,524 | 165,704 |

At 31 December 2014 the item amounted to € 135,524 thousand compared to € 165,704 thousand at 31 December 2013. The decrease, equal to € 30,180 thousand, is mainly due a reduction in the production volume and a decrease in fuel prices, used within integrated service contracts, compared to the previous year.

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Third-party services | 245,147 | 255,770 |
| Consortia services | 11,808 | 11,622 |
| Equipment maintenance and repair | 6,874 | 7,868 |
| Professional services | 38,754 | 39,373 |
| Statutory Auditors' fees | 655 | 743 |
| Transport | 9,125 | 9,209 |
| Advertising and promotion | 578 | 874 |
| Bonuses and commissions | 2,368 | 2,139 |
| Insurance and sureties | 4,776 | 4,544 |
| Bank services | 299 | 342 |
| Utilities | 9,488 | 11,554 |
| Travel expenses and reimbursement of expenses | 3,541 | 3,506 |
| Employee services | 7,414 | 8,765 |
| Other services | 1,579 | 4,546 |
| Costs for services | 342,406 | 360,855 |
| Rent expense | 17,625 | 20,450 |
| Rentals and other | 4,009 | 4,394 |
| Costs for leased assets | 21,634 | 24,844 |
| COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS | 364,040 | 385,699 |

For the year ended 31 December 2014, *Costs for services and use of third party assets* totalled € 364,040 thousand, marking a decrease of € 21,660 thousand compared to the previous year, mainly due to lower costs for third party services (€ 10,623 thousand). As early as in previous years the Group started up a process to increase insourcing of certain activities, which resulted in a change in the mix of production factors in favour of the cost of labour, as described in detail under note 24 below. At the same time, the Group set targets for limiting overheads relating to its organizational structures, also by reducing recourse to professional services.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|--|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Wages and salaries | 238,370 | 236,365 |
| Social security charges | 75,977 | 75,678 |
| Secondment costs | 37,478 | 38,614 |
| ESI paid to INPS (National Social Security Institute) and to funds | 14,208 | 14,470 |
| Directors' fees | 2,077 | 2,954 |
| Other personnel costs | 1,554 | 2,656 |
| Current benefits | 369,664 | 370,737 |
| Employee termination indemnity provision | 1,120 | 1,245 |
| Subsequent benefits | 1,120 | 1,245 |
| Employment termination benefits | 3,426 | 3,225 |
| Employment termination benefits | 3,426 | 3,225 |
| PERSONNEL COSTS | 374,210 | 375,207 |

At 31 December 2014, *Personnel Costs* (equal to € 374,210 thousand) showed a decrease of € 997 thousand compared to the same period in the previous year (€ 375,207 thousand).

The financial year saw:

- › a rise in the average number of workers, partly due to the insourcing process described in note 23, and partly due to the use of personnel in the changed contracts in the Hygiene segment;
- › additional reorganisation efforts for certain Group companies, which also entailed, in 2014, costs for mobility, extraordinary redundancy schemes and early retirement incentives.

The total change in Group personnel costs is necessarily correlated to the cost of services, as the mix of production costs linked to “internal” work (i.e. work performed by employees of Group companies) and “external” work (i.e. work performed by third-party providers) can change significantly according to organisational changes aimed at increasing overall productivity.

The ratio between *Revenues from sales and services* and the total amount of costs for internal and external personnel used in production (cost of employed workers, cost of external workers, services provided by consortia and professional services) came to 147% at 31 December 2014 (155% at 31 December 2013). The comparison shows a fall in the ratio, affected by lower turnover and overall margins in the 2014 financial year.

The “make-or-buy ratio”, i.e. the ratio between the cost of internal labour (“make”) and the cost of services provided by third parties, services provided by consortia and professional services (“buy”), on the other hand, points to higher trend than in the previous financial year. This represents an organisational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Capital losses on disposals of assets | 298 | 75 |
| Losses on receivables | 73 | 126 |
| Other taxes | 2,088 | 2,053 |
| Fines and penalties | 1,747 | 1,951 |
| Credit discount on assignments of receivables | 0 | 602 |
| Other operating costs | 3,439 | 2,865 |
| OTHER OPERATING COSTS | 7,645 | 7,672 |

Other operating costs amounted to € 7,645 thousand and remained substantially unchanged compared to the previous year (€ 7,672 thousand at 31 December 2013).

In this regard, it should be noted that credit discount costs connected to the assignments of trade receivables without recourse were written off, as a result of the exit, as early as at the end of the previous year, from the plans for revolving assignments in place with Crédit Agricole Corporate & Investment Bank and Banca IMI.

26. AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Amortisation of intangible assets | 6,996 | 7,561 |
| Depreciation of property, plant and equipment | 25,152 | 25,517 |
| Write-backs of assets | (61) | 0 |
| Write-downs of receivables, net of releases | 2,107 | 5,615 |
| Impairment of Property, Plant and Equipment | 23 | 1,184 |
| Impairment of Intangible Assets | 4,418 | 684 |
| Other write-downs | 0 | 194 |
| AMORTISATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS | 38,635 | 40,755 |

At 31 December 2014, the item *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 38,635 thousand compared to € 40,755 thousand at 31 December 2013. The decrease of € 2,119 thousand was determined by the net effect of the following main changes:

- › A decrease in the write-downs of trade receivables for € 3,508 thousand, mainly due to a lower risk of the receivables recognized, while, at the same time, in the previous year this item had been affected by the write-downs that the Group companies had recognized on some significant credit positions towards bankrupt customers;
- › Impairment losses of tangible and intangible assets totalling € 4,441 thousand, relating to the write-off of the residual net value of specific software used in the facility management operations, which proved to be no longer suitable and strategic to be used for company business purposes, as explained in note 5. In the previous year this item included the write-down of contractual relations with facility management customers and specific software for job orders for € 685 thousand, following a significant reduction in volumes for some contracts being renewed. In 2013, the write-down of property, plant and equipment, which has been residual in the current financial year, included the write-off of intangible assets relating to laundering activities, as a result of the decision to dispose of an industrial laundering plant in Emilia Romagna (€ 1,186 thousand), as well as on other intangible assets.

27. DIVIDENDS, INCOME AND CHARGES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Dividends | 345 | 665 |
| Capital gains on equity investments | 82 | 0 |
| DIVIDENDS, INCOME AND CHARGES FROM INVESTMENTS | 427 | 665 |

In 2014, dividends were collected from other companies not included under the scope of consolidation. They amounted to € 345 thousand, € 219 thousand of which from investee companies of the Parent Company MFM S.p.A. and € 126 thousand from investee companies of Servizi Ospedalieri S.p.A.. Revenue from a supplement to the price for the sale of an equity investment was also reported in the year.

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Interest on bank current accounts | 518 | 492 |
| Interest on non-proprietary and intercompany current accounts | 261 | 352 |
| Interest on trade receivables | 985 | 435 |
| Interest from discounting of non-interest bearing loans | 333 | 52 |
| Interest and other income from securities | 38 | 206 |
| Capital gains on securities | 3,400 | 0 |
| Other financial income | 144 | 347 |
| FINANCIAL INCOME | 5,679 | 1,884 |

Financial income recorded an increase compared to the previous year, equal to € 3,795 thousand, mainly connected to the buy-back of bonds on the open market for € 45 million, which entailed the recognition of financial income of € 3,400 thousand, as described in note 17.

The interest from the discounting of non-interest bearing and trade receivables improved, the former (€ 281 thousand) after the release of the provision set aside owing to shorter collection times and the latter (€ 550 thousand) owing to the fact that the interest accounted for during the year was not written down, differently from the previous year.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|--|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Charges on bank loans and current account overdrafts | 4 | 337 |
| Financial charges on other loans | 37,077 | 22,741 |
| Financial costs for finance leases | 112 | 83 |
| Financial costs on Group financial accounts | 70 | 208 |
| Interest discount on assignment of receivables | 0 | 2,306 |
| Interest on trade payables | 45 | 60 |
| Expenses from derivatives | 0 | 721 |
| Other financial costs | 5,005 | 4,562 |
| FINANCIAL COSTS | 42,313 | 31,018 |

In 2014 *Financial costs* recorded an increase of € 11,295 thousand compared to the previous year. The main change relates to the recognition of charges relating to the Senior Secured Notes, as described under note 17, which entailed the recognition of the relevant costs accrued in the year.

It should be noted that the year saw the write-off of interest discount costs connected to the assignments of trade receivables without recourse, as a result of the abandonment, as early as at the end of the previous year, of the revolving assignments programmes in place with Crédit Agricole Corporate & Investment Bank and Banca IMI and of charges from derivatives, which had been terminated in the previous year.

At 31 December 2014 the Group recognised charges correlated to contingent liabilities for the acquisition of investments (Earn-out and Put option) for € 880 thousand (€ 749 thousand at 31 December 2013).

30. CURRENT, PREPAID AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2014 and 31 December 2013:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Current IRES tax | 10,105 | 16,680 |
| Current IRAP tax | 9,550 | 12,865 |
| (Income) costs from tax consolidation | (1,439) | (3,026) |
| Adjustments to current taxes of previous years | (3,573) | (2,396) |
| Current taxes | 14,643 | 24,123 |
| Prepaid/deferred IRES tax | (3,593) | (1,117) |
| Prepaid/deferred IRAP tax | 283 | (236) |
| Prepaid/deferred taxes relating to previous years | 82 | (21) |
| Prepaid/deferred taxes | (3,229) | (1,373) |
| CURRENT, PREPAID AND DEFERRED TAXES | 11,414 | 22,749 |

In 2014 the Group recorded taxes totalling € 11,414 thousand, marking a decrease of € 11,335 thousand compared to the taxes recognized at 31 December 2013.

More specifically, the main changes are as follows:

- › a decrease of € 6,575 thousand in IRES tax balance;
- › a decrease of € 3,314 thousand in IRAP tax balance;
- › a decrease of € 1,587 thousand in the balance of income from tax consolidation;
- › positive adjustments to current taxes relating to previous years for € 3,573 thousand (€ 2,396 thousand in negative adjustments at 31 December 2013);
- › recognition of a net income amounting to € 3,229 thousand, relating to the total balance of prepaid and deferred taxes against the recognition of a net income of € 1,373 thousand in the previous year.

The reconciliation between current income taxes accounted for and theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2014 and 31 December 2013 to pre-tax profit is as follows:

| <i>Reconciliation between theoretical and effective IRES tax rate</i> | 31 December 2014 | | 31 December 2013 Restated | |
|---|------------------|---------------|---------------------------|---------------|
| | | % | | % |
| Pre-tax profit | 23,962 | | 37,695 | |
| of which discontinued operations | 11,970 | | 2,723 | |
| Ordinary rate applicable | | 27.50% | | 27.50% |
| Effect of increases (decreases): | | | | |
| > Temporary differences | 33,050 | 37.93% | 7,024 | 5.12% |
| > Permanent differences | (16,394) | -18.82% | 5,374 | 3.92% |
| IRES taxable income | 40,617 | | 50,049 | |
| EFFECTIVE TAX / RATE | 11,170 | 46.61% | 13,776 | 36.55% |
| OF WHICH DISCONTINUED OPERATIONS | 1,065 | | 661 | |

The value shown as current effective IRES (€ 11,170 thousand) is represented by the current IRES tax shown in the previous table, that includes the contribution of discontinued operation (€ 1,065 thousand).

The reconciliation between the effective and theoretical IRAP tax rate is shown below:

| <i>Reconciliation between theoretical and effective IRAP tax rate</i> | 31 December 2014 | | 31 December 2013 Restated | |
|---|------------------|---------------|---------------------------|---------------|
| | | % | | % |
| Pre-tax profit | 23,962 | | 37,695 | |
| of which discontinued operations | 11,970 | | 2,723 | |
| Ordinary rate applicable | | 1.17% | | |
| | | 2.98% | | 2.98% |
| | | 3.44% | | 3.44% |
| | | 3.90% | | 3.90% |
| | | 4.60% | | 4.60% |
| | | 4.73% | | 4.73% |
| | | 4.82% | | 4.82% |
| | | 4.97% | | 4.97% |
| | | 5.57% | | 5.57% |
| Effect of increases (decreases): | | | | |
| - Labour cost | 351,172 | | 380,256 | |
| - Balance from financial management | 6,971 | | 13,958 | |
| - Other differences between taxable base and pre-tax result | (161,629) | | (112,762) | |
| IRAP taxable income | 220,475 | | 319,148 | |
| - of which at 1.17% | 1,345 | | 2,695 | |
| - of which at 2.98% | 2,347 | | 3,323 | |
| - of which at 3.44% | 11,754 | | 5,552 | |
| - of which at 3.90% | 129,316 | | 196,949 | |
| - of which at 4.60% | 8,172 | | 7,470 | |
| - of which at 4.73% | 4,004 | | 7,030 | |
| - of which at 4.82% | 53,220 | | 79,586 | |
| - of which at 4.97% | 10,319 | | 16,423 | |
| - of which at 5.57% | 0 | | 119 | |
| EFFECTIVE TAX / RATE | 10,015 | 35.40% | 13,338 | 35.38% |
| OF WHICH DISCONTINUED OPERATIONS | 466 | | 473 | |

In 2014, as in 2013, the Group companies did not pay income taxes in areas other than Italy.

Deferred and prepaid taxes

At 31 December 2014, the Group recorded deferred tax assets of € 27,439 thousand, net of deferred tax liabilities of € 11,775 thousand, as shown below:

| | Equity Tax Effect | | Economic Tax Effect | |
|---|---------------------|---------------------------------|---------------------|---------------------------------|
| | 31 December 2014 | 31 December 2013 Restated | 31 December 2014 | 31 December 2013 Restated |
| Prepaid taxes: | | | | |
| Multi-year costs | 333 | 384 | 51 | (31) |
| Finance lease | 0 | 0 | 0 | 0 |
| Maintenance exceeding deductible limit | 138 | 139 | (2) | (131) |
| Presumed losses on receivables | 6,889 | 6,966 | (178) | (393) |
| Provisions for risks and charges | 8,002 | 9,814 | 1,192 | 149 |
| Write-downs on asset items | 1,865 | 1,811 | (349) | (592) |
| Discounting-back of receivables | 19 | 3 | 3 | 0 |
| Fees due to Directors, Statutory Auditors and Independent Auditors | 210 | 517 | 219 | 33 |
| Amortization | 1,013 | 1,069 | (286) | (127) |
| Adjustments to job order margin | 0 | 0 | 0 | 67 |
| Interest expense | 6,075 | 457 | (5,618) | (405) |
| Employee benefits and length of service bonuses | 62 | 15 | (62) | 0 |
| Substitute tax | 0 | 1,385 | 1,385 | 0 |
| Employee incentives | 516 | 976 | 473 | 26 |
| Up-front fees on contracts for the assignment of receivables | 0 | 16 | 0 | 8 |
| Cash cost deduction | 13 | 37 | 19 | 29 |
| Other temporary differences | 2,304 | 518 | (271) | (41) |
| Other consolidation adjustments | 0 | 20 | 0 | (10) |
| Total prepaid taxes | 27,439 | 24,126 | (3,423) | (1,417) |
| Deferred taxes: | | | | |
| Tax amortisation | (48) | 0 | (13) | 0 |
| IFRS work in progress valuation | (2) | (387) | (3) | (146) |
| Lease for tax purposes | (46) | (41) | (3) | (11) |
| Employee benefit discounting | 9 | (49) | (541) | (3) |
| Goodwill amortisation | (8,926) | (627) | 801 | 21 |
| Purchase Price Allocation (PPA) | (2,183) | (8,159) | (75) | 817 |
| Capital gains - deferred taxation | (9) | (2,258) | 0 | (643) |
| Undistributed profit | (329) | (9) | 56 | 0 |
| Other temporary differences | (220) | 0 | (108) | 0 |
| Cash cost deduction | 0 | (533) | 0 | 3 |
| Other consolidation adjustments | 0 | (6) | 0 | 6 |
| Total deferred taxes | (11,755) | (75) | 113 | 21 |
| NET PREPAID/(DEFERRED) TAXES | 15,684 | 11,982 | (3,310) | (1,353) |

31. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings per share are, in the case of the MFM Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.

Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Net profit attributable to shareholders (in thousands of Euro) | 11,253 | 13,747 |
| Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share | 109,149,600 | 109,149,600 |
| BASIC EARNINGS PER SHARE (IN EURO) | 0.103 | 0.126 |

| | Financial year ended | |
|---|----------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated |
| Net earnings deriving from continuing operations (in thousands of Euro) | 665 | 14,516 |
| Net profit /(loss) deriving from continuing operations pertaining to minority interests (in thousands of Euro) | (273) | (344) |
| Net profit deriving from continuing operations pertaining to the Group (in thousands of Euro) | 392 | 14,172 |
| Number of ordinary shares for the purpose of basic earnings per share | 109,149,600 | 109,149,600 |
| BASIC EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO) | 0.004 | 0.130 |

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date the financial statements were drafted.

Dividends

The Parent Company did not distribute dividends in 2012, 2013 and 2014 financial years.

32. COMMITMENTS AND CONTINGENT LIABILITIES

Finance lease

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

| | 31 December 2014 | | 31 December 2013 Restated | |
|------------------------------------|------------------|------------------------------|---------------------------|------------------------------|
| | Rental fees | Present value of rental fees | Rental fees | Present value of rental fees |
| Within one year | 877 | 775 | 1,135 | 976 |
| From one year to five years | 1,492 | 1,408 | 2,363 | 2,213 |
| After five years | 109 | 105 | 179 | 171 |
| TOTAL LEASE FEES | 2,478 | 2,288 | 3,677 | 3,359 |
| Financial costs | (189) | | (318) | |
| PRESENT VALUE OF LEASE FEES | 2,288 | 2,288 | 3,359 | 3,359 |

Guarantees given

At 31 December 2014, the Group granted sureties to third parties for:

- › guarantees in favour of associates amounting to € 18,075 thousand (2013: € 11,263 thousand);
- › other sureties granted to third parties: i) to ensure the correct fulfilment of contract obligations in place with customers amounting to € 231,702 thousand (2013: € 252,236 thousand) ii) to replace security deposits required to activate utilities or to execute lease agreements, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 1,792 thousand (2013: € 2,340 thousand);
- › guarantees in favour of Factoring Agencies amounting to € 2,104 thousand (2012: € 2,104 thousand), to ensure correct fulfilment of factoring contracts.

The sureties are issued on non-recourse factoring transactions to cover financial risks. For this reason the risk was measured at fair value and recorded as a financial liability. At 31 December 2014 this liability was equal to zero as assignments of receivables are no longer carried out (€ 35 thousand at 31 December 2013).

Guarantees given within the Senior Secured Notes

The Parent Company MFM S.p.A. and the subsidiaries Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A. have issued, in favour of the banks participating in the RCF loan agreement and in favour of the bondholders, described under note 17, the following collaterals:

- › first-recorded pledge on the shares held by MFM S.p.A. in Manutencoop Private Sector Solutions S.p.A. and in Servizi Ospedalieri S.p.A., equal to 100% of the capital of the same;
- › assignment as security of receivables from private customers claimed by MFM S.p.A. and Manutencoop Private Sector Solutions S.p.A.. At 31 December 2014 the receivables assigned as security amounted to € 77,793 thousand (€ 96,236 thousand at 31 December 2013);
- › execution of a deed of pledge on the current accounts held with Unicredit S.p.A., which were credited with the amounts collected from private customers assigned as security. The balance of these current accounts at 31 December 2014 was equal to € 10,103 thousand;

- › the release by Servizi Ospedalieri S.p.A. and Manutencoop Private Sector Solutions S.p.A. of a personal security for an overall maximum amount of € 48,411 thousand and € 16,907 thousand, respectively, at 31 December 2014.

On 29 September 2014, the guarantees issued to the Lending Banks that had granted the Revolving Credit Facility were formally cancelled. This took place after the facility had been voluntarily cancelled on 30 July 2014, and therefore all the guarantees described above, which had been previously shared between bondholders and the Lending Banks of the Revolving Credit Facility, remain such only to the bondholders. On the contrary, MFM S.p.A.'s movable assets, previously subject to a lien in the framework of the arrangement became fully available to the company again.

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Group. At 31 December 2014 no events of default had occurred.

Contingent liabilities

There were no contingent liabilities recognised at the balance sheet date, with the exception of those already recognised in the Consolidated financial statements and described in the explanatory notes.

33. TRANSACTIONS WITH RELATED PARTIES

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

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company MFM S.p.A.. The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies.

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

No guarantees were given or received in relation to receivables and payables with related parties. In the financial year the Group did not make any significant accrual to the provision for bad debts for amounts due from related parties.

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

- › MFM signed a contract with associate Roma Multiservizi S.p.A. on the basis of which it is committed to providing an Information System service. The contract, expiring on 31 December 2014, was extended on 11 December 2014 for additional 12 months and makes provision for an annual consideration of € 850 thousand.
- › Manutencoop Cooperativa sub-leased to MFM S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The duration of the lease has a 5-year term and is tacitly renewable,

except in the event of termination by one of the parties. Annual rent is expected to be € 1,722 thousand, to be paid in 12 monthly instalments.

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

The breakdown of the balances relating to the transactions carried out by the Parent Company with related parties is provided in Annex III attached to the Consolidated Financial Statements.

Management and coordination activities

The Parent Company MFM S.p.A. is subject to the management and coordination activities of Manutencoop Società Cooperativa and, pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the key figures of the latest set of approved financial statements are provided below:

| | 31 December 2013 | 31 December 2012 |
|---|---------------------|---------------------|
| BALANCE SHEET | | |
| ASSETS | | |
| A) Subscribed capital, unpaid | 155 | 244 |
| B) Fixed assets | 342,646 | 302,775 |
| C) Current assets | 42,031 | 40,828 |
| D) Accrued income and prepaid expenses | 2,257 | 2,480 |
| TOTAL ASSETS | 387,088 | 346,327 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| A) Shareholders' equity: | | |
| Share capital | 11,741 | 14,136 |
| Reserves | 252,548 | 253,139 |
| Profit/(Loss) for the year | 338 | (591) |
| B) Provisions for risks and charges | 3,959 | 3,967 |
| C) Employee Severance Indemnity | 2,384 | 2,685 |
| D) Payables | 115,315 | 72,158 |

| | 31 December 2013 | 31 December 2012 |
|---|---------------------|---------------------|
| E) Accrued expenses and deferred income | 804 | 833 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 387,088 | 346,327 |
| MEMORANDUM ACCOUNTS | 175,405 | 242,560 |
| INCOME STATEMENT | | |
| A) Value of production | 42,859 | 40,652 |
| B) Cost of production | (42,037) | (40,450) |
| C) Financial income and costs | (3,060) | (135) |
| D) Value adjustments to financial assets | 1,631 | (838) |
| E) Non-recurring income and costs | 185 | 84 |
| Income taxes for the year | 759 | 96 |
| Profit/(Loss) for the year | 338 | (591) |

Remuneration of members of the Management Board, executives with strategic responsibilities and members of the Supervisory Board

Fees paid to members of governing and control bodies are shown below, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

| | 31 December 2014 | 31 December 2013 |
|---|---------------------|---------------------|
| Board of Directors/Management Board | | |
| Short-term benefits | 1,097 | 1,831 |
| Post-employment benefits | 0 | 0 |
| Total Board of Directors/Management Board | 1,097 | 1,831 |
| Executives with strategic responsibilities | | |
| Short-term benefits | 2,642 | 3,105 |
| Post-employment benefits | 166 | 104 |
| Total other executives with strategic responsibilities | 2,808 | 3,209 |
| Board of Statutory Auditors / Supervisory Board | | |
| Short-term benefits | 477 | 507 |
| Total Board of Statutory Auditors / Supervisory Board | 477 | 507 |

Since 2008, MFM S.p.A.'s Corporate Governance has been structured under a "two-tier" governance and control system, through the appointment of the Management Board and Supervisory Board.

The table below reports the fees accounted for in the 2014 consolidated income statement for audit and non-audit services rendered by Reconta Ernst & Young S.p.A. and by other entities in its network:

| | 31 December 2014 | 31 December 2013 Restated |
|---|------------------|------------------------------|
| Audit services | 733 | 923 |
| Certification services | 27 | 421 |
| Other services | 40 | 14 |
| TOTAL FEES DUE TO THE INDEPENDENT AUDITORS | 800 | 1,358 |

In 2014 certification services involved the release of the Comfort Letters on the bond issue. Other services involved formalities required by local administrative entities and services rendered for tax issues.

34. MANAGEMENT OF FINANCIAL RISKS: OBJECTIVES AND CRITERIA

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

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

- › short-term loans and revolving non-recourse factoring transactions targeted at funding working capital. The revolving factoring transactions in place with Crédit Agricole Corporate and Investment Bank and Banca IMI were discontinued as early as in the previous year, as were the very short-term credit facilities used for contingent cash requirements. The financial resources collected by the Group from these instruments have been replaced by those arising from the bond issue;
- › medium/long-term loans with a multi-year repayment plan to cover investments in fixed assets and acquisitions of companies and business units. A portion of the medium/long-term loans was repaid through the proceeds from the bond issue. Furthermore, the derivative contracts in place were also cancelled.

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

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

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

The table below shows the hierarchy for each class of financial asset measured at fair value at 31 December 2014 and 31 December 2013:

| | Hierarchy | | | | Hierarchy | | | |
|--|------------------|---------|------------|---------|------------------|---------|------------|---------|
| | 31 December 2014 | Level 1 | Level 2 | Level 3 | 31 December 2013 | Level 1 | Level 2 | Level 3 |
| Financial assets at fair value through profit or loss | | | | | | | | |
| Financial receivables, securities and other non-current financial assets | 163 | | 163 | | 164 | | 164 | |
| - of which securities | 163 | | 163 | | 164 | | 164 | |
| Available-for-sale financial assets | | | | | | | | |
| Financial receivables and other current financial assets | 0 | | 0 | | 0 | | 0 | |
| - of which hedging derivatives | 0 | | 0 | | 0 | | 0 | |
| - of which non-hedging derivatives | 0 | | 0 | | 0 | | 0 | |
| TOTAL FINANCIAL ASSETS | 163 | | 163 | | 164 | | 164 | |

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

The table below shows the hierarchy for each class of financial liability measured at fair value at 31 December 2014 and 31 December 2013:

| | Hierarchy | | | | Hierarchy | | | |
|--|------------------|---------|----------|---------|------------------|---------|-----------|---------|
| | 31 December 2014 | Level 1 | Level 2 | Level 3 | 31 December 2013 | Level 1 | Level 2 | Level 3 |
| Non-current financial liabilities | 0 | | 0 | | 0 | | 0 | |
| - of which hedging derivatives | 0 | | 0 | | 0 | | 0 | |
| - of which non-hedging derivatives | 0 | | 0 | | 0 | | 0 | |
| Current financial liabilities | 0 | | 0 | | 35 | | 35 | |
| - of which hedging derivatives | 0 | | 0 | | 0 | | 0 | |
| - of which non-hedging derivatives | 0 | | 0 | | 0 | | 0 | |
| - of which other liabilities | 0 | | 0 | | 35 | | 35 | |
| TOTAL FINANCIAL LIABILITIES | 0 | | 0 | | 35 | | 35 | |

In 2013 there were no transfers between fair value measurement levels.

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

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

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the MFM Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2014:

| | 31 December 2014 | Available-for-sale financial assets | Loans and receivables |
|---|------------------|-------------------------------------|-----------------------|
| Non-current financial assets | | | |
| Other investments | 3,341 | 3,341 | |
| Non-current financial assets | 18,449 | | 18,449 |
| Other non-current assets | 1,787 | | 1,787 |
| TOTAL NON-CURRENT FINANCIAL ASSETS | 23,577 | 3,341 | 20,236 |
| Current financial assets | | | |
| Trade receivables and advances to suppliers | 580,629 | | 580,629 |
| Current tax receivables | 28,922 | | 28,922 |
| Other current assets | 30,632 | | 30,632 |
| Current financial assets | 3,501 | | 3,501 |
| Cash and cash equivalents | 113,382 | | |
| TOTAL CURRENT FINANCIAL ASSETS | 757,066 | 0 | 643,684 |
| TOTAL FINANCIAL ASSETS | 780,643 | 3,341 | 663,920 |
| FINANCIAL INCOME (COSTS) | 6,106 | 427 | 5,679 |

| | 31 December 2014 | Financial Liabilities at Fair Value through profit or loss | Financial Liabilities at amortised cost |
|---|------------------|--|---|
| Non-current financial liabilities | | | |
| Non-current loans | 379,001 | | 379,001 |
| Financial liabilities for non-current derivatives | 0 | | 0 |
| Other non-current liabilities | 28 | | 28 |
| TOTAL NON-CURRENT FINANCIAL LIABILITIES | 379,029 | 0 | 379,029 |
| Current financial liabilities | | | |
| Trade payables and advances from customers | 380,821 | | 380,821 |
| Current tax payables | 4 | | 4 |
| Other current liabilities | 123,625 | | 123,625 |
| Bank borrowings and other financial liabilities | 28,512 | | 28,512 |
| TOTAL CURRENT FINANCIAL LIABILITIES | 532,962 | 0 | 532,962 |
| TOTAL FINANCIAL LIABILITIES | 911,991 | 0 | 911,991 |
| FINANCIAL INCOME (COSTS) | (42,313) | 35 | (42,348) |

The same information for the year ended 31 December 2013 is shown below:

| | 31 December 2013 Restated | Available-for-sale financial assets | Loans and receivables |
|---|------------------------------|--|--------------------------|
| Non-current financial assets | | | |
| Other investments | 3,038 | 3,038 | |
| Non-current financial assets | 10,840 | | 10,840 |
| Other non-current assets | 1,638 | | 1,638 |
| TOTAL NON-CURRENT FINANCIAL ASSETS | 15,516 | 3,038 | 12,478 |
| Current financial assets | | | |
| Trade receivables and advances to suppliers | 694,704 | | 694,704 |
| Current tax receivables | 16,495 | | 16,495 |
| Other current assets | 29,139 | | 29,139 |
| Current financial assets | 13,374 | | 13,374 |
| Cash and cash equivalents | 184,538 | | |
| TOTAL CURRENT FINANCIAL ASSETS | 938,250 | 0 | 753,712 |
| TOTAL FINANCIAL ASSETS | 953,766 | 3,038 | 766,190 |
| FINANCIAL INCOME (COSTS) | 3,364 | 665 | 2,699 |

| | 31 December 2013 Restated | Financial Liabilities at Fair Value through profit or loss | Financial Liabilities at amortised cost |
|---|------------------------------|---|---|
| Non-current financial liabilities | | | |
| Non-current loans | 456,369 | | 456,369 |
| Financial liabilities for non-current derivatives | 0 | | 0 |
| Other non-current liabilities | 7 | | 7 |
| TOTAL NON-CURRENT FINANCIAL LIABILITIES | 456,376 | 0 | 456,376 |
| Current financial liabilities | | | |
| Trade payables and advances from customers | 453,687 | | 453,687 |
| Current tax payables | 226 | | 226 |
| Other current liabilities | 148,343 | | 148,343 |
| Bank borrowings and other financial liabilities | 85,116 | 35 | 85,081 |
| TOTAL CURRENT FINANCIAL LIABILITIES | 687,372 | 35 | 687,337 |
| TOTAL FINANCIAL LIABILITIES | 1,143,748 | 35 | 1,143,713 |
| Financial income (costs) | (29,945) | 202 | (30,147) |

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), finance leases and medium/long-term loans.

The Group is characterised by a labour-intensive model which does not involve significant requirements of capital for investments. However, the Group's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Group has to also finance working capital through bank indebtedness.

Following the bond issue and the consequent repayment of the short- and very short-term bank loans, the liquidity risk was further mitigated through the execution of a Revolving Credit Facility (RCF) of € 30 million that can be activated on demand. The line has never been used and no future use was contemplated in consolidated financial plans. In 2014 it was therefore deemed appropriate to cancel the line.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- › of oil products relating to heat management activities,
- › of cotton, the raw material in the linen used for laundering activities.

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. Therefore, it is deemed that the effect on the Group's profit for the year arising from changes in prices, even significant, would essentially have been insignificant, in terms of amount.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimise delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management.

At present the portfolio mix also includes some large Italian industrial and banking groups, mainly organised as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, given the continuing economic downturn, the Group has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the Consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

| | Carrying Amount | | Fair value | |
|---|------------------|------------------------------|------------------|------------------------------|
| | 31 December 2014 | 31 December 2013 Restated | 31 December 2014 | 31 December 2013 Restated |
| Financial assets | | | | |
| Cash and cash equivalents | 113,382 | 184,538 | 113,382 | 184,538 |
| Receivables and other current financial assets | 3,501 | 13,374 | 3,501 | 13,374 |
| Other minority interests | 3,341 | 3,038 | 3,341 | 3,038 |
| Non-current financial receivables | 18,449 | 10,840 | 18,449 | 10,840 |
| Financial liabilities | | | | |
| Loans: | | | | |
| > Variable rate loans | 34,949 | 94,226 | 34,949 | 94,226 |
| > Fixed rate loans | 370,280 | 412,687 | 370,280 | 412,687 |
| Other current financial liabilities | 2,284 | 34,572 | 2,284 | 34,572 |
| Financial liabilities for non-current derivatives | 0 | 0 | 0 | 0 |

Interest rate risk

Traditionally the Group has used variable-rate loans, with the possession of quite a marginal share of fixed rate loans.

With the bond issue launched in 2013, the Management restored the Group's financial structure, definitely strengthening a mix between short- and medium/long-term debt in favour of the latter. The Senior Secured Notes was launched at a discount of 98.713%, with a fixed-rate coupon of 8.5% to be settled on a six-monthly basis and due in 2020. The proceeds from the Notes have been used to repay a significant portion of the loans that were previously in place, in addition to the derivative contracts. As a result of this operation, the Group now applies a fixed rate to the financial cost of its debt.

The other financial instruments of the Group exposed to interest rate risks are those listed in note 17 (to which reference is made) such as *Loans* (other than the Senior Secured Notes), as well as financial statement items recorded under *Cash and cash equivalents*, and *Receivables and other current financial assets* (note 11) and *Non-current financial assets* (note 8).

Interest rate sensitivity analysis

The new structure of the consolidated debt, as we have seen, is affected, to a very marginal extent, by the changes in market rates, as the Group has set the cost for its recourse to credit market at the rate of return it ensures on the bond coupons.

On the contrary, in the previous year, the consolidated profit recorded the cost of the bond issue proceeds for a part of the year only. The table below shows the sensitivity of the pre-tax profit in 2013 should the bond issue dated 2 August have ensured proceeds since 1 January 2013.

| | Consolidated financial statements at 30 December 2013 Restated | | Consolidated financial statements with bond issue at 1 January 2013 | |
|---------------------------------------|--|---------------------------------|---|---------------------|
| | Net financial costs | Profit before taxes Restated | Net financial costs | Profit before taxes |
| | | | | |
| Financial year ended 31 December 2013 | 42,438 | 37,694 | 29,552 | 24,808 |

Exchange rate risk

The Group operates predominantly in the national market, where it is not exposed to exchange rate risks.

Capital management

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

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

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

| | 31 December 2014 | 31 December 2013 Restated |
|--|------------------|---------------------------|
| Employee termination indemnity | 21,207 | 27,599 |
| Interest-bearing loans | 405,229 | 506,913 |
| Trade payables and advances from customers | 380,821 | 453,687 |
| Other current payables | 123,625 | 148,343 |
| Other current financial liabilities | 2,284 | 34,572 |
| Cash and cash equivalents | (113,382) | (184,538) |
| Other current financial assets | (3,501) | (13,374) |
| Total Net Debt | 816,283 | 973,202 |
| Group shareholders' equity | 333,123 | 324,300 |
| Undistributed net profit | (11,253) | (13,747) |
| Total capital | 321,870 | 310,553 |
| EQUITY AND NET DEBT | 1,138,153 | 1,283,755 |
| Indebtedness ratio | 71.7% | 75.8% |

A 4.1% change was recorded in the debt ratio compared to 31 December 2013, which was mainly due to a reduction of € 156.9 million in net debt compared to a limited capital increase of € 11.3 million.

35. SUBSEQUENT EVENTS

On 17 February 2015 MFM S.p.A. signed an agreement with Facilicom Facility Solutions, A Dutch company which operates in the facility management market, for the transfer of a stake held in in UFS (United Facility Solutions S.A.), equal to 33.33% of the share capital of the same.

The Chairman and CEO

Claudio Levorato



ANNEX I

GROUP COMPANIES

PARENT COMPANY

| Name | Registered Office | City |
|--|-------------------|-------------------|
| Manutencoop Facility Management S.p.A. | Via Poli n. 4 | Zola Predosa (BO) |

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

| Name | Registered Office | City | % held | Type |
|---|----------------------------------|-------------------|--------|------------|
| CO.GE.F. Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 80% | Subsidiary |
| Consorzio Igiene Ospedaliera Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 66.66% | Subsidiary |
| Consorzio Servizi Toscana Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 60% | Subsidiary |
| Evimed S.r.l. | Via Zamenhof 363 | Vicenza | 90% | Subsidiary |
| Ferraria Soc. cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 69% | Subsidiary |
| Firing S.r.l. | Via Luigi Meraviglia 31 | Lainate (MI) | 65% | Subsidiary |
| Global Oltremare Soc.Cons. r.l. | Via Poli 4 | Zola Predosa (BO) | 60% | Subsidiary |
| ISOM Lavori Soc. Cons.rl | Via Poli 4 | Zola Predosa (BO) | 62.71% | Subsidiary |
| ISOM Gestione Soc. Cons.rl | Via Poli 4 | Zola Predosa (BO) | 52.97% | Subsidiary |
| KANARIND Soc. Cons.rl | Via Poli 4 | Zola Predosa (BO) | 62.43% | Subsidiary |
| Leonardo S.r.l. | Via Zamenhof 363 | Vicenza | 100% | Subsidiary |
| Logistica Sud Est Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 60% | Subsidiary |
| MACO S.p.A. | Via Poli 4 | Zola Predosa (BO) | 100% | Subsidiary |
| Manutencoop Private Sector Solutions S.p.A. | Via Poli 4 | Zola Predosa (BO) | 100% | Subsidiary |
| MCF servizi Integrati Soc. cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 60% | Subsidiary |
| Palmanova Servizi Energetici Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 60% | Subsidiary |
| Protec S.r.l. | Via Zamenhof 363 | Vicenza | 100% | Subsidiary |
| S.AN.CO S.c.a.r.l. | Via A. Saffi, 51 | Bologna | 51.50% | Subsidiary |
| S.AN.GE S.c.a.r.l. | Viale Piero e Alberto Pirelli 21 | Milano | 89% | Subsidiary |
| Servizi Brindisi Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 52% | Subsidiary |
| Servizi l'Aquila Soc. Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 60% | Subsidiary |
| Servizi Ospedalieri S.p.A. | Via Calvino 33 | Ferrara | 100% | Subsidiary |
| Servizi Sanitari Sicilia Soc.Cons.a r.l. | Via Calvino 33 | Ferrara | 70% | Subsidiary |
| Servizi Taranto Soc.Cons. a.r.l. | Via Poli 4 | Zola Predosa (BO) | 60.08% | Subsidiary |
| Sicura S.p.A. | Via Zamenhof 363 | Vicenza | 80% | Subsidiary |
| Società Manutenzione Illuminazione S.p.A. (SMAIL) | Via Poli 4 | Zola Predosa (BO) | 100% | Subsidiary |
| Telepost S.p.A. | Via Poli 4 | Zola Predosa (BO) | 100% | Subsidiary |

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

| <i>Name</i> | Registered Office | City | % held | Type |
|--|--|------------------------------------|---------------|---------------|
| AMG S.r.l. | SS Laghi di Avigliana 48/a | frazione Roata Raffo Busca (CN) | 50% | Joint Venture |
| Cardarelli Soc.cons.r.l. | S.S. Appia 7 bis Km. 11,900 Zona A.s.i. Aversa Nord | Carinaro (CE) | 60% | Joint Venture |
| CO. & MA. Soc. Cons. a r.l. | Via del Parco n. 16 | Tremestieri Etneo (Ct) | 50% | Joint Venture |
| DUC Gestione Sede Unica Soc.cons.r.l. | Via Poli 4 | Zola Predosa (BO) | 49% | Joint Venture |
| EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. | Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, n. 4 | Çankaya/ Ankara | 50% | Joint Venture |
| Legnago 2001 Soc.cons.r.l. | Via Poli 4 | Zola Predosa (BO) | 50% | Joint Venture |
| Malaspina Energy Soc.cons.r.l. | Via Varesina 118 | Lurate Caccivio (CO) | 50% | Joint Venture |
| Servizi Luce Soc.Cons.r.l. | Via Poli 4 | Zola Predosa (BO) | 50% | Joint Venture |
| Servizi Sportivi Brindisi Soc.cons.r.l. | Via Licio Giorgieri 93 | Roma | 50% | Joint Venture |
| UFS – United Facility Solutions SA | Rue colonel Bourg, 101 | 1030 Bruxelles (Belgio) | 33.33% | Joint Venture |

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

| <i>Name</i> | Registered Office | City | % held | Type |
|--|----------------------------------|------------------------------------|---------------|----------------|
| Alisei S.r.l. in liquidation | Via Cesari 68/1 | Modena | 100% | In liquidation |
| Bologna Gestione Patrimonio Soc.Cons. r.l. | Via della Cooperazione 9 | Bologna | 27.58% | Associate |
| Bologna Multiservizi Soc.Cons. r.l. | Via Del Lavoro 23/4 | Casalecchio di Reno (BO) | 39% | Associate |
| Bologna Più' Soc.Cons.r.l in liquidation | Via M.E. Lepido 182/2 | Bologna | 25,68% | In liquidation |
| Consorzio Imolese Pulizie Soc. Cons. a r.l In liquidation | Via Poiano 22 | Imola (BO) | 60% | In liquidation |
| CO.M.I. S.r.l. in liquidation | Piazza De Calderini 2/2 | Bologna | 40% | In liquidation |
| Como Energia Soc.Cons. r.l. | Via Pietro Strazzi 2 | Como | 30% | Associate |
| Consorzio Leader Soc.Cons. r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 50% | In liquidation |
| Consorzio Polo Sterilizzazione Integrata a r.l. | Via Facciolati 84 | Padova | 60% | Associate |
| Consorzio Sermagest Soc.Cons. a r.l. in liquidation | Via Filippo Corridoni 23 | Roma | 60% | In liquidation |
| F.Ili Bernard S.r.l. | Stradella Aquedotto 21 | Bari | 20% | Associate |
| Geslotto6 Soc.Cons. r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 55% | In liquidation |
| Gico System S.r.l. | Via Finelli 8 | Calderara di Reno (BO) | 20% | Associate |
| Global Provincia Di Rimini Soc.Cons. r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 42.40% | In liquidation |
| Global Riviera Soc.Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 30.66% | Associate |
| Global Vicenza Soc.Cons. a r.l. | Via Grandi 39 | Concordia Sulla Secchia (MO) | 41.25% | Associate |
| Gymnasium Soc.Cons. r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 68% | In liquidation |
| GRID Modena S.r.l. | Via Divisione Acqui, 129 | Modena (MO) | 23% | Associate |
| Headmost Division Service FM S.p.A. | Via Rimini 5 | Pomezia (RM) | 25% | Associate |
| Iniziative Produttive Piemontesi S.r.l. | Corso Einaudi 18 | Torino | 24.75% | Associate |
| Livia Soc.Cons. a r.l. in liquidation | Via Roma 57/B | Zola Predosa (BO) | 34.10% | Associate |
| Logistica Ospedaliera Soc. Cons. a r.l | Via C. Alberto Dalla Chiesa 23/I | Caltanissetta (CL) | 45% | Associate |
| Newco Duc Bologna S.p.A. | Via M.E. Lepido 182/2 | Bologna | 24.90% | Associate |
| Palazzo della Fonte S.c.p.a. | Via Calamandrei, 255 | Arezzo (AR) | 33.3% | Associate |
| PBS Soc.Cons. r.l. in liquidation | Via G. Negri 10 | Milano | 25% | Associate |
| Progetto ISOM S.p.A. | Via Poli 4 | Zola Predosa (BO) | 36.98% | Associate |
| Progetto Nuovo Sant'Anna S.r.l. | Viale Piero e Alberto Pirelli 21 | Milano | 24% | Associate |
| Roma Multiservizi S.p.A. | Via Tiburtina 1072 | Roma | 45.47% | Associate |
| San Martino 2000 Soc.Cons. a r.l. | Via al Molo Vecchio | Calata Gadda (GE) | 40% | Associate |
| Savia Soc.Cons. a r.l. | Via B. Vanzetti 1 | Forlì | 49.11% | Associate |
| Società Consortile Adanti Manutencoop a r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 50% | In liquidation |
| Serena S.r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 50% | In liquidation |
| Se.Ste.Ro S.r.l. | Via San Pietro 59/B | fraz. Castellina - Soragna (PR) | 25% | Associate |
| Servizi Marche Soc. Cons. a r.l. in liquidation | Via Poli 4 | Zola Predosa (BO) | 60% | In liquidation |

| <i>Name</i> | Registered Office | City | % held | Type |
|--|--------------------------|-------------------|---------------|----------------|
| Servizi Napoli 5 Soc.Cons. a r.l. | Via Poli 4 | Zola Predosa (BO) | 45% | Associate |
| Servizi Sanitari Treviso Soc.Cons.a r.l. | Via al Molo Vecchio | Calata Gadda (GE) | 40% | Associate |
| Sesamo S.p.A. | Via C. Pisacane 2 | Carpi (MO) | 20.91% | Associate |
| Simagest 2 Soc. Cons. a r.l in liquidation | Via Poli 4 | Zola Predosa (BO) | 90% | In liquidation |
| Simagest 3 Soc. Cons. a r.l in liquidation | Via Poli 4 | Zola Predosa (BO) | 89.99% | In liquidation |
| Synchron Nuovo San Gerardo S.p.A. | Via Poli 4 | Zola Predosa (BO) | 35.82% | Associate |
| Steril Piemonte Soc.Cons. r.l. | Corso Einaudi 18 | Torino | 25% | Associate |
| Tower Soc.Cons. a r.l. in liquidation | Via Zanardi 372 | Bologna | 20.17% | Associate |

ANNEX II

VALUATION OF INVESTMENTS USING THE EQUITY METHOD

| | % | Net Book Value Dec 31, 2013 Restated | Changes of the year | | | | | Net Book Value Dec 31, 2014 | Book Value | Investment Provision |
|---|--------|---|-------------------------|-----------|--|-----------|----------|-----------------------------------|---------------|-------------------------|
| | | | Additions/ Disposals | Dividends | Share of net profit/ Write-downs | Provision | Reserves | | | |
| Alisei s.r.l. In liquidation | 100% | (60) | 23 | | (23) | | | (60) | 0 | (60) |
| A.M.G. S.r.l. | 50% | 2,123 | | | 78 | | (2) | 2,200 | 2,200 | |
| Bologna Gestione Patrimonio | 27.58% | 6 | | | | | | 6 | 6 | |
| Bologna Multiservizi Soc.Cons. a r.l. | 39% | 4 | | | | | | 4 | 4 | |
| Bologna Più Soc.Cons. a R.L. | 25.68% | 5 | | | | | | 5 | 5 | |
| Cardarelli Soc.Cons. a r.l. | 60% | 5 | | | | | | 5 | 5 | |
| Co.S.I.S. Soc.Cons. a r.l. | 26.33% | 9 | | | (9) | | | 0 | 0 | |
| Co. & Ma. Soc.Cons. a r.l. | 50% | 5 | | | | | | 5 | 5 | |
| Como Energia Soc.Cons. a R.L. | 30% | 11 | | | | | | 11 | 11 | |
| Consorzio Imolese Pulizie Soc. Cons. a r.l. In liquidation | 60% | 6 | | | | | | 6 | 6 | |
| Consorzio Leader Soc.Cons. a r.l. In liquidation | 50% | 5 | | | | | | 5 | 5 | |
| Consorzio Polo sterilizzazione Integrata | 60% | 23 | | | | | | 23 | 23 | |
| Consorzio Sermagest In liquidation | 60% | 0 | | | | | | 0 | 0 | |
| Costruzione Manutenzione Immobili | 40% | 84 | | | | | | 84 | 84 | |
| DUC Gestioni Soc.Cons. a r.l. | 49% | 10 | | | | | | 10 | 10 | |

| | % | Net Book Value Dec 31, 2013 Restated | Changes of the year | | | | | Net Book Value Dec 31, 2014 | Book Value | Investment Provision |
|---|--------|--------------------------------------|----------------------|-----------|----------------------------------|-----------|----------|-----------------------------|------------|----------------------|
| | | | Additions/ Disposals | Dividends | Share of net profit/ Write-downs | Provision | Reserves | | | |
| EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. | 50% | 50 | | | | | | 50 | 50 | |
| F.Ili Bernard S.r.l. | 20% | 752 | | | 56 | | | 808 | 808 | |
| Geslotto 6 soc. cons. a r.l. | 55% | 50 | | | | | | 50 | 50 | |
| GICO Systems S.r.l. | 20% | 46 | | | 13 | | | 59 | 59 | |
| Global Provincia di Rimini Soc.Cons. a r.l. | 42.40% | 4 | | | | | | 4 | 4 | |
| Global Riviera Soc.Cons. a r.l. | 30.66% | 9 | | | | | | 9 | 9 | |
| Global Vicenza | 41.25% | 4 | | | | | | 4 | 4 | |
| Gymnasium soc. cons. a r.l. in liq. | 68% | 7 | | | | | | 7 | 7 | |
| GRID Modena S.r.l. | 23% | 24 | 76 | | (76) | | | 24 | 24 | |
| Headmost Division Service FM S.p.A. | 25% | 0 | | | | | | 0 | 0 | |
| IPP s.r.l. | 25% | 467 | | | (13) | | | 453 | 453 | |
| Legnago 2001 Soc. Cons. a r.l. | 50% | 5 | | | | | | 5 | 5 | |
| LIVIA Soc. Cons. a r.l. | 34.10% | 3 | | | | | | 3 | 3 | |
| Logistica Ospedaliera Soc. Cons. a r.l. | 45% | 5 | | | | | | 5 | 5 | |
| Malaspina Energy Soc. Cons. a r.l. | 50% | 50 | | | | | | 50 | 50 | |
| Newco DUC Bologna S.p.A. | 24.90% | 393 | | | 226 | | (780) | (160) | (160) | |
| P.B.S. Soc.Cons. a r.l. In liquidation | 25% | 25 | | | | | | 25 | 25 | |
| Palazzo della Fonte S.c.p.a. | 33.30% | 8,000 | | | | | | 8,000 | 8,000 | |
| Perimetro Gestione Proprietà Immobiliari Soc.Cons.a.r.l. | 20.10% | 1,111 | (1,111) | | | | | 0 | 0 | |

| | % | Net Book Value Dec 31, 2013 Restated | Changes of the year | | | | | Net Book Value Dec 31, 2014 | Book Value | Investment Provision |
|---|--------|--------------------------------------|----------------------|--------------|----------------------------------|-----------|----------------|-----------------------------|---------------|----------------------|
| | | | Additions/ Disposals | Dividends | Share of net profit/ Write-downs | Provision | Reserves | | | |
| Progetto ISOM S.p.A. | 36.98% | 2,399 | | | (470) | | | 1,929 | 1,929 | |
| Progetto Nuovo Sant'Anna S.r.l. | 24% | 1,630 | | | 246 | | (223) | 1,653 | 1,653 | |
| ROMA Multiservizi S.p.A. | 45.47% | 8,658 | | (1,511) | 273 | | (90) | 7,730 | 7,730 | |
| San Martino 2000 Soc.Cons. a r.l. | 40% | 4 | | | | | | 4 | 4 | |
| Savia soc.cons.a.r.l. | 49.11% | 5 | | | | | | 5 | 5 | |
| Società Consortile Adanti Manutencoop a r.l. In liquidation | 50% | 10 | | | | | | 10 | 10 | |
| SE.SA.MO. S.p.A. | 20.91% | 953 | | | 305 | | | 1,259 | 1,259 | |
| Se.Ste.Ro S.r.l. | 25% | 165 | | (50) | 29 | | | 144 | 144 | |
| Serena S.r.l. | 50% | 9 | | | | | | 9 | 9 | |
| Servizi Luce Soc. Cons. a r.l. | 50% | 5 | | | | | | 5 | 5 | |
| Servizi Marche soc.Cons. a r.l. In liquidation | 60% | 6 | | | | | | 6 | 6 | |
| Servizi Napoli 5 Soc. Cons. a r.l. | 45% | 5 | | | | | | 5 | 5 | |
| Servizi Sanitari Treviso (SE.SA.TRE) | 40% | 8 | | | | | | 8 | 8 | |
| Servizi Sportivi Brindisi | 50% | 5 | | | | | | 5 | 5 | |
| Simagest 2 Soc.Cons.a r.l. | 90% | 45 | | | | | | 45 | 45 | |
| Simagest 3 Soc.Cons.a r.l. | 89.99% | 45 | | | | | | 45 | 45 | |
| Synchron Nuovo San Gerardo S.p.A. | 35.82% | 3,494 | | | 656 | | | 4,151 | 4,151 | |
| Steril Piemonte Soc. Cons. a r.l. | 25% | 1,000 | | | | | | 1,000 | 1,000 | |
| Tower Soc.Cons. a r.l. | 20.17% | 20 | | | | | | 20 | 20 | |
| UFS – United Facility Solutions SA | 33.33% | 94 | | | (90) | | | 0 | 0 | |
| NET BOOK VALUE | | 31,798 | (1,011) | 1,561 | 1,198 | 0 | (1,094) | 29,330 | 29,390 | (60) |

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANY

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|-------------------------|--------------------|----------|--------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| Manutencoop Cooperativa | 31-dec-13 Restated | 600 | 40,015 | | 209 | 31-dec-13 Restated | 554 | 14,068 | 11,613 | 577 |
| | 31-dec-14 | 352 | 38,925 | | 70 | 31-dec-14 | 113 | 21,492 | 10,897 | 170 |

ASSOCIATES AND JOINT-VENTURES

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|---|--------------------|----------|-------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| Alisei s.r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 3 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | 3 | | | 1 |
| AMG S.r.l. | 31-dec-13 Restated | | 200 | 4 | | 31-dec-13 Restated | | 504 | 74 | |
| | 31-dec-14 | 16 | 261 | 4 | | 31-dec-14 | 19 | 504 | 106 | |
| Bologna Gestione Patrimonio Soc.Cons. a r.l. | 31-dec-13 Restated | 75 | 87 | | | 31-dec-13 Restated | 198 | | 60 | |
| | 31-dec-14 | 75 | 128 | | | 31-dec-14 | 198 | | 124 | |
| Bologna Multiservizi Soc.Cons. a r.l. | 31-dec-13 Restated | 1,386 | 4,233 | | | 31-dec-13 Restated | 2,082 | | 5,206 | |
| | 31-dec-14 | 103 | 488 | | | 31-dec-14 | 174 | | 1,687 | |
| Bologna Più Soc.Cons.a r.l. In liquidation | 31-dec-13 Restated | | 3 | | | 31-dec-13 Restated | (2) | 39 | 13 | |
| | 31-dec-14 | | 0 | | | 31-dec-14 | (2) | 39 | 13 | |
| Cardarelli Soc. Cons. a r.l. | 31-dec-13 Restated | | 1,148 | | | 31-dec-13 Restated | | | 1,043 | |
| | 31-dec-14 | | 1,395 | | | 31-dec-14 | | | 402 | |
| Como Energia Soc.Cons.a r.l. | 31-dec-13 Restated | | 1,044 | | | 31-dec-13 Restated | | | 655 | |
| | 31-dec-14 | | 892 | | | 31-dec-14 | | | 599 | |
| Consorzio Imolese Pulizie soc.Cons. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 138 | 36 | 48 | |
| | 31-dec-14 | | | | | 31-dec-14 | 138 | 36 | 48 | |
| Consorzio Leader Soc. Cons. a r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 13 | | 6 | |
| | 31-dec-14 | | | | | 31-dec-14 | 14 | | 6 | |
| Consorzio Sermagest Soc.Cons.a r.l In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 6 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | | | | |
| CO.& MA. Soc. Cons. a r.l | 31-dec-13 Restated | | | | | 31-dec-13 Restated | | | | 4 |
| | 31-dec-14 | 360 | 1,094 | | | 31-dec-14 | 439 | 20 | 1,094 | |
| DUC Gestione Sede Unica Soc. Cons. a r.l. | 31-dec-13 Restated | 5,132 | 2,579 | | | 31-dec-13 Restated | 7,014 | | 411 | |
| | 31-dec-14 | 5,144 | 2,489 | | | 31-dec-14 | 5,449 | | 851 | |
| EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S. | 31-dec-13 Restated | 55 | | | | 31-dec-13 Restated | 55 | | | |
| | 31-dec-14 | 61 | 181 | | | 31-dec-14 | 116 | 182 | 387 | 62 |

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|---|--------------------|----------|-------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| Fr.Ili Bernard s.r.l. | 31-dec-13 Restated | 12 | 341 | | | 31-dec-13 Restated | 25 | | 135 | |
| | 31-dec-14 | 12 | 296 | | | 31-dec-14 | 25 | 50 | 111 | |
| Gestlotto 6 Soc. cons. a r.l In liquidation | 31-dec-13 Restated | | 4 | | | 31-dec-13 Restated | 6 | 20 | 43 | |
| | 31-dec-14 | | 4 | | | 31-dec-14 | 6 | 20 | 47 | |
| Gico Systems S.r.l. | 31-dec-13 Restated | 7 | 587 | | | 31-dec-13 Restated | 7 | | 359 | |
| | 31-dec-14 | 9 | 701 | | | 31-dec-14 | 6 | | 329 | |
| Global Provincia di RN Soc.Cons.a r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 251 | 170 | 18 | |
| | 31-dec-14 | | | | | 31-dec-14 | 251 | 70 | 18 | |
| Global Riviera Soc.Cons.a r.l. | 31-dec-13 Restated | 8 | 14 | | | 31-dec-13 Restated | 8 | | (177) | |
| | 31-dec-14 | | 60 | | | 31-dec-14 | 55 | | (117) | |
| Global Vicenza Soc.Cons. a r.l. | 31-dec-13 Restated | 210 | 1,461 | | | 31-dec-13 Restated | 16 | | 595 | |
| | 31-dec-14 | 214 | 1,396 | | | 31-dec-14 | 163 | | 604 | |
| Grid Modena S.r.l. | 31-dec-13 Restated | 74 | | | | 31-dec-13 Restated | 118 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | 18 | | | |
| Gymnasium Soc. cons. a r.l In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 1 | 7 | 33 | 5 |
| | 31-dec-14 | | | | | 31-dec-14 | 1 | 7 | 33 | 5 |
| HEADMOST In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 454 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | 454 | | | |
| IPP S.r.l. | 31-dec-13 Restated | 385 | 380 | 1 | | 31-dec-13 Restated | 154 | 99 | 128 | |
| | 31-dec-14 | 394 | 358 | 1 | | 31-dec-14 | 194 | 60 | 129 | |
| Legnago 2001 Soc. Cons. r.l. | 31-dec-13 Restated | | (6) | | | 31-dec-13 Restated | 216 | | 78 | |
| | 31-dec-14 | | 2 | | | 31-dec-14 | 216 | | 80 | |
| Livia Soc. cons. a r.l. | 31-dec-13 Restated | 210 | 1,033 | | | 31-dec-13 Restated | 172 | | 868 | |
| | 31-dec-14 | 10 | 122 | | | 31-dec-14 | 129 | | 257 | |
| Logistica Ospedaliera Soc. Cons. a r.l. | 31-dec-13 Restated | | 404 | | | 31-dec-13 Restated | | | 94 | |
| | 31-dec-14 | | 426 | | | 31-dec-14 | | | 92 | |
| Malaspina Energy Soc. Cons. a r.l. | 31-dec-13 Restated | | 61 | 4 | | 31-dec-13 Restated | 1,247 | 172 | 187 | |
| | 31-dec-14 | | 52 | 4 | | 31-dec-14 | 1,047 | 176 | 52 | |
| Newco DUC Bologna S.p.A | 31-dec-13 Restated | | 7 | | | 31-dec-13 Restated | | | 15 | |
| | 31-dec-14 | | 7 | | | 31-dec-14 | | | 22 | |
| Palazzo della Fonte S.c.p.a. | 31-dec-13 Restated | 3,374 | | | | 31-dec-13 Restated | 848 | | | |
| | 31-dec-14 | 4,581 | | | | 31-dec-14 | 1,065 | | | |
| P.B.S. Soc.Cons. a r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | | | 3 | |
| | 31-dec-14 | | | | | 31-dec-14 | | | 7 | |
| Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A. | 31-dec-13 Restated | 469 | | | | 31-dec-13 Restated | 236 | | | |
| | 31-dec-14 | 111 | | | | 31-dec-14 | 37 | | | |
| Progetto ISOM S.p.A. | 31-dec-13 Restated | 214 | 17 | 8 | | 31-dec-13 Restated | 13,457 | 192 | 92 | |
| | 31-dec-14 | 227 | 24 | 13 | | 31-dec-14 | 9,337 | 206 | 2 | |
| Progetto Nuovo Sant'Anna S.r.l. | 31-dec-13 Restated | 149 | 122 | 119 | | 31-dec-13 Restated | 5,448 | 5,402 | 156 | 15,327 |

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|--|--------------------|----------|-------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| | 31-dec-14 | 170 | 5 | 118 | | 31-dec-14 | 5,818 | 4,671 | 164 | 16,430 |
| Roma Multiservizi S.p.A. | 31-dec-13 Restated | 1,489 | 4,812 | | | 31-dec-13 Restated | 450 | | 3,628 | |
| | 31-dec-14 | 1,621 | 2,242 | | | 31-dec-14 | 518 | | 1,973 | 530 |
| San Martino 2000 Soc.Cons. r.l. | 31-dec-13 Restated | 1,694 | 3,418 | | | 31-dec-13 Restated | 640 | | 631 | |
| | 31-dec-14 | 1,774 | 3,501 | | | 31-dec-14 | 675 | | 363 | |
| Savia Soc. Cons. a r.l. | 31-dec-13 Restated | 652 | 1,892 | | | 31-dec-13 Restated | 455 | | 1,454 | |
| | 31-dec-14 | 512 | 2,258 | | | 31-dec-14 | 338 | | 1,626 | |
| Serena S.r.l. - In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 49 | 3 | | |
| | 31-dec-14 | | | | | 31-dec-14 | 49 | 3 | | |
| Servizi Luce Soc. Cons. a r.l. | 31-dec-13 Restated | 90 | 590 | | | 31-dec-13 Restated | 189 | | 1,280 | |
| | 31-dec-14 | 75 | 1,665 | | | 31-dec-14 | 290 | | 521 | |
| Servizi Marche Soc. Cons. r.l. In liquidation | 31-dec-13 Restated | | 1 | | | 31-dec-13 Restated | 12 | | 4 | |
| | 31-dec-14 | | | | | 31-dec-14 | 12 | | 1 | |
| Servizi Napoli 5 Soc.Cons. a r.l. | 31-dec-13 Restated | 1,377 | 1,283 | | | 31-dec-13 Restated | 2,535 | | 1,728 | |
| | 31-dec-14 | 1,371 | 1,256 | | | 31-dec-14 | 1,743 | | 962 | |
| Se.Sa.Mo. S.p.A. | 31-dec-13 Restated | 5,073 | | 33 | | 31-dec-13 Restated | 3,145 | 606 | 6 | |
| | 31-dec-14 | 5,253 | 3 | 584 | | 31-dec-14 | 3,003 | 639 | 6 | |
| SESATRE S.cons. a r.l. | 31-dec-13 Restated | 14 | 4,355 | 40 | 40 | 31-dec-13 Restated | (12) | 2,616 | 4,166 | |
| | 31-dec-14 | 10 | 4,362 | 32 | 32 | 31-dec-14 | (17) | 1,921 | 1,715 | |
| Se.Ste.Ro S.r.l. | 31-dec-13 Restated | 10 | 559 | | | 31-dec-13 Restated | 22 | | 618 | |
| | 31-dec-14 | 14 | 492 | | | 31-dec-14 | 35 | | 627 | |
| S.I.MA.GEST2 Soc. Cons. r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 208 | 75 | 4 | |
| | 31-dec-14 | | | | | 31-dec-14 | 208 | 75 | 4 | 1 |
| S.I.MA.GEST3 Soc. Cons. r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 2 | | 3 | |
| | 31-dec-14 | | | | | 31-dec-14 | 2 | | 3 | |
| Società Consortile Adanti Manutencoop In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 36 | | 12 | |
| | 31-dec-14 | | | | | 31-dec-14 | 36 | | 12 | |
| Steril Piemonte Soc. cons. a.r.l. | 31-dec-13 Restated | 9 | 830 | 8 | | 31-dec-13 Restated | 24 | 775 | 242 | |
| | 31-dec-14 | | 807 | 5 | | 31-dec-14 | 23 | 580 | 251 | |
| Synchron Nuovo San Gerardo S.p.A. | 31-dec-13 Restated | 3,699 | 128 | | | 31-dec-13 Restated | 3,291 | | 128 | |
| | 31-dec-14 | 15,108 | 181 | | | 31-dec-14 | 10,115 | | 369 | |
| Tower Soc.Cons. a r.l. In liquidation | 31-dec-13 Restated | | 1 | | | 31-dec-13 Restated | 17 | 17 | (18) | |
| | 31-dec-14 | | 6 | | | 31-dec-14 | 17 | 17 | (11) | |

SUBSIDIARIES OF MANUTENCOOP COOPERATIVA

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|---|--------------------|----------|-------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| Cerpac S.r.l. In liquidation | 31-dec-13 Restated | | | | | 31-dec-13 Restated | 1 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | 1 | | | |
| Manutencoop Immobiliare S.p.A. | 31-dec-13 Restated | 19 | 2,600 | | | 31-dec-13 Restated | 3 | | 235 | |
| | 31-dec-14 | 26 | 2,494 | | | 31-dec-14 | 7 | | 190 | |
| Manutencoop Servizi Ambientali S.p.A. | 31-dec-13 Restated | 20 | | | | 31-dec-13 Restated | 6 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | | | | |
| Nugareto Società Agricola Vinicola S.r.l. | 31-dec-13 Restated | 90 | 4 | | | 31-dec-13 Restated | 88 | | 4 | |
| | 31-dec-14 | 24 | 32 | | | 31-dec-14 | 13 | | 35 | |
| Segesta servizi per l'Ambiente S.r.l. | 31-dec-13 Restated | 11 | | | | 31-dec-13 Restated | 12 | | | |
| | 31-dec-14 | 17 | | | | 31-dec-14 | 9 | | | |
| Sies S.r.l. | 31-dec-13 Restated | 34 | | | | 31-dec-13 Restated | 138 | | | |
| | 31-dec-14 | | | | | 31-dec-14 | | | | |

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER RELATED PARTIES

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|---|--------------------|----------|-------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| Consorzio Karabak Società Cooperativa | 31-dec-13 Restated | 64 | | | | 31-dec-13 Restated | 16 | | 2 | |
| | 31-dec-14 | 58 | | | | 31-dec-14 | 11 | | | |
| Consorzio Karabak Due Società Cooperativa | 31-dec-13 Restated | 3 | | | | 31-dec-13 Restated | | | | |
| | 31-dec-14 | 3 | | | | 31-dec-14 | 1 | | | |
| Consorzio Karabak Tre Società Cooperativa | 31-dec-13 Restated | 1 | | | | 31-dec-13 Restated | 1 | | | |
| | 31-dec-14 | 1 | | | | 31-dec-14 | | | | |
| Consorzio Karabak Quattro Società Cooperativa | 31-dec-13 Restated | 90 | 17 | | | 31-dec-13 Restated | 83 | | 25 | |
| | 31-dec-14 | 82 | 17 | | | 31-dec-14 | 52 | | 8 | |
| Sacoa S.r.l. | 31-dec-13 Restated | 64 | | | | 31-dec-13 Restated | 16 | | 2 | |
| | 31-dec-14 | 58 | | | | 31-dec-14 | 11 | | | |

| | | Revenues | Costs | Financial income | Financial expenses | | Trade receivables | Financial assets and other | Trade payables | Financial liabilities and other |
|-------|--------------------|----------|--------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|---------------------------------|
| TOTAL | 31-DEC-13 RESTATED | 26,798 | 74,224 | 217 | 249 | 31-DEC-13 RESTATED | 44,136 | 24,801 | 35,908 | 15,913 |
| | 31-DEC-14 | 37,788 | 68,622 | 761 | 102 | 31-DEC-14 | 42,624 | 30,768 | 26,699 | 17,199 |

ANNEX IV

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

| | 2014 | 2013 RESTATED |
|--|------------------|------------------|
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 184,538 | 51,394 |
| CASH FLOW FROM CURRENT OPERATIONS: | 34,217 | 71,966 |
| <i>Profit before taxes for the year</i> | 11,992 | 34,971 |
| <i>Profit (loss) from discontinued operation</i> | 12,042 | 1,867 |
| <i>Capital gain on disposal of discontinued operation</i> | (13,351) | 0 |
| <i>Other impairment on discontinued operation</i> | 2,752 | 0 |
| <i>Amortization, depreciation, write-downs and (write-backs) of assets</i> | 40,645 | 42,818 |
| <i>Accrual (reversal) of provisions for risks and charges</i> | 7,296 | 11,530 |
| <i>Employee termination indemnity provision</i> | 1,459 | 1,757 |
| <i>Share of net profit of associates, net of dividends collected</i> | 363 | (915) |
| <i>Financial charges (income) for the year</i> | 36,597 | 29,552 |
| <i>Net interest received (paid) in the year</i> | (34,019) | (14,068) |
| <i>Income tax paid in the year</i> | (29,005) | (20,123) |
| Reclassifications: | | |
| <i>Non-cash net financial charges accounted for under the Statement of profit or loss</i> | (2,561) | (15,424) |
| USES OF PROVISIONS FOR RISKS AND CHARGES AND PAYMENTS OF THE EMPLOYEE TERMINATION INDEMNITY: | (18,278) | (19,021) |
| <i>Payments of Employee termination indemnity</i> | (7,982) | (4,242) |
| <i>Utilization of provisions</i> | (10,296) | (14,780) |
| CHANGE IN ADJUSTED NWOC: | 36,232 | 150,197 |
| <i>Decrease (increase) of inventories</i> | 345 | 4,961 |
| <i>Decrease (increase) of trade receivables</i> | 97,624 | (48,883) |
| <i>Increase (decrease) of trade payables and advances from customers</i> | (70,806) | 11,516 |
| Adjustments: | | |
| <i>Change in the amount of trade receivables assigned without recourse to Factoring agencies and not yet collected by the latter</i> | 14,968 | 182,603 |
| Reclassifications: | | |
| <i>Amount of trade receivables repurchased by Banca IMI, assigned assigned under programmes of factoring without recourse in previous financial years</i> | (5,900) | 0 |
| INDUSTRIAL AND FINANCIAL CAPEX: | 42,929 | (34,019) |
| <i>Purchase of intangible assets, net of sales</i> | (9,267) | (10,431) |
| <i>Purchase of property, plant and equipment</i> | (17,520) | (24,506) |
| <i>Proceeds from sales of property, plant and equipment</i> | 1,811 | 642 |
| <i>Acquisition of investments</i> | 692 | (185) |
| <i>Decrease (increase) of financial assets</i> | 5,837 | 1,275 |
| <i>Net cash used in business combinations</i> | 0 | (854) |
| <i>Net cash from assets held for sale</i> | 58,842 | (8) |
| Reclassifications: | | |
| <i>Amount of trade receivables repurchased by Banca IMI, assigned assigned under programmes of factoring without recourse in previous financial years.</i> | 5,900 | 0 |
| <i>Change in current financial assets, to be included in Net Financial Liabilities</i> | (9,307) | 48 |
| CHANGE IN ADJUSTED NET FINANCIAL LIABILITIES: | (139,068) | (30,045) |
| <i>Net proceeds from/(reimburse of) borrowings</i> | (130,027) | 140,149 |

| | 2014 | 2013 RESTATED |
|--|-----------------|------------------|
| Adjustments: | | |
| <i>Change in the amount of receivables assigned without recourse to Factoring agencies and not yet collected by the latter</i> | (14,968) | (182,603) |
| Reclassifications: | | |
| <i>Non-cash net financial charges accounted for under the Statement of Profit or Loss</i> | 2,561 | 15,424 |
| <i>Change in current financial assets, to be included in Net Financial Liabilities</i> | 9,307 | (48) |
| OTHER CHANGES: | (27,188) | (5,932) |
| <i>Decrease (increase) of other current assets</i> | (3,216) | (6,213) |
| <i>Increase (decrease) of other current liabilities</i> | (23,865) | 845 |
| <i>Dividends paid</i> | (107) | (565) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 113,382 | 152,189 |



**INDEPENDENT
AUDITORS' REPORT**



Furthermore, as described in the explanatory notes, as a result of the loss of control of MIA S.p.A. and the transfer of the business unit of the subsidiary Smail S.p.A., the management board, pursuant to the provision of IFRS5 "Non-current assets Held for Sale and Discontinued operations", has restated certain comparative figures related to the prior year with respect to the figures previously presented, upon which we issued our auditor's reports dated April 11, 2014. We have examined the methods used to restate the comparative figures and the related information presented in the explanatory notes, for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2014 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Manutencoop Facility Management Group as of December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Manutencoop Facility Management Group for the year then ended.
4. The management board of Manutencoop Facility Management S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the consolidated financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations is consistent with the consolidated financial statements of the Manutencoop Facility Management Group as of December 31, 2014.

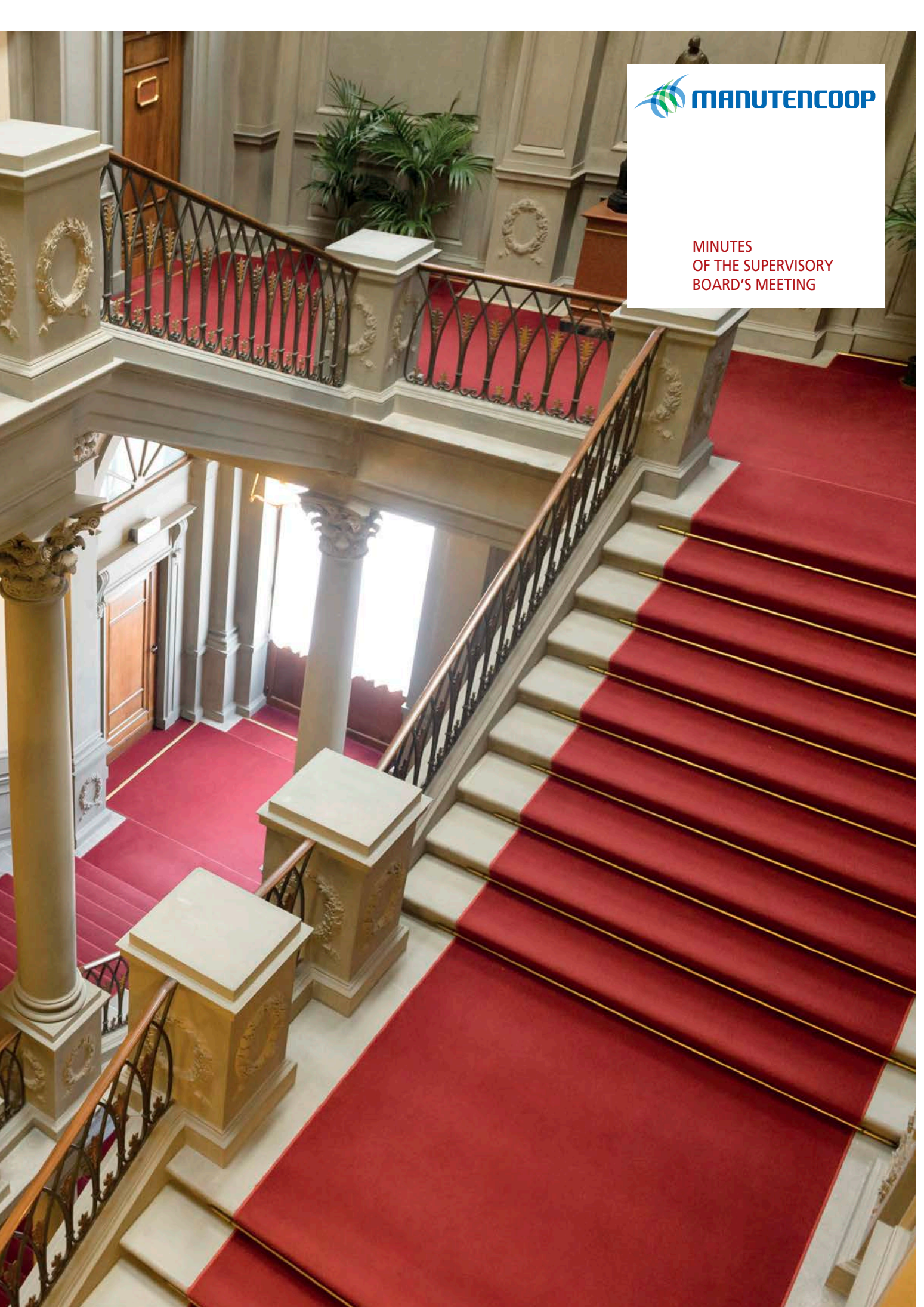
Bologna, April 13, 2015

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, partner

This report has been translated into the English language solely for the convenience of international readers.



MINUTES
OF THE SUPERVISORY
BOARD'S MEETING





MINUTES OF THE SUPERVISORY BOARD'S MEETING

On 14 April 2015, at 3:10 p.m., the Supervisory Board of Manutencoop Facility Management S.p.A. held a meeting as per regular notice of call.

The following Messrs. were present at the registered office:

- › Fabio Carpanelli (Chairman)
- › Antonio Rizzi (Vice Chairman)
- › Giovanni Toniolo
- › Stefano Zamagni

Massimo Scarafuggi

The following Messrs. attended the meeting by audio-conference:

- › Stefano Caselli

Guido Giuseppe Maria Corbetta

The Board resolved to allow Claudio Bazzocchi, Corporate Affairs Manager, to attend the meeting.

In accordance with the By-Laws, Fabio Carpanelli chaired the meeting. After having acknowledged the number of attending members and established the identity of those participating by audio-conference, he declared that the meeting had been validly constituted and was authorized to resolve on the following items

ON THE AGENDA

1. Reading of the minutes of the previous meeting;
Internal Control Committee's report on the work performed;
2. Separate and Consolidated financial statements at 31 December 2014: inherent and consequent resolutions;
3. Supervisory Board's report to the Shareholders' Meeting;

Any other business.

In relation to the participation by audio-conference, all those attending the meeting confirmed the provisions laid down in the by-laws in that regard.

Claudio Bazzocchi was appointed to act as Secretary to the meeting.

Item 1 - Reading of the minutes of the previous meeting

The Board unanimously approved the draft report of the meeting of 24 March 2015, which had been previously sent to the Board members.

JOINT DISCUSSION OF

Item 2 - Internal Control Committee's report on the work performed

Item 3 - Separate and consolidated financial statements at 31 December 2014: inherent and consequent resolutions

Item 4 - Supervisory Board's report to the Shareholders' Meeting

At the proposal of the Chairman, the Supervisory Board agreed to jointly discuss the items 2, 3 and 4 on the agenda.

The Chairman, Fabio Carpanelli, reminded the Supervisory Board that the draft separate and consolidated financial statements at 31 December 2014, which had been prepared in accordance with the International Financial Reporting Standards (IFRS), had been approved by the Management Board on 24 March 2015 and that they had been delivered to the Supervisory Board on the same date, through Massimo Scarafuggi in his capacity as the Chairman of the Internal Control Committee, together with the Report on Operations.

Said separate and consolidated financial statements were also submitted to the Supervisory Board by the Company's CFO, Milva Carletti, in the meeting that was held on 24 March 2015.

Therefore, the Supervisory Board was then required to examine and approve them pursuant to article 2409 – *terdecies* of the Italian Civil Code and section 52, letter a), of the By-Laws.

In this regard, it was acknowledged that the Supervisory Board had waived, in setting the schedule of its meetings, the right to the time limit of 30 days set out in article 2429 of the Italian Civil Code for the disclosure of the financial statements on the part of the Management Board (Ref. : minutes of the Supervisory Board's meeting of 3 February 2015).

The Independent Auditors had also waived the right to the same time limit of thirty days for the disclosure of the financial statements as set out for the Supervisory Board.

Therefore, the Chairman, Fabio Carpanelli, passed the floor to the Chairman of the Internal Control Committee, Massimo Scarafuggi, who illustrated in detail the results of the work performed, as summarized in the report prepared by the Internal Control Committee, a copy of which had been delivered to all those attending the meeting and which had been filed on the Company's records.

The Chairman of the Internal Control Committee, as the audit of accounts is the responsibility of the Independent Auditors Reconta Ernst & Young S.p.A., also acknowledged that the reports accompanying the separate and consolidated Financial Statements at 31 December 2014, pursuant to article 2409 – *ter* of the Italian Civil Code, which were issued on 13 April 2015 by the Independent Auditors themselves, had not submitted any remarks.

At the end of the activities illustrated in the aforesaid report, the Chairman, Massimo Scarafuggi, invited the Supervisory Board, in the name of the Internal Control Committee and in consideration of the duties performed by the Committee itself as per its own rules, to approve the draft separate and consolidated financial statements at 31 December 2014 as submitted by the Management Board.

He also invited the Supervisory Board to give a favourable opinion as to the proposed allocation of the profit for the year submitted by the Management Board in the Report on Operations which was read once again.

After having acknowledged any available documents and information and having completed its audits, the Supervisory Board unanimously resolved to approve, pursuant to law and to the By-Laws, the separate and consolidated Financial Statements for the year ended 31 December 2014, accompanied by the Management Board's Report and related annexes.

The Supervisory Board agreed on the proposed allocation of the profit for the year to be submitted to the

Shareholders' Meeting.

The Chairman of the Supervisory Board, Fabio Carpanelli, pointed out that, as required by section 52, letter h), of the By-Laws, the Supervisory Board had to prepare a report to the Shareholders' Meeting.

Therefore, he invited the Chairman of the Internal Control Committee, Massimo Scarafuggi, to illustrate the document that had been prepared, a copy of which had already been delivered to all those attending the meeting.

After thorough discussion, the Supervisory Board unanimously resolved to approve the Supervisory Board's Report to the Shareholders' Meeting, which was filed with the registered office to be made available to the shareholders.

Then, the Chairman of the Supervisory Board, Fabio Carpanelli thanked the Internal Control Committee, in the name of the entire Board, for the work performed.

Item 5 - (omissis)

Item 6 - Any other business

After having discussed the items on the agenda and there being no further business and none of those attending the meeting having taken the floor, the Chairman declared the meeting closed at 4:00 p.m., subject to the preparation and approval of these minutes.

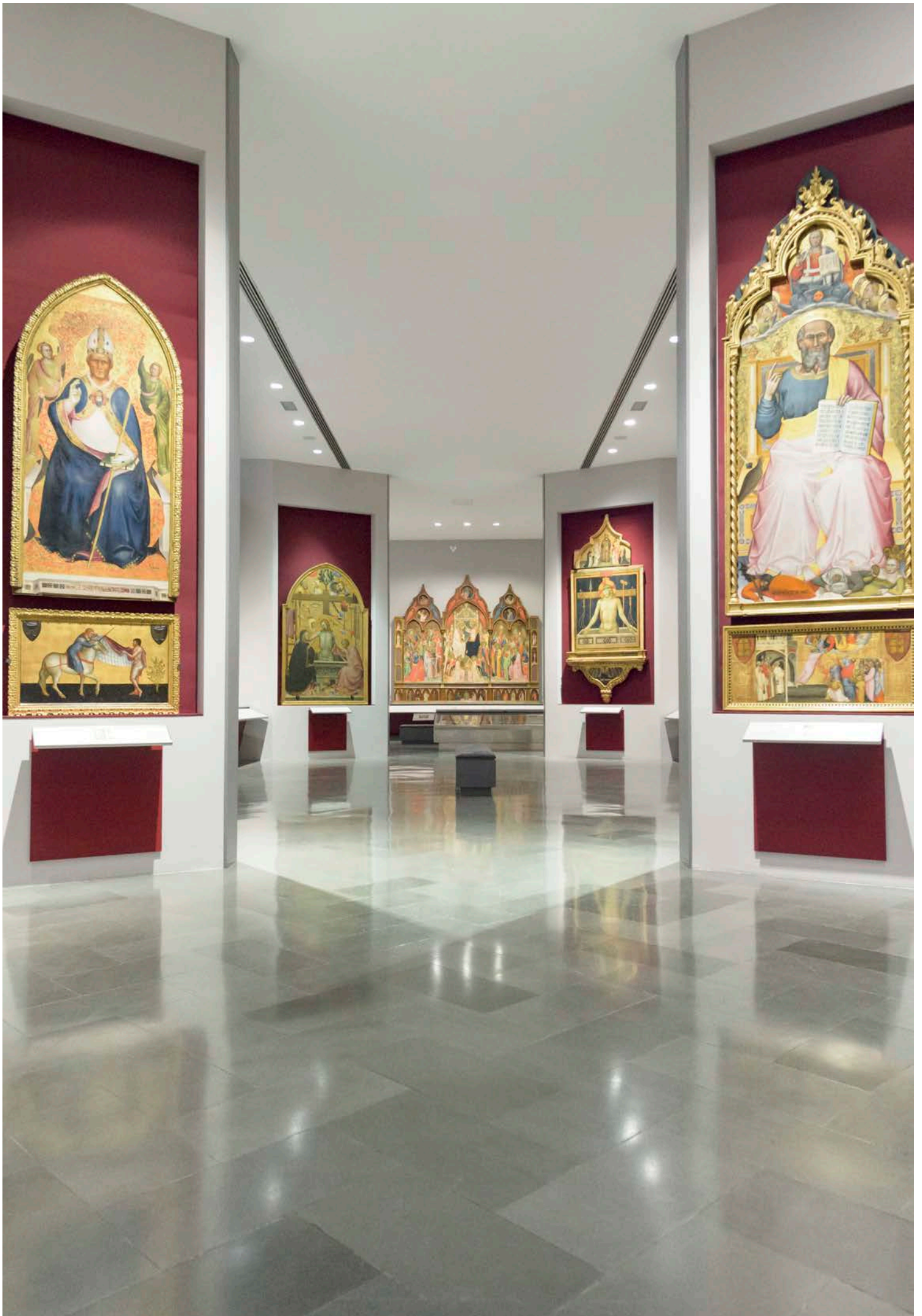
The parties do not minuted do not conflict with the purposes of legal proof of the instance.

The Secretary

Claudio Bazzocchi

The Chairman

Fabio Carpanelli





Manutencoop Facility Management S.p.A.
con sede in Zola Predosa (BO) - Via U. Poli n. 4
C.F. - P. IVA - Iscrizione Registro Imprese di Bologna
n. 02402671206
Capitale sociale € 109.149.600,00 i.v.
"Società soggetta all'attività di direzione
e coordinamento di Manutencoop Società Cooperativa
Zola Predosa (BO)"