Manutencoop Facility Management S.p.A.
Via U. Poli 4 - 40069 Zola Predosa (Bologna)
Tax Code - VAT No. - Enrolment in the Bologna Companies Register no. 02402671206
fully paid-up share capital € 77,964,000.00
"Company subject to the activity of management and coordination of Manutencoop Società Cooperativa - Zola Predosa (BO)"


Gente come noi
MANUTENCOOP
FACILITY
MANAGEMENT SpA
D21212

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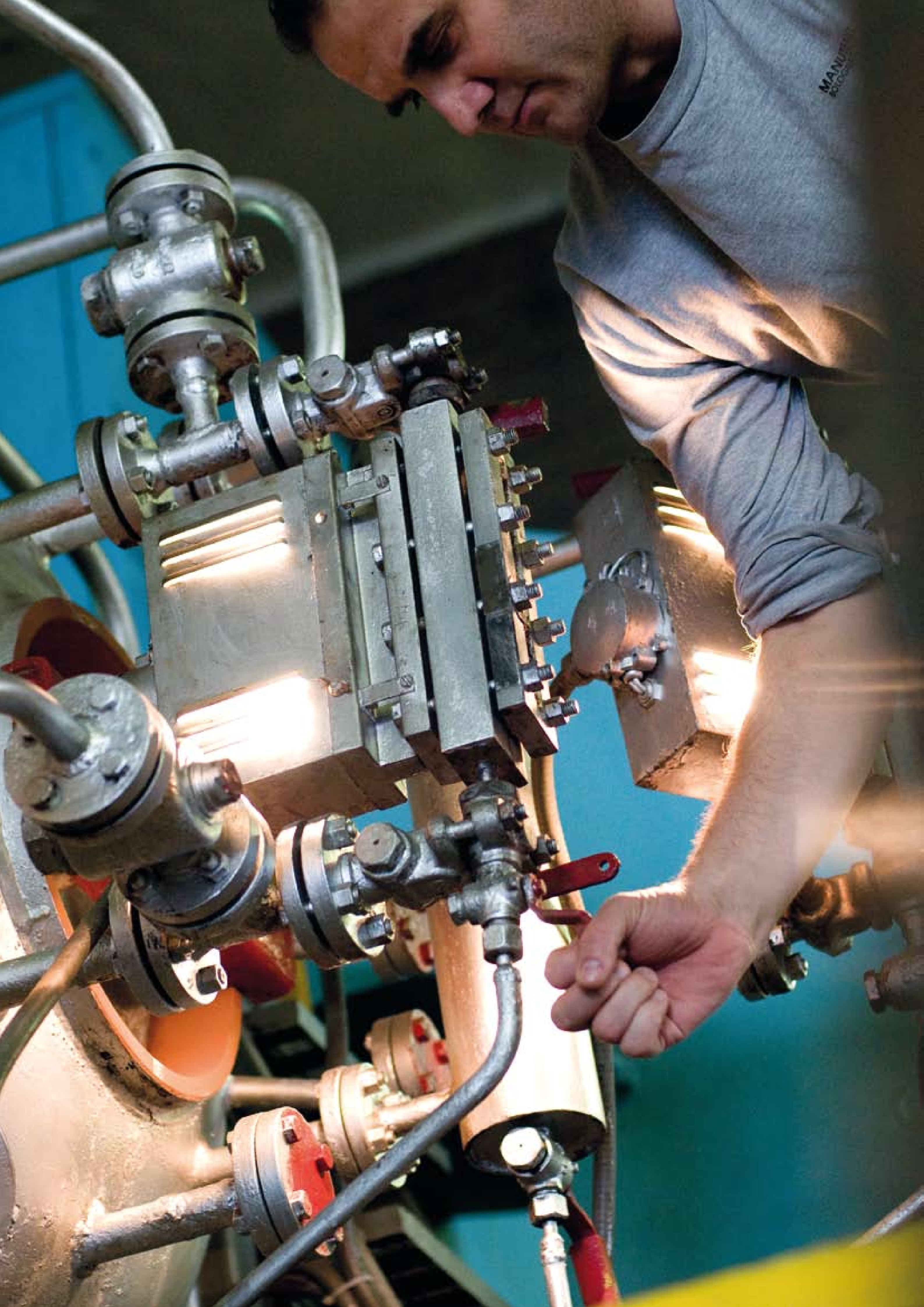


DIRECTORS AND OFFICERS
of Manutencoop Facility Management S.p.A.


Gente come noi

Directors and officers of Manutencoop Facility Management S.p.A.

REGISTERED OFFICES
Via U. Poli 4
Zola Predosa (Bologna)

BOARD OF DIRECTORS
Appointed by the shareholders' meeting held on 22.06.2005

Chairman and Managing Director
Claudio Levorato

Deputy Chairman
Marino Monti

Directors
Luciano Calanchi
Marco Canale

Gabriele Cappellini
Giuliano Di Bernardo
Dario Gabaldi
Elisabetta Lelli
Mauro Masi
Marco Monis
Vincenzo Montano

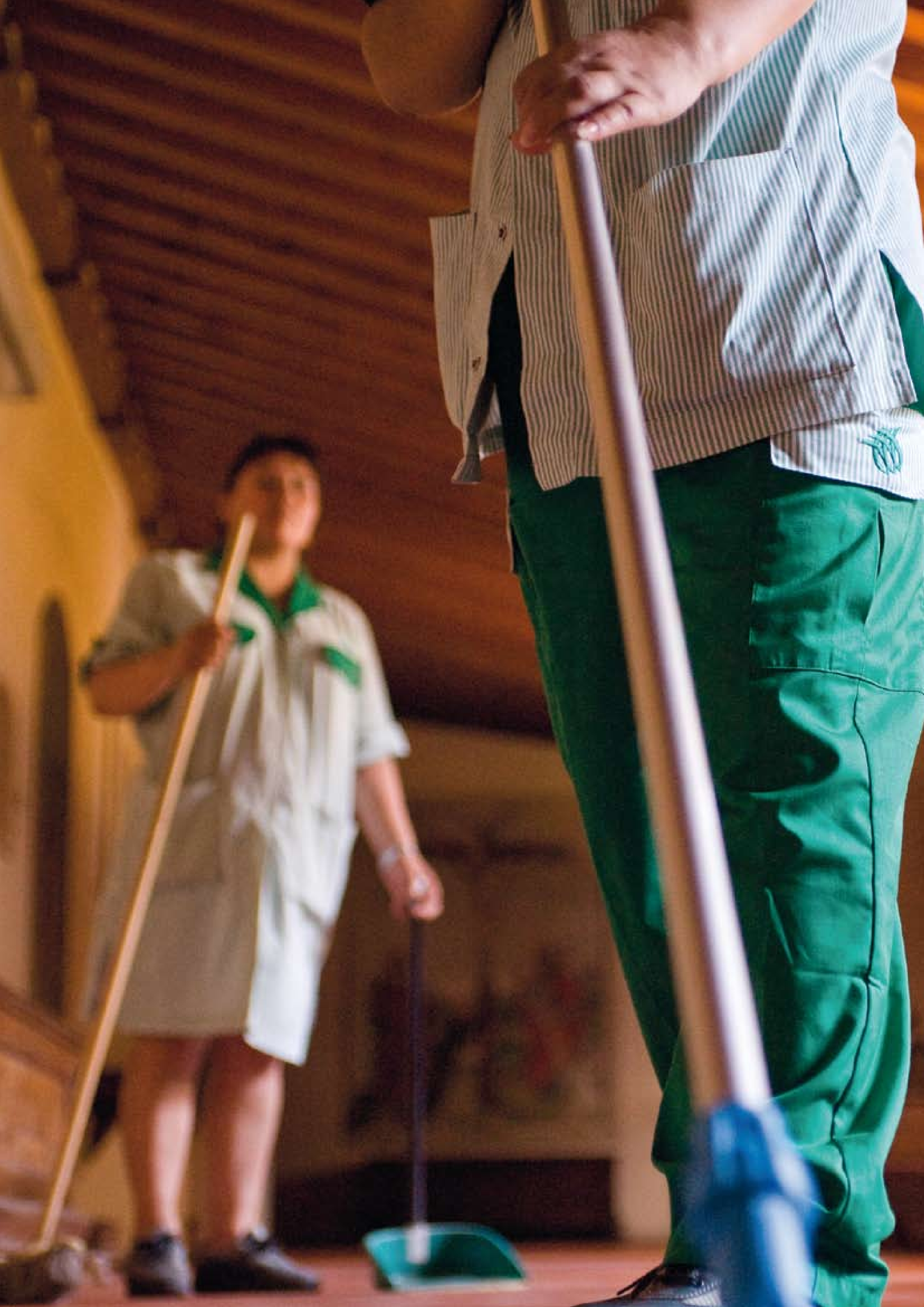
BOARD OF STATUTORY AUDITORS

Chairman
Massimo Scarafuggi

Statutory Auditors
Roberto Chiusoli
Germano Camellini

Alternate Auditors
Stefano Fontanelli
Gianfranco Santilli

INDEPENDENT AUDITORS
Reconta Ernst & Young S.p.A.



MINUTES OF THE ORDINARY SHAREHOLDERS MEETING
of 23 April 2008 (1st call)

Minutes of the Ordinary Shareholders Meeting of 23 April 2008 (1st call)

On this day, Wednesday 23 April 2008 at 11.00 a.m. at the registered office in Zola Predosa (Bo), Via U. Poli 4, the first call of the Ordinary Shareholders Meeting, validly convened in compliance with the articles of association by means of a publication in the Official Journal of the Italian Republic on 09 April 2008, was held to discuss and pass resolutions on the following

AGENDA

1. The Financial statements as of 31 December 2007, the Report on operations, the Report of the Board of Statutory Auditors, and the Report of the Independent Auditors: relative resolutions. Presentation of the Consolidated financial statements as of 31 December 2007 and relative annexes.
2. Expiry of the term of office of the Board of Directors: inherent and consequent resolutions.

In compliance with article 13 of the Articles of Association, the Shareholder's Meeting is chaired by the Chairman of the Board of Directors, Mr Claudio Levorato, who ascertains that:

- for the Board of Directors, in addition to the Chairman, the following Directors are in attendance at the registered office: Marino Monti, Luciano Calanchi, Elisabetta Lelli, Giuliano Di Bernardo, and in attendance by audio link Directors Marco Canale and Vincenzo Montano

  Messrs. Gabriele Cappellini, Marco Monis, Mauro Masi and Dario Gabaldi are absent for motivated reasons.
- the Board of Statutory Auditors is represented, at the headquarters, by Mr Roberto Chiusoli (Statutory Auditor), while Messrs. Massimo Scarafuggi (Chairman) and Germano Camellini (Statutory Auditor);
- for the shareholder **Manutencoop Soc. Coop.**, representing 58,380,338 shares corresponding to 74.882% of the share capital, the meeting is attended by Mr Marino Monti, in his role as Deputy Chairman and legally authorised representative of the company;
- for the shareholder Sviluppo Imprese Centro Italia SGR S.p.A., in the name of and on behalf of Fondo Centroinvest, representing 1,443,778 shares corresponding to 1.852% of share capital, the meeting is attended by audio link by Mr Folco Goggioli, with valid delegation issued on 16 April 2008 which is attached to the company records;
- for the shareholder 21 Partners SGR S.p.A., in the name of and on behalf of the Giada Equity Fund, representing 4,812,593 shares corresponding to 6.173% of the share capital, the meeting is attended by audio link by Mr Andrea Mazzucato, valid delegation issued on 21 April 2008, which is attached to the company records;
- for the shareholder **MPS Venture SGR S.p.A.**, in the name of and on behalf of the "MPS Venture 1" and "Ducato Venture" Mutual funds, representing respectively 6,416,630 shares (8.230% of the share capital) and 3,208,555 shares (4.115% of the share capital), the meeting is attended, by audio link, by Mr Folco Goggioli, with valid delegation issued on 21 April 2008 which is attached to the company records;
- for the shareholder **Nord Est Investment Partners S.A.**, representing 3,702,106 shares corresponding to 4.748% of share capital, the meeting is attended in audio link by Mr Folco Goggioli, with valid delegation issued on 22 April 2008 which is attached to the company records;

Mr Mauro Casagrande is in attendance as a guest.
The Chairman now checks the certificates issued for participation with voting rights in the Shareholders' Meeting, said certificates being filed in the company records and representing 100% of the share capital.
The Chairman, having checked the identity of the persons in attendance via audio conferencing, acknowledges that the meeting has started at 11.45 a.m. and declares the meeting to be validly convened and quorate to pass resolutions on the agenda, proposing to the Meeting, which approves, the appointment to the office of Secretary of Mr Marino Monti.
All participants at the meeting confirm the matters set down in the articles of association concerning audio conferencing links.

ITEM 1

For the discussion of the first point in the agenda the Chairman of the Meeting reads out the Financial Statements as of 31 December 2007, prepared in compliance with International Financial Reporting Standards (IFRS), and the Board of Directors' Report on Operations.
With the aid of the Explanatory Notes the Chairman illustrates in detail the capital situation of the Company, the economic results achieved and the evaluation criteria adopted.
The Chairman now proceeds by presenting the Report issued by the independent auditors Reconta Ernst & Young in compliance with art. 2409(3) of the Italian Civil Code.
At the end of the report presented by Mr Claudio Levorato, the Chairman of the Board of Statutory Auditors, Mr Massimo Scarafuggi, reads out to the Meeting the Report of the Statutory Auditors to the Financial Statements for the year ending 31 December 2007, issued in compliance with the provisions of art. 2429 of the Italian Civil Code.

The Chairman then invites the participants to comment on the documents submitted; there follows a short discussion after which Mr Marino Monti, representing the Shareholder Manutencoop Soc. Coop. takes the floor to propose to the Shareholders a distribution of profit that differs from the proposal set down in the Report on Operations.
Having heard the reasoning of the Shareholder for Manutencoop Soc. Coop., the Shareholders 21 Partners S.G.R. S.p.A., MPS Venture S.G.R. S.p.A. (for both Funds), Sviluppo Imprese Centro Italia S.G.R. S.p.A. and Nord Est Investment Partners S.A., through their representatives, unanimously approve the proposal for distribution of profit as presented by the Shareholder Manutencoop Soc. Coop.
Having heard the foregoing proposal, the Board of Statutory Auditors expressly approves the distribution of profit as proposed at this time by the Shareholders' Meeting.
The Chairman invites the Meeting to pass separate approval for the Financial Statements as of 31 December 2007 in their current form and the Report on Operations.
With an open and unanimous vote the Shareholders' Meeting

APPROVES

- the Financial Statements as of 31 December 2007;
- the Report on Operations;
- the proposal to assign the book profit for the year of Euro 14,249,439.80 as follows:
  - Euro 3,664,308.00 as a dividend to the shareholders, on the basis of Euro 0.047 per share payable from 10 July 2008;
  - Euro 10,585,131.80 to the legal reserve.

At this point the Chairman of the Meeting reads out the Consolidated Financial Statements as of 31 December 2007, which, like the statutory financial statements, are drafted in compliance with International Financial Reporting Standards (IFRS), and the Report on Operations accompanying the consolidated statements, which is identical to the Report on Operations accompanying the statutory financial statements; starting with a presentation of the scope of consolidation the Chairman briefly illustrates, with the aid of the Explanatory Notes, the capital situation and economic results of the consolidation area and the valuation criteria adopted.
The Chairman proceeds by presenting the Report on the Consolidated Financial Statements as of 31 December 2007 issued by the independent auditors Reconta Ernst & Young in compliance with the provisions of art. 2409(3) of the Italian Civil Code.
At the end of the report presented by Mr Claudio Levorato, the Chairman of the Board of Statutory Auditors, Mr Massimo Scarafuggi, reads out to the Meeting the Report of the Statutory Auditors to the Consolidated Financial Statements for the year ending 31 December 2007, issued in compliance with the provisions of art. 2429 of the Italian Civil Code.
The Meeting acknowledges the document since it is not required to pass any resolutions in this regard.

ITEM 2

The Chairman, Mr Claudio Levorato, initially notes that the present Meeting, in compliance with the list voting procedures envisaged by article 17 of the articles of association, must appoint the new members of the board of directors due to expiry of the term of office of the existing members.
The Shareholders, acting through their representatives, acknowledge the negotiations that have concerned the imminent transfer of the shareholding in Private Equity Funds to a company of the Manutencoop Group, and agree on the opportunity to abstain from renewal considering that it is more appropriate to follow the foregoing shareholding transfer with the appointment of the administrative body.
The Chairman thereafter interrogates each director by name to ascertain his or her willingness to remain in office.
The Meeting then resolves to defer the discussion of the point on the agenda to a future meeting to be held at a later date following the completion of the transfer operations.
At 12.30 p.m. the Shareholders' Meeting is formally wound up after approving the present minutes.

The Secretary
Marino Monti

The Chairman
Claudio Levorato

COPY OF THE ORIGINAL DOCUMENTS HELD BY THE COMPANY
REGISTERED WITH THE BOLOGNA TAX AUTHORITIES - BOLOGNA AGENCY 1, ON 06.05.2008 UNDER No. 1976 SERIES 3A.

FINANCIAL STATEMENTS
as of 31 December 2007 – Report on operations.

Financial statements as of 31 December 2007 – Report on operations.

Introduction

The Manutencoop Facility Management Group closes 2007 with extremely positive results. The development strategies adopted have proven successful: in the year just ended the Group has greatly strengthened its position on the domestic Italian market. The Manutencoop Facility Management Group continues to offer a competitive range of services and has confirmed its position as one of the top Italian players in the sector.

1. MACROECONOMIC AND MARKET BACKGROUND

In a world macroeconomic scenario dominated by the financial collapse that started to emerge in the US in the second half, also the Italian economy experienced a downturn in 2007: The year that has just ended was characterised by growth of GDP of 1.5%, which constitutes a slowdown with respect to the growth rate in 2006 (source: ISTAT, note issued on 29 February 2008).

Italian growth of 1.5% can be compared to the 2.9% recorded in the UK, 2.5% in Germany, 2.2% in the US, 2.1% in Japan and 1.9% in France.

The services sector is characterised by a growth rate that is anyway higher than the average national value: with an increase of 1.8% this sector, together with the manufacturing industry (+0.8%) and building construction (+ 1.6%), is among the driving sectors supporting growth of GDP in real terms (source: ISTAT, note issued on 29 February 2008).

The Italian Integrated Facility Management market, which is still in the early phase of its lifecycle, is proving to be a highly dynamic sector characterised by higher potential for growth than those of more mature markets in other parts of Europe (UK and France), and by a highly fragmented supply with the biggest 10 operators in the Facility Management and Property Management segments holding a market share of approximately 13% (source: Interconnection Consulting 2006). This high level of fragmentation led to the emergence in 2007 of interesting prospects for consolidation and opportunities for external growth that Manutencoop Facility Management S.p.A. followed up by performing several M&A operations.

The Italian Integrated Facility Management market is worth an average of around 30 billion euro per annum.

2. COMMERCIAL DEVELOPMENT

Manutencoop Facility Management S.p.A.

From the commercial standpoint 2007 was characterised by a significant development of the customer portfolio of parent company Manutencoop Facility Management S.p.A. The strategic choice of favouring participation in calls for tender awarded on the basis of primarily qualitative parameters rather than purely economic pricing considerations has made it possible to maximise our hallmark competencies and professionalism, meeting with the demands of customers displaying increasing attention to the quality factor as the decisive element when choosing the outsourcer to handle their service requirements.

Moreover, the goal of further strengthening our market position by intensifying participation in calls for tenders that contain the necessary requirements in terms of the size and profitability profile of the contract has resulted in a stark increase

of the multi-annual pro-rata amount of contracts secured at the time of a contraction of the number of calls in which the Company has presented bids and, to a lesser extent, the number of contracts secured.
Overall, contracts were secured for a multiannual pro-rata contract amount of 378,020,691 Euro compared to the figure of 231,423,525 Euro in the prior year (+63% on 2006).
The calls in which the Company presented bids in 2007 numbered 298 compared to the 322 of 2006 (-7%).
Contracts secured totalled 63 (compared to 77 in 2006) or 21% of the calls for which bids were submitted; The same index in terms of amounts of starting prices secured is 25%.
98% of contracts secured envisaged competition methods based on the quality - price ratio, while just 1% were based on the "lowest price and one fifth discrepancy" criteria, and the remaining 1% were based on the "lowest price".
With respect to 2006, the composition of the portfolio in 2007 shows an increase in the level of revenues obtained from public customers because of the acquisition of Servizi Ospedalieri, a company that works primarily with the Italian National Health Service: with public authorities the MFM Group generated 67.3% of its turnover in 2007 (Euro 407.6 million, compared to Euro 280.8 million in 2006, or 62.0% of the total) while the remaining 32.7% was generated with customers in the private sector (Euro 198.2 million, versus the figure of Euro 172.4 for 2006, equivalent to 62.0% of the total).
If the same data are compared on an equal consolidation basis, thus excluding the newly acquired companies from the scope of consolidation, the situation that emerges is substantially unchanged with respect to the composition of the portfolio in 2006. In this case, in fact, also 2007 would show 62.2% of revenues obtained from public authorities and the remaining 37.8% from the private sector.
From the viewpoint of territorial penetration, in conjunction with a high level of consolidation of our presence in the Veneto and Lombardy Regions, we draw your attention to the fact that we have secured the management and maintenance service for the buildings and plant of the Catania-based Garibaldi hospital trust, made up of the Garibaldi, San Luigi - Santi Currò, and Ascoli - Tomaselli hospitals, which is our first major contract in Sicily. Finally, the fact that the company, in a joint venture with C.N.S. - Consorzio Nazionale Servizi, has been awarded Lots 4 (Trentino Alto Adige), 9 (Campania) and 11 (Sicily) in the framework of the Consip Agreement for the provision of energy and associated services to Public Administrations, is particularly significant.

The most significant new contracts secured during the year in terms of price, innovative aspects of the contract or aspects associated with territorial penetration, are described below (including contracts secured in Joint Ventures with others):

Consip S.p.A. (Joint Venture)
Supply of energy and associated services to Public Administrations.
Lot 4 (Trentino Alto Adige), Lot 9 (Campania), Lot 11 (Sicily).

Istituti Ortopedici Rizzoli - Bologna (Joint Venture)
Global service for the management of maintenance services and other ancillary services (service of technical management, building works and plant engineering, energy service, management and maintenance of vehicles, management and maintenance of green areas, cleaning and environmental hygiene service).

Azienda Ospedaliera Garibaldi, S. Luigi - Currò, Ascoli - Tomaselli - Catania
Service for the management and maintenance of buildings and plant in the Garibaldi, S. Luigi - Currò, Ascoli - Tomaselli hospitals.

Autonomous Region of Friuli Venezia Giulia (Joint Venture)
Cleaning and sanitation services of buildings of the Regional Administration.

"Bolognini" Hospital Trust - Seriate (Joint Venture)
Cleaning and sanitation service at the operational facilities and operational sites of the Trust.

Vicenza Provincial Administration (Joint Venture)
Integrated management of buildings of the provincial administration in Global Service formula.

Municipality of Bellaria Igea Marina
Management and maintenance on a Global Service basis of municipal property (technical management, construction, air conditioning and heating, electrical installations, special water systems, security, lifts).

Policlinico Universitario Biomedicine Campus - Rome
Cleaning and sanitation service of the new Trigoria university hospital.

Manutencoop Facility Management S.p.A. also obtained, in a joint venture, the award for the construction and management in project financing of the new Emilia-Romagna Regional Administration tower in the Bologna Fiera District.
Among the orders already in the portfolio and newly secured through the participation in new calls are: cleaning and sanitation services at "Istituti Ospitalieri" hospital of Verona, the provision (in a joint venture) of cleaning, catering and waste management services in the Bologna facilities of the Giovanni XXIII IPAB, the contract for porterage and front office services in the buildings of Florence University.

Group Companies
Servizi Ospedalieri S.p.A., originally a Manutencoop Group company, acquired on 1 July 2007, specialised in Laundering & Sterilization, confirmed also in 2007 its propensity for penetration in the sectors of laundering, rental and sterilization of linen and in the rapidly expanding niche segment of surgical instruments sterilization. The Manutencoop Facility Management Group has strengthened its presence in this segment by various strategies including the acquisition of Omasa S.p.A., a company that boasts a position of leadership in the management of surgical instrumentation sterilization processes.

Among the main contracts awarded were:

Istituto Nazionale Malattie Infettive "Lazzaro Spallanzani" - Rome
Linen laundering, rental and sterilization service.

Azienda Unità Sanitaria Locale Roma A
Linen laundering, rental and sterilization service and supply of sterile kits for operating theatres.

Asl 20 - 21 -22 - Piedmont
Service for the rental of surgical instruments in sterile kits.

Aulss 12 Veneziana
Service for sterilization and management of instruments at the new Mestre hospital.

A. O. Ospedali Riuniti - Ancona
Surgical instruments global management service.

MCB S.p.A., the company of the MFM group dedicated to Facility Management operations for companies having a "network" structure, recorded a significant level of consolidation of its customer portfolio in 2007.
MCB has secured contracts nationwide in Italy, further strengthening on the one hand its distinctive presence in the banking segment and on the other hand starting to increase the level of articulation of the offering in order to better meet demands of additional potential segments. The award of maintenance services of technological plant of the LIMONI stores and the maintenance services of TOTAL S.p.A. petrol service stations (lot B) are both aspects of this strategy.
Also among the most significant new contracts secured in the year are:

Intesa Sanpaolo Group
Building services for the operating points and office blocks of the Bank branches and Companies of the Intesa Sanpaolo Group.
Lot 7 (South Lombardy), Lot 15 (Emilia Romagna), Lot 16 (Romagna) for a total of 5,423 branches.

Gambetti Property Solutions
Scheduled and special maintenance and plant engineering and maintenance services for offices and furniture in the Central - North area (Regions: Piedmont, Lombardy, Veneto, Emilia, Liguria) for a total of 80 branches.

Teckal S.p.A., a company acquired on 12 October 2007 engaged primarily in global energy optimisation applied to the management of heat energy, has strengthened its presence in the heat management market by securing the contract for the energy management and plant refurbishment works service in the buildings of the Municipal Council of Viadana (Mn).

Subsequent events
From the commercial viewpoint, among the new and most significant awards that have entered the portfolio in the initial months of 2008 we draw your attention to the contract for the cleaning and sanitation service at the O.i.r.m Hospital Trust - S. Anna - Turin and the contract relative to the same services c/o Asl 5 - Naples.
Among the contracts already in the portfolio and newly assigned by participation in new calls for tenders we draw your attention to the contract for ordinary and special maintenance of the green areas of the Municipal Council of Bologna and the heat management and plant management service of the Municipal Council of Castiglione delle Stiviere (Mn).

3. REPORT ON PERFORMANCE AND THE CAPITAL AND FINANCIAL SITUATION OF THE GROUP IN 2007

3.1 Key factors that had significant repercussions on the consolidated economic results deriving from Group activities

Acquisitions of the companies Servizi Ospedalieri S.p.A., Luigi Minati Service S.r.l., Omasa S.p.A., and Teckal S.p.A.

On 1 July 2007 the Company acquired, from its controlling company Manutencoop Società Cooperativa, 100% of the share capital of Servizi Ospedalieri S.p.A. (SO), a company operating in the laundering/sterilization segment, the main corporate aims of which are (i) rental and laundering of flat linen, garments and bed accessories, (ii) sterilization of linen and (iii) sterilization of surgical instruments. The activity is provided primarily to public authorities and private clinics.
The acquisition operation forms part of the completion of the broader process of reorganisation of the business within the group controlled by Manutencoop Società Cooperativa, which was started in December 2003 and which is aimed at bringing all activities associated with integrated facility management together within the MFM Group.
The operation resulted in an overall cost of Euro 60.1 million, of which Euro 62 thousand relative to ancillary purchase costs.
The operation, which is considered to be a business combination between entities "under common control" was recorded in accordance with the "consistency principle", as more fully illustrated in the following note 5 to the intermediate consolidated report as of 30 September 2007, to which we invite you to refer.
During 2007 the company contributed to Group revenues in the amount of Euro 90.9 million and to Group EBITDA in the amount of Euro 20.4 million.
In 2006 the company had generated revenues for Euro 84.2 million and achieved EBITDA of Euro 18.8 million.

On 3 August 2007 the company acquired 100% of the share capital of Luigi Minati Service S.r.l., a company operating in the Facility Management segment and specifically in the field of technical services (including heat management, ordinary and special maintenance of plant and buildings and renovation of plant) primarily in Lombardy, with a portfolio of private and public customers. This acquisition resulted in a total cost of Euro 760 thousand, of which Euro 750 thousand paid to the seller and Euro 10 thousand of expenses related to the acquisition.

From the date of acquisition the company has contributed to Group revenues in the amount of Euro 1.7 million.

In 2007 considering the full 12 month period the company generated Euro 3.2 million of revenues (2006: Euro 2.9 million).

On 14 September 2007 the MFM Group acquired 100% of the share capital of Omasa S.p.A. (Omasa), one of the main operators in the Italian sector of the provision of specialist healthcare services, for the management of surgical instrument sterilization. Omasa's activity is articulated in on-site and off-site sterilization of surgical instruments and the company enjoys a position of leadership in the management of surgical instrument sterilization processes for healthcare operators. The company has extensive coverage of the national territory and works with both public customers (hospitals) and private customers (clinics) of all sizes.

The acquisition operation was carried out for an overall consideration of Euro 10.1 million, of which Euro 306 thousand of related costs (legal expenses, financial consultancy and antitrust procedures).

From the date of acquisition the company has contributed to Group revenues in the amount of Euro 2.8 thousand and to Group EBITDA in the amount of Euro 196 thousand. During 2007 (considering the full 12 month period) the company generated Euro 10.3 million of revenues (2006: Euro 12.2 million) and Euro 897 thousand of EBITDA (2006: Euro 834 thousand).

On 12 October 2007 the Group acquired 100% of the shares of Teckal S.p.A. (Teckal), the main activity of which is global energy optimisation applied to the management of heat energy and the management of services of a primarily public nature. Specifically, the business concerns: (i) the supply of electricity; (ii) management of plant and heating equipment, electrical, safety and fire-fighting; (iii) redevelopment works and works for compliance with standards and modernisation of technological plant. The organisational structure of Teckal is composed of the headquarters in Reggio Emilia and nine operating sites dedicated to the management of the services activated c/o its customers and the local coordination of operative personnel.

It is deemed that the acquisition of this company will enable the MFM Group to consolidate its presence in the Facility Management market, especially with regard to the heat management sector, wherein, precisely as a result of the acquisition of Teckal, the Group has doubled its volumes achieved in relation to this service.

The acquisition operation was carried out for an overall consideration of Euro 61.5 million, of which Euro 957 thousand of related costs (legal expenses, financial consultancy and antitrust procedures).

From the date of acquisition the company has contributed to Group revenues in the amount of Euro 13.8 thousand and to Group EBITDA in the amount of Euro 3.6 million. Considering the full 12 month period until 31 December 2007, the company generated Euro 41.9 million of revenues (2006: Euro 46.7 million) and Euro 9.4 thousand of EBITDA (2006: Euro 11.5 million).

Sale of trade receivables (securitization)

In March 2007 the Parent Company and Servizi Ospedalieri, acquired on 1 July 2007, completed a securitization operation for the sale of trade receivables with Calyon S.A. Corporate & Investment Bank with the main aim of releasing funds to be used primarily to support the internal/external growth operations and optimise and simplify treasury cash flows.

The contract entered into is of one-year term, renewable for 5 years, and envisages the sale of receivables on a quarterly basis under a revolving facility. The up-front costs arising from the structuring of the transaction are recognised under costs for services and leases and rentals in the amount of Euro 1,085 thousand; costs related to credit discount are recorded under other operating costs for Euro 1,023 thousand, while interest discount is recorded under financial charges for Euro 12,430 thousand.

The Group has made 4 presentations in the year for a total amount of Euro 339,134 thousand. The impact of this operation on Group liquidity as of 31 December 2007 was Euro 106,343 thousand, inclusive of related costs.

Suspension of the project for stock market listing of the shares of parent company MFM S.p.A. on the screen-traded stock exchange organised and managed by Borsa Italiana S.p.A.

In the second half of 2007 the MFM Group started a process that was to culminate in an initial public offering for sale and subscription of the ordinary shares of MFM S.p.A. on the screen-traded stock exchange organised and managed by Borsa Italiana.

On 1 February 2008, after obtaining approval from Consob and the provision for admission for listing by Borsa Italiana, the Company's Board of Directors, in agreement with Mediobanca - Banca di Credito finanziario SpA and Morgan Stanley Co. in the role of Joint Global Coordinator, took the decision to suspend the public offering process aimed at stock market listing because of the currently unfavourable conditions throughout world financial markets.

This decision led to the transfer to the income statement in 2007 of all the costs associated with the listing process, totalling Euro 4,050 thousand.

3.2 Report on performance in 2007

The table below presents the main income data for the year ended 31 December 2007, compared with the same parameters relative to the year ended 31 December 2006, set down in compliance with the requirements of the IFRS adopted by the European Union:

(in thousands of Euro)	YEAR ENDED 31 DECEMBER		Change %
	2007	2006	
Revenues	605,804	453,191	+33.7%
Cost of production	(531,672)	(408,060)	+30.3%
EBITDA[1]	**74,132**	**45,131**	**+64.3%**
EBITDA %	*12.2%*	*10.0%*	*+2.2%*
Depreciation, amortisation, write-downs – write-backs	(23,915)	(4,671)	+412.0%
Provisions for risks and charges, amounts released	**(730)**	(354)	+106.2%
Operating profit	**49,487**	**40,106**	**+23.4%**
Operating profit %	*8.2%*	*8.8%*	*-0.6%*
Write-backs/(write-downs) of associates measured using the equity method	2,627	3,267	-19.6%
Net financial charges	(15,501)	(181)	+8464.1%
Results before taxation	**36,613**	**43,192**	**-15.2%**
Results before taxation %	*6.0%*	*9.5%*	*-3.5%*
Income taxes	(23,891)	(23,505)	+1.6%
Results from discontinued activities	0	942	-100.0%
NET RESULTS	**12,722**	**20,629**	**-38.3%**
NET RESULTS %	*2.1%*	*4.6%*	*-2.5%*
Minority interests	(685)	(471)	+45.4%
NET RESULTS OF THE GROUP	**12,037**	**20,158**	**-40.3%**
NET RESULTS OF THE GROUP %	*2.0%*	*4.4%*	*-2.4%*

[1] EBITDA is represented by operating profit including provisions and depreciation/amortisation. EBITDA, defined as indicated above, is a measurement utilised by Company management to monitor and assess performance and it is not considered as an accounting measurement in the framework of IFRS; therefore EBITDA should not be taken as an alternative measurement to evaluate the trend of Group results. Since the composition of EBITDA is not regulated by the reference accounting principles, the determination criterion applied by the Group may not be identical to that utilised by other enterprises and may therefore not be comparable.

A) Revenues

The table below provides a breakdown of the composition and changes of Revenues recorded in the consolidated financial statements as of 31 December 2007:

(in thousands of Euro)

YEAR ENDED 31 DECEMBER	2007	2006
Revenues from sales and services	604,799	452,647
Other operating revenues	1,005	544
Total Revenues	**605,804**	**453,191**
% change	*+33.7%*	*+21.4%*

The increase, totalling Euro 152.6 million (+33.7%) recorded in 2007, compared to the prior year, is due in the amount of Euro 109.3 million to the effect of revenues by the four newly acquired companies discussed in heading 3.1, while the amount of Euro 43.3 million (+9.6% compared to 2006) is attributable to organic growth of the Group.

Revenues by business segment

The following table compares Group Revenues by business segment referred to 2007 with the same parameters in 2006.

The business segments were identified in compliance with prescriptions of IAS 14 and correspond to the following main business areas: "*Facility Management*", "*Laundering-Sterilization*", "*Property Management*", and *Complementary Activities*.

(in thousands of Euro)

	REVENUES			
BUSINESS SEGMENT	2007	% on total revenues	2006	% on total revenues
Facility Management	480,240	79.3%	419,282	92.5%
Laundering & Sterilization	93,758	15.5%		
Property Management	4,754	0.8%	5,516	1.2%
Complementary Activities	28,370	4.7%	28,873	6.4%
Eliminations	(1,318)	-0.2%	(480)	-0.1%
Total	**605,804**	*100.00%*	**453,191**	*100.00%*

Facility Management Segment

Facility Management segment revenues display an upward trend in 2007, rising by Euro 60.9 million compared to 2006, of which Euro 15.5 million deriving from the newly acquired companies starting from the respective dates of acquisition (Teckal contributed for one quarter while Minati contributed for six months).

Endogenous growth of revenues in the Facility Management segment in 2007 compared to 2006 was therefore Euro 45.4 million (+10.8%) despite the general economic slowdown and the relatively stagnant situation on the Facility Management market in terms of new calls for tender.

This growth was achieved on the one hand thanks to the Group's ability, in relation to calls for tender and renewals, to present innovative project proposals that have allowed us to secure several major new contracts and renew the majority of the expiring order portfolio, and on the other hand thanks to portfolio development, i.e. the increase in the activity and number of services offered in the framework of contracts already in the portfolio.

Laundering-Sterilization Segment

The Laundering & Sterilization segment was included in the activities performed by the MFM Group with the acquisition of Servizi Ospedalieri and Omasa. Group revenues from this segment totalled Euro 93.8 million in 2007, or 15.5% of total revenues for the year (Omasa revenues are included only starting from the date of acquisition and hence for only slightly more than 4 months).

Property Management Segment

The value of revenues of the Property Management segment eased in 2007 with respect to 2006 by Euro 762 thousand, mainly because of the completion of several specific contracts in this segment.

Complementary Activities Segment

Revenues for the complementary activities segment shaded by Euro 503 thousand (-1.7%) from 2006 to 2007 due to both building work, the revenues of which were Euro 24.9 million in 2006 and Euro 24.6 million in 2007 (-1.2%), and due to other complementary activities, the revenues of which shaded from Euro 4.0 million to Euro 3.8 million.

Revenues by customer type

The following table provides a breakdown of Group Revenues by customer type, i.e. public sector customers and private sector customers, referred to the years ended 31 December 2006 and 31 December 2007.

(in thousands of Euro) REVENUES BY TYPE OF CUSTOMERS

Type of customers	2007	% on total revenues	2006	% on total revenues
Public	407,614	*67.3%*	280,840	*62.0%*
Private	198,190	*32.7%*	172,351	*38.0%*
Total	**605,804**	**100%**	**453,191**	**100%**

The breakdown of income between public and private customers in 2007 shows a shift of the portfolio composition towards the public sector (+5.3% incidence on the total).

However, it should be stressed that this trend is due to the entry into the Group as from 2007 of Servizi Ospedalieri, a company operating in the Laundering-Sterilization sector that is mainly engaged in providing services to National Health Service operators.

Indeed, if we compare the 2006 data shown above with values for 2007, excluding the contribution in terms of revenues of the newly acquired companies (Servizi Ospedalieri, Omasa, Teckal and Minati), equivalent overall to Euro 98.6 million of revenues from public authorities and Euro 10.7 of revenues from private customers, we can identify that the values are basically in line with those of the prior year, with a 37.8% impact of private customers (Euro 187.5 million) and 62.2% of public companies (Euro 309.0 million).

B) Cost of production

The following section provides breakdown of the contents and changes of Production costs recorded in the consolidated financial statements as of 31 December 2007, compared with data for the same parameters relative to the prior year.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
Raw materials and consumables	(71,874)	(46,062)
% on revenues	*-11.9%*	*-10.2%*
Cost of services	(262,774)	(211,249)
% on revenues	*-43.4%*	*-46.6%*
Payroll costs	(192,909)	(148,731)
% on revenues	*-31.8%*	*-32.8%*
Other operating costs	(4,115)	(2,019)
% on revenues	*-0.7%*	*-0.4%*
Internal work capitalised	0	1
% on revenues	*0.0%*	*0.0%*
TOTAL COST OF PRODUCTION	**(531,672)**	**(408,060)**
% on revenues	*-87.8%*	*-90.0%*

The cost of production in 2007 totalled Euro 531.7 million, up by Euro 123.6 million (+30.3%) with respect to 2006. The increase is mainly due to:

- the newly acquired companies mentioned in heading 3.1 in the amount of Euro 85.1 million;
- MFM S.p.A.'s portion, totalling Euro 961 thousand, of non-recurring costs connected with the transaction concerning the securitization described in heading 3.1 and included within costs for services and costs for other operating charges. It should be noted that since the securitization operation is performed both by the parent company MFM S.p.A. and by Servizi Ospedalieri, the amount of Euro 423 thousand of non-recurring costs relative to securitization operation is included also among operating costs of the latter (within the balance of Euro 85.1 million indicated in the previous point of this list).
- the recording in the income statement of the costs sustained in the framework of the screen-traded stock exchange listing of the shares of the parent company undertaken in 2007 and subsequently suspended because of the unfavourable conditions of financial markets, in the amount of Euro 4.0 million;
- Euro 33.5 million (+8.2% compared to 2006) associated with the organic growth discussed in the previous point A).

The percentage increase in production costs, measured on an equal consolidated basis with respect to 2006 and net of non-recurring components of cost, equivalent to 8.2% as indicated above, is lower than the organic growth displayed by revenues (+9.6% compared to 2006), denoting an improvement of profitability.

C) EBITDA

EBITDA increases from Euro 45.1 million (10.0% of revenues) in 2006 to Euro 74.1 million (12.2% of revenues) in 2007. The newly acquired companies (Servizi Ospedalieri, Minati, Omasa and Teckal) contributed in the amount of Euro 24.1 million (equivalent to 22.1% of the relative revenues) primarily due to the contribution of Servizi Ospedalieri, a company in the Laundering-Sterilization segment that, having a costs structure that is significantly characterised by depreciation amounts (mainly in relation to linen), feature EBITDA % on revenues that is higher than that of the Facility Management segment.

Without said new acquisitions and without the Euro 961 million of non-recurring costs connected to the securitization operation (c.f. heading 3.1) and the Euro 4.0 million of non-recurring costs associated with the listing projects described in the previous point B), 2007 consolidated EBITDA would have totalled Euro 55.0 million or 11.1% of revenues achieved on an equal consolidation basis with respect to 2006, displaying an increase in profitability of more than 1 percentage point on revenues.

D) Depreciation, amortisation, write-downs and write-backs, provisions for risks and charges, and amounts released

Changes in Depreciation, amortisation, write-downs, write-backs and Provisions for risks and charges and amounts released recognised in the 2007 consolidated financial statements are described below.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
EBITDA	**74,132**	**45,131**
Depreciation, amortisation, write-downs and write-backs	(23,915)	(4,671)
% on revenues	*-3.9%*	*-1.0%*
Provisions for risks and charges, amounts released	(730)	(354)
% on revenues	*-0.1%*	*-0.1%*
Operating profit	**49,487**	**40,106**
% on revenues	*8.2%*	*8.8%*

The caption Depreciation, amortisation, write-downs and write-backs was higher, with respect to 2006, both in absolute terms (+ Euro 19.2 million) and as % on revenues (+2.9%).

The increase is mainly due to the acquisition of Servizi Ospedalieri, which recorded Euro 17.9 million (or 19.7% of revenues) of amortisation, depreciation and write-downs in 2007. This is due to the fact that the Laundering sector in which Servizi Ospedalieri operates, comprising the rental and laundering of flat linen and garments for healthcare system operators, calls for continual and significant investments, notably in linen.

The caption Provisions for risks and charges, amounts released, showed an increased on the 2006 figure of Euro 326 thousand to Euro 680 thousand, although the percentage incidence on revenues (which is anyway marginal) remained unchanged.

E) Operating profit

2007 operating profit compared to that of 2006 shows an increase of Euro 9.4 million (+23.4%).

As already highlighted in the breakdown of EBITDA, the increase was fuelled by new acquisitions for Euro 5.7 million.

To make 2007 operating profit comparable with that of 2006 on a uniform basis, apart from eliminating the amount of new acquisitions it is also necessary to eliminate the non-recurring effects described above and regarding the securitization operation in the amount of Euro 961 thousand and the cost of the listing operation in the amount of Euro 4.0 million. Net of the above adjustments operating profit would total Euro 48.8 million, up by 21.7% compared to the same parameter in 2006 and with an incidence of 9.8% on the relative revenues, also this figure being up on the 8.8% incidence on revenues in 2006.

To achieve a fuller understanding of the reasons underlying the results reported, refer to the following table, which gives a breakdown of the operating results of the business segments in which the Group operates.

Breakdown of operating profit by business segment in 2007 and 2006

The following table provides a comparison of operating profit by business segment for the years ended 31 December 2007 and 31 December 2006. The business segments were identified in compliance with prescriptions of IAS 14 and correspond to the following areas: Facility Management, Property Management and Complementary activities.

	SEGMENT EBIT			
(in thousands of Euro) BUSINESS SEGMENT	2007	% on segment revenues	2006	% on segment revenues
Facility Management	44,413	9.2%	37,106	8.8%
Laundering & Sterilization	2,220	2.4%		
Property Management	1,211	25.5%	996	18.1%
Complementary Activities	1,643	5.8%	2,004	6.9%
TOTAL	**49,487**	*8.2%*	**40,106**	*8.8%*

Facility Management Segment

Facility Management 2007 operating profit shows an increase, with respect to 2006, both in absolute terms, growing from Euro 37.1 million to Euro 44.4 million (+19.7%) and in terms of incidence on sector revenues, growing from 8.8% to 9.2%.

It must however be considered that Euro the operating result of 3.5 million of the Facility Management segment is due to the contribution of newly acquired companies Minati and Teckal.

If the foregoing acquisitions are disregarded, operating profit for the Facility Management segment would be Euro 40.9 million with an 8.8% incidence on revenues.

Taking account also of the fact that said result is influenced by the non-recurring costs mentioned above, the trend anyway confirms the positive performance of the Facility Management business. Specifically, the contribution in terms of increase in profitability is attributable to MFM S.p.A. and MP Facility S.p.A.

Laundering-Sterilization segment

The operating profit of this segment shows 2.4% profitability, which is less than the percentage figures recorded for the other segments. This result can be explained by observing that, unlike the others, this business segment, due to the production factors utilised and the methods of execution of the service, is characterised by high levels of depreciation (notably in relation to linen rental and laundering) due both to the expenditure in linen each year, and expenditure in capital equipment required to keep the facilities in a condition of product efficiency.

We also draw your attention to the fact that the recently completed turnaround process of Servizi Ospedalieri S.p.A. will, in compliance with management expectations, allow the expression, in future years, of the required operating profitability levels in line with those of the main competitors.

It should be noted that the operating profit of the Laundering-Sterilization segment is burdened by non-recurring expenses associated with the securitization operation in the amount of Euro 423 thousand.

Property Management segment

The result of the Property segment shows an increase in profitability, comparing the year ended 31 December 2007 with 2006, of Euro 215 thousand. In terms of % on sales, the operating profit of this sector increased from 18.1% in 2006 to 25.5% in 2007. The profitability levels appear to be growing in particular because the orders still in the portfolio, which have been managed for some time now by the Group, display significant levels of efficiency.

Complementary Activities Segment

Profit of the Complementary Activities segment fell by Euro 361 thousand from 2006 to 2007 and also shaded in terms of incidence on sales, which dropped from 6.9% in 2006 to 5.8% in 2007.

F) Revaluations/Write-downs of associates measured using the equity method

The following table shows a breakdown of the values and changes of Revaluations/Write-downs of associates valued using the equity method taken from the 2007 consolidated financial statements.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
GICO Systems S.r.l.	(20)	(21)
Newco DUC Bologna S.p.A.	(105)	(74)
SE.SA.MO. S.p.A.	63	45
ROMA Multiservizi S.p.A.	2,679	3,300
F.lli Bernard	10	0
Terzatorre S.p.A.	(3)	0
Others (minor)	3	17
TOTAL REVALUATIONS/(WRITE-DOWNS) of associates measured using the equity method	**2,627**	**3,267**
% on revenues	*0.4%*	*0.7%*

The operating profit of associates measured using the equity method amounts to Euro 2,627 thousand in 2007, compared to Euro 3,267 thousand in 2006.

The main contribution for both years derives from the profit of Roma Multiservizi S.p.A., which amounts, for the portion pertaining to the Group (equivalent to 45.47%), to Euro 2,679 thousand for 2007 and Euro 3,300 thousand for 2006.

G) Net financial income and charges

The following table shows a breakdown of the values and changes of Net financial income (charges) taken from the 2007 consolidated financial statements, compared with data for the same parameters relative to the prior year.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER 2007	2006
Dividends, income and charges from disposal of equity investments	86	427
Financial income	4,195	1,709
Financial charges	(19,782)	(2,317)
TOTAL NET FINANCIAL CHARGES	(15,501)	(181)
% on revenues	*-2.6%*	*0.0%*

Financial management in 2007 displays net expenses of Euro 15.5 million, a figure that is Euro 15.3 million higher than the net financial charge recorded in 2006.

The main reasons for this difference are as follows:

- acquisitions carried out in 2007 (Servizi Ospedalieri, Minati, Omasa and Teckal) contributed to the net balance of financial activities in the amount of Euro 5.8 million;
- the amounts paid for the acquisitions as at the previous point impacted on the net financial position of parent company MFM S.p.A. in the amount of Euro 134.6 million, resulting in a higher level of financial charges;
- the securitization operation described in heading 3.1 led to the recognition of financial expenses for Euro 7.8 million under parent company's financial charges, of which Euro 2.6 million of a non-recurring nature. It should be stressed that since the securitization operation carried out by both Parent company MFM S.p.A. and by Servizi Ospedalieri, also the financial charges of this latter (included in the balance of Euro 5.8 million shown in the first point of this list) include the costs of the securitization operation for Euro 4.7 million, of which Euro 1.8 million non-recurring.

H) Results before taxation and Income taxes

The following section provides breakdown of the values and changes of the items of Results before taxation and Income taxes derived from the consolidated financial statements as of 31 December 2007.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER 2007	2006
Results before taxation	36,613	43,192
Current taxation	(22,806)	(23,123)
Deferred taxation	(2,321)	(346)
Tax group income and charges	1,293	6
Taxation in relation to prior years	(57)	(42)
TOTAL TAXATION	(23,891)	(23,505)
Effective tax rate	*-65.3%*	*-54.4%*

Results before taxation fell by Euro 6.6 million from Euro 43.2 million in 2006 to Euro 36.6 million in 2007.

The newly acquired companies do not influence the pretax result overall, since they display individually contrasting performance trends that tend to offset one another.

The reduction of the Result before taxation with respect to 2006 is substantially caused by the significant increase displayed by the balance of financial activities, explained in point G), combined with the effect of non-recurring costs as illustrated in the previous point B), which are able to overturn the excellent performance achieved in production profitability in the narrowest sense as illustrated previously.

The total balance of taxation does not show any substantial change in absolute terms. There is, however, an increase in the incidence of the taxation line when compared in terms of the effective tax rate, which increased from 54.4% in 2006 to 65.3% in 2007.

The increase in the incidence of taxation is mainly attributable to Servizi Ospedalieri which, in relation to a pretax loss of Euro 2.9 million, recorded taxation totalling Euro 2.7 million, mainly composed of IRAP in the amount of Euro 1.2 million, a write-down of tax losses carried forward that are no longer recoverable, for Euro 2.2 million, partially offset by tax group income in the amount of Euro 1.3 million.

I) Net profit, loss (profit) for the year attributable to minority shareholders, and Group net profit

The following table shows the items Net profit, Loss (profit) for the year attributable to minority shareholders and Group Net profit recorded in the 2007 statutory financial statements.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
Net results	**12,722**	**20,629**
% on revenues	2.1%	4.6%
Third party interest	(685)	(471)
Profit of the Group	**12,037**	**20,158**
% on revenues	*2.0%*	*4.4%*

Net profit for 2007 amounts to Euro 12.7 million, Euro 7.9 million lower than Net profit for 2006. The decrease is due to the combined effect of the changes listed in the previous points.

In summary, despite positive performance from the standpoint of organic growth (+9.6%) accompanied by an improvement in operating profitability in the strictest sense, 2007 was characterised by several significant costs of a non-recurring nature, such as upfront costs of the securitization operation and costs sustained for the stock market listing project (subsequently suspended).

2007 was also a year of dynamic external growth. Acquisitions of equity investments, although they did not contribute to the year's results over the full 12 month period, resulting in an increase in operating profitability on the one hand while also leading to an increase in financial charges on the other.

These latter were strongly influenced also by the financial costs of the securitization operation described earlier, part of which are of a non-recurring nature.

Profit attributable to minority shareholders was up by Euro 214 thousand (+45.4% compared to 2006) because of the positive performance of results achieved by MCB S.p.A., the capital of which is held by a minority shareholder in the amount of 25%.

Finally, Net profit attributable to the Group stood at Euro 12.0 million for 2007 (2.0% of revenues), down Euro 8.1 million compared to 2006.

3.3 Breakdown of equity and financial position as of 31 December 2007 and 31 December 2006

The following headings contain information on the trends of the main equity and financial indicators of the Group as of 31 December 2007 compared to the same data as of 31 December 2006.

(in thousands of Euro)	31 DECEMBER	
	2007	2006
UTILISATIONS		
Net working capital	89,541	117,295
Fixed assets and other long-term assets	185,649	62,367
Long-term liabilities	(33,023)	(25,213)
Net capital invested	**242,167**	**154,449**
SOURCES		
Net financial borrowing	184,662	49,815
Shareholders' equity	57,505	104,634
Total financing sources	**242,167**	**154,449**

Group net capital invested increased from Euro 154.4 million as of 31 December 2006 to Euro 242.2 million as of 31 December 2007 (+Euro 87.7 million).

The individual components of Net invested capital (Net working capital, Fixed assets and other long-term assets and Long-term liabilities) and Sources of Financing (Net borrowing and Shareholders' equity) of the Group are analysed below in general terms and through a break-down of the components.

A) Net Working capital

The following table gives a breakdown of the composition of Net Working Capital at 31 December 2007 and at 31 December 2006:

(in thousands of Euro)	31 DECEMBER	
	2007	2006
Trade receivables	350,868	301,700
Inventories	3,533	1,442
Trade payables	(198,835)	(138,565)
Other current assets/(liabilities)	(66,025)	(47,282)
Net working capital	**89,541**	**117,295**

Net working capital decreased from Euro 117.3 million as of 31 December 2006 to Euro 89.5 million as of 31 December 2007 (-Euro 27.7 million).

The main changes are described below:

- The newly acquired companies (Servizi Ospedalieri, Minati, Omasa and Teckal) contributed, at their respective dates of acquisition, in the total amount of Euro 60.6 million, composed of Euro 117.7 million of trade receivables, Euro 1.9 million of inventories, Euro 35.5 million of trade payables and Euro 23.5 million of net current liabilities;
- Trade receivables, net of the Euro 117.7 million contribution of the newly acquired companies, show a net decrease of Euro 68.5 million as a result of the effects of the securitization operation for Euro 106.3 million as of 31 December 2007, and an increase in trade receivables, consistent with the internal growth recorded by the Group of Euro 37.8 million (+12.5%) during the year;
- Trade payables, net of the effect of acquisitions for Euro 35.5 million, increased by Euro 24.8 million (+17.9%) from 31 December 2006 to 31 December 2007;
- The net balance between other current assets and liabilities decreases overall by Euro 18.7 million, of which Euro 23.5 million due to new acquisitions, net of which the caption is up by Euro 4.8 million.

Turnover indices as of 31 December 2007 and 2006

Several turnover indices, identified with reference to the consolidated data as of 31 December 2007 and 31 December 2006, are illustrated in the following table:

(in thousands of Euro)	2007	2006
Turnover of trade receivables		
Average value of trade receivables for the year/Revenues x 365	*171*	*226*
Turnover of trade payables		
Average value of trade payables for the year/Purchase of goods and services x 365	*184*	*189*
Turnover of average invested capital		
Average value of net invested capital/Revenues x 365	*119*	*109*

Data for the year ended 31 December 2007 show a reduction in all indices, with the exception of the net average invested capital turnover index (NIC): both in the days of turnover of trade receivables (-55 days), and those of trade payables, although not unduly significant (-5 days). The effect, as far as reflected by trade receivables, is attributable in the number of 32 days to the securitization operation which, starting from 2007, produces the effect of reducing working capital, while the remaining 23 days reflect the combined effect of the results of the credit monitoring actions implemented by the Group and the inclusion within the scope of consolidation of the newly acquired equity investments.

The increase of the index on NIC (+10 days, which becomes + 42 days when stripped of the effects of the securitization operation) is mainly due to the combined effects of goodwill recognised at the time of the acquisitions made during the year (Euro 80.3 million, as illustrated in the following point B) and fixed assets and other non-current assets recorded under balance sheet assets of Servizi Ospedalieri (Euro 45.1 million), which was acquired in 2007 and which, operating in Laundering/Sterilization, requires a high level of expenditure, notably in linen and also in the capital equipment required to perform the production processes of laundering of linen and sterilization of surgical instruments and operating theatre linen kits.

B) Fixed assets and other long-term assets

Fixed assets and other long-term assets, analysed below as of 31 December 2007 and 2006, increased from Euro 62.4 million to Euro 185.6 million (+Euro 132.3 million):

(in thousands of Euro)	31 DECEMBER	
	2007	2006
Tangible fixed assets	44,970	7,295
Goodwill	112,093	31,870
Other intangible fixed assets	5,048	3.126
Investments measured using the equity method	14,303	12,275
Other non-current assets	9,235	7,801
Fixed assets and other long-term assets	**185,649**	**62,367**

The new acquisitions, specifically SO and, to a lesser extent although still significant, Omasa, result in an increase in fixed assets and other long-term assets of Euro 47.2 million, to be considered together with Euro 80.3 million of goodwill recorded overall in the context of the acquisitions.

C) Long-term liabilities

Long-term liabilities, as of 31 December 2007, amount to Euro 33.0 million, up by Euro 7.8 million with respect to 31 December 2006, equivalent to the influence of the severance indemnity provision of the newly acquired companies, which is increased by a further Euro 3.8 million of other non-current liabilities, deriving from the newly acquired companies, offset, respectively in the amount of Euro 2.0 million by the reduction in the severance indemnity provision that occurred following the reform that came into effect during the year, and in the amount of Euro 1.8 million by the reduction of other long-term liabilities (provisions for risks and charges and deferred tax liabilities) measured on an equal consolidation basis.

D) Net borrowing

Net borrowing as of 31 December 2007, compared to the same parameter as of 31 December 2006, is shown below:

(in thousands of Euro)	31 DECEMBER	
	2007	2006
Long-term financial payables	(27,997)	(1,363)
Payables due to banks and current portion of loans	(187,960)	(64,872)
Other current financial liabilities	(11,123)	0
TOTAL GROSS BORROWING	**(227,080)**	**(66,235)**
Cash and cash equivalents	42,418	16,420
NET BORROWING	**(184,662)**	**(49,815)**

As of 31 December 2007 net borrowing totalled Euro 184.7 million, up by Euro 134.8 million on 31 December 2006.

The main reasons for the increase are as follows:

- The newly acquired companies contributed to net borrowing in the total amount of Euro 90.5 million (composed of Euro 103.0 million of gross borrowing and Euro 12.5 million of cash and cash equivalents);
- The financial cash flow for the acquisitions totalled Euro 134.6 million;
- The securitization operation has released financial resources for the calculated value of Euro 106.3 million as of 31 December 2007;
- Operating activity, when analysed on an equal consolidation basis, resulted in absorption of financial resources in the amount of Euro 16 million.

E) Shareholders' equity

Shareholders' equity as of 31 December 2007 amounts to Euro 57.5 million, down by Euro 47.1 million compared to the figure of Euro 104.6 million as of 31 December 2006, mainly due to:

- the effect of recording of accounting values in compliance with the consistency principle, applied at the acquisition (between entities under common control) of Servizi Ospedalieri, which parent company MFM S.p.A. acquired from its controlling company Manutencoop Soc. Coop., and which resulted in a reduction of the value of provisions in the amount of Euro 46.3 million;
- Distribution of dividends in 2007, relative to the results achieved in 2006 by MFM and, to a lesser extent, by MCB (exclusively for the portion attributable to minority shareholders), for the total amount of Euro 13.6 million;
- Consolidated net profit recorded in 2007 for Euro 12.0 million.

3.4 Breakdown of cash flows for the years ended 31 December 2007 and 2006

The following table provides summary information concerning the cash flows generated and absorbed by operating, investing, and financing activities in the years ended 31 December 2007 and 2006.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
Net cash flow generated (absorbed) by operating activities (A)	122,500	(25,767)
Net cash flow generated (absorbed) by investing activities (B)	(83,034)	8,966
Net cash flow generated (absorbed) by financing activities (C)	(13,468)	10,688
Total cash flow (D = A + B + C)	**25,998**	**(6,113)**
Net cash and cash equivalents – start of year (E)	16,420	22,533
Net cash and cash equivalents – end of year (F = D + E)	**42,418**	**16,420**

Cash flow from operating activities (A)

(in thousands of Euro)	YEAR ENDED 31 DECEMBER 2007	2006
Net profit (loss) for the year before taxation	36,613	43,192
Adjustments to reconcile the net profit (loss) for the year with cash flow generated (absorbed) by operating activities:		
Amortisation, depreciation, allowances and write-downs	23,915	4,671
Amount for Employee severance indemnities and Other provisions	(3,144)	2,067
Portion of charges/(income) deriving from evaluation of investments using the equity method	10	(69)
Taxes paid during the year	(28,174)	(40,926)
Change in operating assets and liabilities	93,280	(34,702)
Net cash flow generated (absorbed) by operating activities	**122,500**	**(25,767)**

The cash flow generated by operating activities amounts to Euro 122.5 million for the year ended 31 December 2007 (cash flow was absorbed by operating activities during the year ended 31 December 2006) and is made up of the following principal components:

- income before taxation for Euro 36.6 million (down by Euro 6.6 million compared to 2006);
- amortisation, depreciation and write-downs for a total amount of Euro 23.9 million, up on the Euro 4.7 million in 2006 mainly due to the significant impact of depreciation of linen, on the one hand, and plant and machinery on the other, on the costs structure of Servizi Ospedalieri, the Group company acquired in 2007 that is responsible for linen rental, laundering and sterilization services;
- taxes for a total amount of Euro 28.2 million, down by Euro 12,8 million with respect to the taxes paid in 2006;
- reduction in net operating assets, which totalled Euro 93.3 million as of 31 December 2007, mainly due to the combined effect of the reduction in trade receivables following securitization operations conducted during the year with Calyon, as described above, resulting in a reduction of net working capital at 31 December 2007 of Euro 106.3 million, and an increase in operating working capital in line with the internal growth of production activities achieved by the Group during the year (+9.6% as described in the previous point A).

Cash flow from investing activities (B)

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
(Capitalisation of intangible fixed assets)	(3,188)	(2,061)
(Purchase of property, plant and equipment)	(18,609)	(2,961)
Disposal of property, plant and equipment	339	35
(Purchase of equity investments)	(1,570)	154
Sale of investments in joint ventures and associates	0	0
Decrease (increase) in other non-current financial assets	2,064	941
Financial effects of business combinations	(62,070)	0
Disposal of discontinued activities (investment in Archimede 1)	0	12,858
Net cash flow generated (absorbed) by investing activities	**(83,034)**	**8,966**

Cash flow absorbed by investing activities amounts to Euro 83.0 million in 2007, increased by Euro 92.0 million compared to the same period in 2006, due mainly to the following factors:

- a Euro 15.6 million rise in expenditure in tangible fixed assets mainly attributable to the entry into the Group in 2007 of Servizi Ospedalieri, which allocated Euro 16.0 million for the purchase of tangible fixed assets, of which Euro 13.8 million for linen.
- The financial effects of the acquisitions described above resulted in a Euro 62.1 million reduction of liquid funds. This amount does not include the Euro 60 million owed by parent company MFM S.p.A. to its controlling company Manutencoop Soc. Coop. for the acquisition of Servizi Ospedalieri, because the transaction was financed by the controlling company, which granted MFM S.p.A. a loan for the same amount, which is settled on the intercompany treasury management account, maturity date 31 December 2008, because overall the transaction did not generate real cash flows.
- In 2006 the Group divested the minority interest (21%) in Archimede 1 S.p.A. to controlling company Manutencoop Soc. Coop. for Euro 12.9 million.

Cash flow from financing activities (C)

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
Net payable loans acquired	105	23,536
Distribution of dividends	(13,617)	(12,866)
Increase in share capital and reserves	44	18
Net cash flow generated (absorbed) by financing activities	**(13,468)**	**10,688**

A comparison between Cash flow absorbed by financing activities in the year ending 31 December 2007 and Cash flow generated in the prior year shows an overall difference of Euro 24.2 million.

In detail, while financing activities absorbed cash flow in the amount of Euro 13.5 million in 2007, in 2006 they generated total cash flow of Euro 10.7 million. The main reason for this difference is the fact that, while the Group arranged new loans for a total amount of Euro 23.5 million in 2006, in 2007 the balance of net acquisitions of loans payable totalled Euro 105 thousand.

Analysing this figure in detail however, the balance of net acquisitions of loans in 2007 is the result of the combined effect of the arrangement of loans for the equity investments in Minati, Omasa and Teckal in the amount of Euro 74.6 million (the loan granted to MFM S.p.A. by its controlling company Manutencoop Soc. Coop. in the amount of Euro 60.0 million, at the same time as the acquisition of Servizi Ospedalieri by Manutencoop Soc. Coop. is not included in this calculation, because the transaction overall did not produce effective cash flows) and the net repayments of existing loans for a total of Euro 74.5 million, to which the financial resources released though the securitization operation conducted with Calyon S.A. Investment Bank, as described above.

Limits on the use of financial resources

No restrictions are in place limiting the use of financial resources such that have exerted, or that could potentially exert significant effects on the operations of the company, either directly or indirectly. The group's loan contracts are not subject to covenants.

Envisaged sources of financing

The Company will finance its future operating expenditure by the cash flows generated by operating activities and, if necessary, by drawing from lines of credit available and currently not entirely used.

Both in order to finance future expenditure and to reduce short-term borrowing associated with working capital, in March 2007 the Company entered into a five-year securitization contract whereby trade receivables will be sold without recourse on a quarterly basis for a maximum amount of Euro 145 million for each sale.

Financial risk management

The Group's principal financial risks are the interest-rate risk and the liquidity risk.

Interest-rate risk

Current Group policy does not envisage the use of fixed-rate loans to manage interest costs. The mix of long and short-term borrowing is 87.7%-weighted towards the latter (2006: 97.9%).

Liquidity risk

The Group's objective is to use overdrafts, bank loans and lease finance to retain a balanced position between the maintenance of funding and flexibility.

The following table summarises the indices describing the composition of sources of financing as of 31 December 2007 and 31 December 2006.

(in thousands of Euro)	31 DECEMBER 2007	31 DECEMBER 2006
Short-term ratio - Short-term financial payables and current portion of long-term loans/ Total gross debt	87.7%	97.9%
Long-term ratio - Long-term financial payables/Total gross debt	12.3%	2.1%
Ratio - Net borrowing/Total sources of finance	76.3%	32.3%

A partial return to a balanced position between short-term and long-term lines of credit can be identified as of 31 December 2007 compared to the same date in 2006.

The ratio between net borrowing and total sources of finance increased from the figure of 32.3% as of 31 December 2006 to 76.3% as of 31 December 2007. This is due, on the one hand, to the impact of the acquisitions of the companies Servizi Ospedalieri, Minati, Omasa and Teckal, carried out during the year and partially offset by the financial resources released by the securitization operation conducted with Calyon S.A. Investment Bank, as described above.

The following table describes several profitability indices that show the incidence of financial charges on Group results for the years ended 31 December 2007 and 31 December 2006.

(in thousands of Euro)	YEAR ENDED 31 DECEMBER	
	2007	2006
Financial charges	(19,782)	(2,317)
EBITDA	74,132	45,131
Financial charges % on EBITDA	-26.7%	-5.1%
Operating profit	49,487	40,106
Financial charges % on Operating profit	*-40.0%*	*-5.8%*

The significant increase recorded in 2007 compared to 2006 is attributable, on the one hand, to the economic effects of the securitization operation, which resulted in the recording of financial charges in the amount of Euro 12.5 million (of which Euro 4.4 million of a non-recurring nature), and on the other hand to the increase in net borrowing.

4. HUMAN RESOURCES AND ORGANISATION

Human resources

The workforce of the Manutencoop Facility Management Group as of 31 December 2007 totalled 9,239 employees, including workers seconded from the controlling company Manutencoop Soc. Coop. to Group companies (+24% compared to 31 December 2006).

The increase was fuelled to a significant extent by the newly acquired companies, whose workforce as of 31 December 2007 was as follows:

	EMPLOYEES AS OF 31/12/2007
Servizi Ospedalieri	903
Omasa	149
Minati	12
Teckal	120
	1,184

The Group's employees, as of 31 December 2007, are broken down as follows:

MANUTENCOOP FACILITY MANAGEMENT GROUP	31 DECEMBER 2007	31 DECEMBER 2006
Executives	34	28
Clerical staff	1,017	830
Manual workers	8,188	6,591
TOTAL EMPLOYEES	9,239	7,449

Total employees of the Group includes also the 289 employees of the MP Facility S.p.A. joint venture.

A total of 572 employee-shareholders of Manutencoop Società Cooperativa are on secondment to Manutencoop Facility Management Group as of 31 December 2007.

Relations with customers

There is currently no litigation in progress through the civil courts with public or private customers regarding failures to meet contractual obligations.

Disputes and issues are usually tackled and overcome by constant, direct dialogue between the functions concerned and customers, thus avoiding the degeneration of disputes leading to arbitration or recourse to the courts.

5. RESEARCH AND DEVELOPMENT (art. 2428 of Italian Civil Code)

The MFM Group did not capitalise any research and development costs in 2007.

6. OTHER INFORMATION REQUIRED by art. 2428 of the Italian Civil Code.

The Company does not hold any treasury shares or shares or quotas in parent companies, either directly or via trust companies or other intermediaries.

Furthermore, during 2007, the Company did not purchase or sell any treasury shares or shares or quotas in parent companies, either directly or via trust companies or other intermediaries.

7. INFORMATION REQUIRED BY art. 2497 of the Italian Civil Code.

Manutencoop Facility Management S.p.A. is managed and coordinated by Manutencoop Società Cooperativa. For details of the Company's relations with both the party responsible for the management and coordination of its activities and the other companies in the same position, we invite you to refer to the 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.

8. DATA PROTECTION – Information required by Legislative Decree 196/2003

Manutencoop Facility Management S.p.A. has prepared the security planning document. required by art. 19 of technical attachment B.

9. ORGANISATIONAL MODEL – Legislative Decree 231/2001

In 2007 auditing company Ernst & Young terminated the preparatory activities for drafting of the Organisation, management and control system as per Legislative Decree 231/2001, on the basis of the assignment received from Manutencoop Facility Management S.p.A. The system was prepared in 2007 and will be approved within 31 December

2008, with relative appointment of the Supervisory body as per Legislative Decree 231/2001.

10. SUBSEQUENT EVENTS

Suspension of the process of public offering and subscription

On 1 February 2008 the Company Board of Directors together with Mediobanca - Banca di Credito finanziario SpA and Morgan Stanley Co. in the role of Joint Global Coordinator, communicated its decision to suspend the public offering process aimed at obtaining listing on the screen-traded stock exchange (MTA) organised and managed by Borsa Italiana S.p.A. because the conditions of financial markets were deemed to be unfavourable. This decision led to the transfer to the income statement of all the costs associated with the listing process, totalling Euro 4,050 thousand.

Absorption of Luigi Minati Service S.r.l.

On 15 February 2008 a merger deed was signed for the absorption by Manutencoop Facility Management S.p.A. of MINATI S.r.l., with registered office in Assago (MI) fraz. Milanofiori - Strada Uno - Edificio F, with effect, per art. 2504(2) para. 3 of the Italian Civil Code, from 29 February 2008; due to the foregoing merger Manutencoop Facility Management has assumed, per art. 2504(2) para. 1 of the Italian Civil Code, all the rights and obligations of the wound-up company (Minati S.r.l.).

11. OUTLOOK FOR OPERATIONS

Further to the suspension of the listing process on 1 February 2008, in compliance with the Investment agreement entered into on 23 December 2004 with the private equity funds present in the Manutencoop Facility Management S.p.A. shareholding group, it is envisaged that said equity funds will divest their shares by exercising the options provided for in the foregoing Investment agreement.

Activities promoting external growth, started in the second half of 2007, will continue in the prospect of extending the market shares and increasing the integration of the range of services offered by the Group.

Finally, the call option for the acquisition of the final 25% stake in MCB, in which Manutencoop Facility Management S.p.A. currently holds a 75% interest, will be exercised during the year.

12. ALLOCATION OF NET PROFIT FOR THE YEAR

In concluding the report on operations in 2007, the directors invite you to approve the financial statements as of 31 December 2007 and to allocate the net profit for the year of Euro 14,249,439,80 as follows:

- Euro 935,568.00 as a dividend to the shareholders, on the basis of Euro 0.012 per share payable from 10 July 2008;
- Euro 13,313,871,80 to the legal reserve.

Zola Predosa, 20 March 2008

The Chairman of the Board of Directors

Claudio Levorato

COPY OF THE ORIGINAL DOCUMENTS HELD BY THE COMPANY.

FINANCIAL STATEMENTS
as of 31 December 2007


Uscita/Exit via

Balance sheet

(in thousands of Euro) BALANCE SHEET	NOTES	31 DECEMBER 2007	31 DECEMBER 2006 UPDATED
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,657,736	4,754,524
Leased property, plant and equipment	5	1,298,620	1,779,553
Goodwill	6-7	25,034,552	25,034,552
Other intangible assets	6	4,772,454	2,992,302
Investments in subsidiaries,			
Joint ventures and associates	8	145,949,571	12,191,417
Non-current financial assets	9	20,183,851	4,893,909
Deferred tax assets	29	1,774,205	1,795,550
Total non-current assets		203,670,989	53,441,807
Current assets			
Inventories	10	1,510,844	1,364,428
Trade receivables and advances to suppliers	11	223,397,135	274,328,339
Current tax receivables	29	3,086,503	0
Other current receivables	11	4,056,299	3,182,111
Other current financial assets	12	5,687,930	1,003,832
Cash and cash equivalents	12	27,445,871	12,531,877
Total current assets		265,184,582	292,410,587
Non-current assets held for sale	-	0	0
Total non-current assets held for sale	0	0	
TOTAL ASSETS		468,855,571	345,852,394
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	13	77,964,000	116,964,000
Reserves	13	3,732,983	(44,594,650)
Retained earnings (losses)	13	0	2,500,960
Net profit (loss) for the year	13	14,249,440	19,692,713
Total shareholders' equity		95,946,423	94,563,023
Non-current liabilities			
Employee severance indemnities - benefits	14	16,453,878	17,341,623
Provisions for risks and charges - long term	15	749,837	742,037
Loans - long term	16	899,857	1,363,075
Deferred tax liabilities	29	2,327,578	3,014,866
Total non-current liabilities		20,431,150	22,461,601
Current liabilities			
Provisions for risks and charges - short term	15	536,177	767,094
Loans - short term	16	162,926,979	64,266,788
Trade payables and advances from customers	17	130,862,127	114,762,654
Current income taxes	29	0	622,310
Other current payables	17	49,355,651	48,408,924
Other current financial liabilities	16	8,797,064	0
Total current liabilities		352,477,998	228,827,770
Liabilities attributable to assets held for sale	-	0	0
Total liabilities attributable to assets held for sale	0	0	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		468,855,571	345,852,394

Income Statement

(in thousands of Euro) INCOME STATEMENT	NOTES	31 DECEMBER 2007	31 DECEMBER 2006 UPDATED
REVENUES			
Revenues from sales and services	19	411,549,542	384,042,668
Other operating revenues	20	396,403	299,486
TOTAL REVENUES		**411,945,945**	**384,342,154**
OPERATING COSTS			
Raw materials and consumables	21	(48,701,900)	(38,964,504)
Cost of services	22	(172,776,221)	(169,518,534)
Payroll costs	23	(147,365,264)	(134,506,877)
Other operating costs	24	(3,018,070)	(1,709,808)
Internal work capitalised	-	0	621
(Depreciation, amortisation, write-downs) - write-backs	25	(5,179,339)	(4,414,276)
(Provisions for risks and charges) - amounts released	25	(460,616)	(546,840)
TOTAL OPERATING COSTS		**(377,501,410)**	**(349,660,218)**
Operating profit		**34,444,535**	**34,681,936**
FINANCIAL INCOME AND CHARGES			
Dividends	26	4,890,006	4,728,093
Financial income	27	2,722,855	1,675,354
Financial charges	28	(12,411,034)	(2,214,946)
PROFIT/LOSS BEFORE TAXATION		**29,646,362**	**38,870,437**
Current, prepaid and deferred taxation	29	(15,396,922)	(20,120,033)
RESULTS FROM CONTINUING ACTIVITIES		**14,249,440**	**18,750,404**
Results from discontinued activities	-	0	942,309
NET PROFIT (LOSS) FOR THE YEAR		**14,249,440**	**19,692,713**

Cash flow statement

(in thousands of Euro)	NOTES	31 DECEMBER 2007	31 DECEMBER 2006
NET PROFIT FOR THE YEAR		14,249	19,692
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT		2,047	1,896
AMORTISATION OF INTANGIBLE FIXED ASSETS		1,340	1,137
WRITE-DOWN OF FINANCIAL FIXED ASSETS		116	96
PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES		2,912	5,943
PROVISION FOR RISKS AND CHARGES		460	547
PROVISION FOR DOUBTFUL ACCOUNTS		1,502	1,015
CASH FLOW FROM CURRENT OPERATIONS		**22,626**	**30,326**
Change in inventories		(147)	(272)
Change in trade receivables		49,478	(49,979)
Change in other short-term assets		(2,914)	2,022
Change in trade payables		15,910	19,280
Change in Current income tax payables/receivables		(622)	0
Change in deferred and prepaid taxes		(665)	0
Change in other current payables		941	(14,407)
Utilisation of employee severance indemnities		(3,800)	(3,831)
Utilisation of provision for risks and charges		(715)	248
CHANGE IN OPERATING ASSETS AND LIABILITIES		**57,466**	**(46,939)**
CASH FLOW ABSORBED BY OPERATING ACTIVITIES		**80,092**	**(16,613)**
Capitalisation of intangible fixed assets		(3,118)	(1,986)
Purchase of property, plant and equipment		(1,333)	(2,670)
Purchase of equity investments		(133,875)	(421)
Change in non-current financial assets		(15,199)	0
Net book value of property, plant and equipment sold		90	34
Financial effect of absorbing Co.Ge.Im.		434	0
Financial effect of absorbing BSM S.r.l.		0	(4,675)
Decrease (increase) in other assets held for sale		0	11,887
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		**(153,001)**	**2,169**
Arrangement of new medium/long-term loans		141	659
Repayment of medium/long-term loans		(604)	(3,843)
Arrangement of new short-term loans		109,036	45,144
Repayment of short-term loans		(10,993)	(13,396)
Increase in other current financial assets		(5,688)	0
Increase in other current financial liabilities		8,797	0
Increase in share capital and reserves		0	0
Distribution of dividends		(12,866)	(12,866)

Cash flow statement

(in thousands of Euro)	NOTES	31 DECEMBER 2007	31 DECEMBER 2006
CASH FLOW GENERATED BY FINANCING ACTIVITIES		**87,823**	**15,698**
CHANGE IN CASH AND CASH EQUIVALENTS		**14,914**	**1,254**
Net financial position - start of year		12,532	11,278
Change in net financial position		14,914	1,254
CASH AND CASH EQUIVALENTS – END OF YEAR		**27,446**	**12,532**
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank current accounts		27,446	12,532
Bank overdrafts		0	0
TOTAL CASH AND CASH EQUIVALENTS		**27,446**	**12,532**

Adjustments in the statement of changes in shareholders' equity

(in thousands of Euro)	Share capital	Reserves	Retained earnings (losses)	Results for the year	Rounding to units of Euro	TOTAL shareholders' equity
Updated balance as of 31 December 2005	116,964	(49,405)	2,502	17,674		87,735
Capital increases	-	-	-	-		-
Allocation of prior-year results	-	4,808	-	(17,674)		(12,866)
Results for the year	-	-	-	19,693		19,693
Balance as of 31 December 2006	116,964	(44,597)	2,502	19,693		94,562
Capital increases	-	-	-	-		-
Allocation of prior-year results	-	6,394	433	(19,693)		(12,866)
Shareholders' meetings resolution of 5/12/2007	(39,000)	41,934	(2,934)	-		0
Results for the year	-	-	-	14,249		14,249
Rounding					1	1
Balance as of 31 December 2007	77,964	3,731	1	14,249	1	95,946

Accounting policies and explanatory notes

1. INFORMATION ON THE GROUP

Manutencoop Facility Management S.p.A. (the Company) is an Italian limited liability company with registered offices in Via U. Poli 4 Zola Predosa (Bologna).

The Company is a 74.88% subsidiary of Manutencoop Società Cooperativa (based in Zola Predosa - Bologna), which manages and coordinates its activities.

Manutencoop Facility Management S.p.A. prepares its individual financial statements (separate financial statements, as defined in IAS 27) in accordance with art. 2423 of the Italian Civil Code, as modified by Legislative Decree 127/1991.

Publication of the financial statements of Manutencoop Facility Management S.p.A. for the year ended 31 December 2007 was authorised by the Board of Directors on 20 March 2008.

The Company also prepares consolidated financial statements, which are attached hereto, as expressly required by the articles of association.

1.1 Group activities

The object of the Company is to enter into contracts, in any form, for the design and construction of works, the planning and management of services, and the supply of goods to public institutions in Italy and other EU member States, as well as to persons and private organisations, predominantly consisting of the integrated supply of facility management services and the management of environmental services.

Group activities, carried out directly and/or via affiliated companies and/or institutions, principally focus on the following sectors and services:

A) planning and integrated management of facility management and related services, including:

- planning and management of integrated services (scheduling, management, administration and maintenance) for properties, parts of properties and facilities in general; management of integrated services for public and private facilities, comprising: condominium administration, rent collection, administration and contract management, organisation and coordination of persons and supplies for the provision of ancillary services in relation to the above facilities and the activities carried out therein; IT and related services, design, production, distribution and technical support for IT products and systems software relating to facility management activities;
- surveys of facilities and installations;
- design, production and management of asset and technical databases for properties, movable assets and related components;
- planning and administration of management and maintenance services for roads, squares, road markings, public lighting and traffic lights;
- architectural and engineering services, integrated and otherwise; town and country planning services, related scientific and technical services, technical experimentation and analysis services;
- design and construction of building works in general, renovation of civil and industrial buildings, restoration of monuments, restructuring and maintenance; organisation of activities and technical services relating to property management and maintenance;
- design, construction and management of technological installations (heating, water supply, sanitary and drainage systems, refrigeration plant, air conditioning, electrical, telephone, fire prevention and alarm systems); design, construction and management of remote heating and co-generation installations and networks, using fossil and

renewable energy sources; sale of fuel; maintenance, operation and repair of the above installations; heat management services; energy and security-related consultancy services; installation, maintenance and repair of radio-television and electronic installations of all kinds, aerials and lightning conductors; installation, maintenance and repair of goods and passenger lifts, escalators and similar equipment; installation, transformation, extension and maintenance of fire-fighting systems; organisation of activities and technical services relating to the maintenance of technological installations and electrical, mechanical, heating, conditioning and water systems; inspection of the above installations for compliance with current regulations and certification by authorised parties; maintenance of electro-medical equipment and medical gas systems;

- planning, management and provision of cleaning, sanitation, disinfection and rodent-control services for public and private, civil and industrial buildings, such as offices, industries, warehouses, commercial and service-related properties in general, hospitals, health and community centres, kindergartens, schools and universities, hotels, halls of residence, barracks etc. as well as historic, artistic and archaeological assets, both public and private; minor maintenance of public and private buildings; cleaning and sanitation of road and rail transport; movement, put-back and recovery services for road and rail vehicles and related activities; collection and transportation of waste within buildings; hotel reception services; bed-making and care services for hotels, halls of residence, barracks, clinics and communities in general; railway work and cleaning of locomotives; wholesale distribution of articles for cleaning; scullery services, cleaning of pots, pans, equipment and kitchens; laying and clearing tables; transportation, sorting and distribution of meals prepared by third parties; management of sports installations; movement, transportation and transfer of in- and out-patients of hospitals, clinics and rest homes; internal and external movement and porterage, transportation of miscellaneous materials for hospitals and communities in general; reception and switchboard services, and the management of correspondence; general services and summer services for kindergartens and schools, such as cleaning, reception, security services and supervision of school buses and public transport; cleaning of laboratory glassware and test tubes; sanitary and social services; management of animal centres; management of libraries, car parks and public baths.

B) planning, management and provision of urban hygiene, integrated environmental services and related activities, such as:

- planning, management and provision of urban waste collection services: collection and transportation of urban and similar waste, manual and/or mechanised road sweeping, irrigation, washing and disinfection or sanitation of roads and waste containers, snow clearing, jet rodding and cleaning of sewers, manholes and road stormwater drains in public and private areas; collection and transportation of special and hazardous waste; collection and transportation of special and hazardous medical waste; rental of waste management equipment in general; site clearance and refurbishment; study and planning of waste management activities; trading and brokering activities in relation to waste;
- design, construction and management of fixed and movable plant for the disposal, storage, recycling, recovery and sorting of urban, special and hazardous waste, with related building works;
- planning, management and provision of turnkey services for the regular and special maintenance of green areas, both public and private; landscaping and maintenance of woodlands and watercourses, clearance and improvement of land, naturalistic and forestry engineering, including replanting of uncultivated land and change of use of low-productivity woodlands, improvement of pasture land, fire prevention in woodlands; ordinary and special maintenance of green areas, both public and private, including: parks, gardens, sports fields, roof gardens, natural pastures, orchards, nurseries, public and private gardens, avenues, flower beds, archaeological areas and protected areas; design and development of green areas, both public and private, including related works: masonry, hydraulic, supply and installation of furniture etc.; construction and maintenance of car parks, nurseries, reservoirs; production and sale of ornamental plants; pesticide treatments;
- design, management and provision of cemetery services;
- cleaning of green public areas.

C) all property-related activities, performed on its own account or for third parties.

2. ACCOUNTING POLICIES AND FORM AND CONTENT

The separate financial statements as of 31 December 2007 comprise the balance sheet, the income statement, the cash flow statement, the statement of changes in shareholders' equity and the explanatory notes. The amounts reported in the financial statements and explanatory notes were compared to those relative to 31 December 2006, updated in order to reflect the change in the accounting principle applied, as from 2007, to the acquisition transaction, by means of conferral by parent company Manutencoop Soc. Coop., of the Fidia line of business on 1 January 2005 (note 3).

The separate financial statements as of 31 December 2007 were prepared on an historical cost basis, except in relation to derivatives, which are recorded at their fair value.

The balance sheet is presented in a manner that distinguishes between non-current assets and liabilities and current assets and liabilities; the income statement is broken down by type of expenditure, while the cash flow statement has been prepared using the indirect method in compliance with IAS 7, i.e. classifying cash flows under operating, investing and financing activities.

The financial statements are presented in Euro, which is the Company's functional currency.

Except where otherwise stated, the amounts reported in the financial statements and explanatory notes are expressed in thousands of Euro.

2.1 Declaration of compliance with IFRS international accounting standards

The separate financial statements as of 31 December 2007 were prepared in compliance with International Financial Reporting Standards (IFRS).

With regard to the accounting policies adopted for the preparation of the financial statements, the Company is subject to the provisions of art. 2.f) of Legislative Decree no. 38 dated 28 February 2005, which governs the exercise of the options envisaged by art. 5 of EC Regulation 1606/2002 on the subject of International Accounting Standards. Accordingly, pursuant to art. 3.2 and art. 4.5 of the above Decree, the Company has applied the IFRS standards endorsed by the European Union for the preparation of its individual and consolidated financial statements with effect from the financial year ended 31 December 2005.

2.2 Changes in accounting principles and information

The accounting policies adopted are consistent with those applied in the prior year except for:

- the adoption of the new IFRS standards and modifications of existing standards the application of which is envisaged starting from 1 January 2007 or future years;
- adoption of the consistency principle for recognition of business combinations under common control.

Adoption of new or revised IFRS standards

As from the 2007 financial statements the Company adopted the following IFRS standards, the application of which is envisaged starting from 1 January 2007 or future years:

- IFRS 7 - Financial instruments: supplementary information
- revised IAS 1 - Presentation of financial statements

The main effects of these changes are described below:

IFRS 7 - Financial instruments: supplementary information

The Company has adopted IFRS 7 which calls for information that allows users of the financial statements to assess the significance of the Company's financial instruments and the nature of the risks associated with said financial instruments. The new information is set down in various areas of the financial statements.

IAS 1 - Presentation of financial statements

The Company has implemented the amendment to IAS 1, which calls for the provision of a further disclosure that allows users of the financial statements to assess the objectives, policies and procedures of the Company with regard to the management of capital. The new information is given in the heading Financial risks management: objectives and criteria.

Adoption of the consistency principle for recognition of business combinations under common control.

On 1 January 2005 the parent company Manutencoop Soc. Coop. conferred to MFM S.p.A. the 'Fidia' line of business comprising the Hygiene Division, Green Areas Maintenance Sub-Division, Centralised Services and the 45.47% stake in the share capital of Roma Multiservizi S.p.A.

This operation represents a combination of businesses under common control, since the 'Fidia' line of business was wholly owned by Manutencoop Società Cooperativa prior to the conferral and subsequently remained under that company's control (75%).

In drafting the IFRS financial statements as of 31 December 2006, which the Company had opted during the year to avail of the faculty provided by Legislative Decree no. 38 of 28 February 2005 in conformity with the approach adopted in the first IFRS statutory financial statements as of 31 December 2005, in the absence of a specific IFRS principle or IFRIC interpretations applicable to this type of operation, taking account of the strategic-industrial plan and the entry into an investment contract with four closed-end mutual funds and with an investment company, the Company deemed that the acquisition method (and hence the recording of the combination on the basis of current values) was the accounting solution that was most capable of providing a fair and accurate representation of the economic substance of the operation.

On 20 March 2008 the Company Board of Directors approved the financial statements as of 31 December 2007 opting for recognition of the business combination in question according to the consistency principle. This option was exercised in the framework of the general criteria envisaged by IAS 8 heading 10 for situations in which specific IFRS principles or interpretations are absent and taking account of the evolution of the application practices of IAS and the orientations of the supervisory authorities.

Consequently the Company, exclusively in order to allow the comparability of the historic data presented, prepared the financial statements as of 31 December 2006 according to the consistency principle.

In the present financial statements all comparative data relative to 31 December 2006 and to the year ending on that date refer to the separate financial statements as of 31 December 2006, which have been updated for the application of the principle of consistency of values to the "Fidia" transaction.

It should be noted that accounting of the "Fidia" transaction with the acquisition method led to the recognition in the financial statements of a higher value of net assets with respect to the value recorded in the financial statements of the conferring company in the amount of Euro 58,615 thousand, of which Euro 3,324 thousand allocated to the connecting investment in Roma Multiservizi S.p.A. and Euro 55,291 thousand to goodwill. Said capital gains are supported by specific appraisals carried out by independent experts.

These gains were cancelled from the financial statements as of 31 December 2006 and 2007. Therefore the financial statements show lower shareholders' equity of Euro 63,034 thousand with respect to the financial statements as of 31 December 2006 and Euro 63,466 thousand compared to the financial statements as of 31 December 2005, which were originally prepared in application of the faculty envisaged by Legislative Decree no. 38 dated 28 February 2005.

The adoption of the consistency principle led to an adjustment for deferred taxation to the income statement for the year ending 31 December 2006 in the amount of Euro 432 thousand, while there was no impact on the income statement for the year ending 31 December 2007.

We refer you to note 3 below which contains the tables of the balance sheet and income statement as of 31 December 2006 and for the year ending on that date, showing, in three separate columns, respectively: I) the data resulting from the 2006 financial statements filed at the court registry office (in which the acquisition method is applied to the "Fidia" operation), II) the adjustments arising from the retroactive application of the consistency principle, III) the data resulting from the 2006 financial statements updated in application of consistency principle to the "Fidia" operation.

2.3 Discretionary valuations and significant accounting estimates

In order to prepare the financial statements the directors are required to make discretional appraisals, estimates and assumptions that affect the values of revenues, costs, assets and liabilities, and the indication of potential liabilities on the financial statements reference date. However, the uncertainty surrounding such conjectures and estimates might give results that in the future call for significant adjustment to the carrying amounts of said assets and/or liabilities.

Discretionary valuations

The only significant decision made by the directors in applying the accounting principles based on discretionary assessments (except for those relative to accounting estimates) having a significant effect on the values entered in the financial statements, is constituted by the adoption of the consistency principle for recognition of business combinations under common control, in relation to which we invite you to refer to the above note.

Uncertainty of estimates

The key assumptions about the future are presented below, together with other major sources of uncertainty affecting the year-end estimates. These may result in significant adjustments being made to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Goodwill is subjected to impairment testing on an annual basis, or more frequently; this work involves estimating the value in use of the cash-generating unit to which the goodwill was allocated. This estimate reflects the present value of the unit's forecast cash flows, determined using an appropriate discounting rate. As of 31 December 2007, the carrying amount of goodwill was Euro 25,035 thousand (31 December 2006 updated amount: Euro 25,035 thousand). Further details are provided in the specific note.

Other balance sheet captions

Management has also necessarily made estimates to determine:

- deferred tax assets, especially in relation to the likelihood of future reversals of the related timing differences;
- provisions for doubtful accounts and provisions for risks and charges;
- key assumptions for the actuarial recalculation of employee severance indemnities, namely the future turnover rate and the discount rate;
- contract work in progress, especially with regard to the total completion costs used to determine the percentage stage of completion.

2.4 Summary of principal accounting policies

Translation of foreign currency items

The financial statements are presented in Euro, which is the functional and presentation currency adopted by the Company.

The Company has not carried out any foreign currency transactions.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, excluding routine maintenance expenses, net of accumulated depreciation and impairment write-downs. This amount includes the cost, when incurred, of replacement parts for plant and machinery and equipment, on condition that they comply with the related recognition criteria.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets concerned, commencing from the date when they become available for use until the time when they are sold or retired.

The carrying amount of property, plant and equipment is subjected to impairment testing if events or changes suggest that such amount may not be recoverable.
Tangible assets are eliminated from the financial statements upon sale or if no further economic benefits are expected from their use or decommissioning. Any gains or losses (representing the difference between the net disposal proceeds and the carrying amount) are reflected in the income statement for the year of disposal.
The residual value of assets, their useful lives and the methodology applied are reviewed annually and adjusted, if necessary, at the end of each year.
The useful lives of the various categories of tangible asset are estimated on the following basis:

CATEGORY OF TANGIBLE ASSETS	USEFUL LIFE
Plant and machinery for maintenance/creation of green areas	11 years
Plant and machinery for maintenance/construction of property	from 6.5 to 10 years
Telephone equipment	4 years
Equipment for cleaning and green areas	6.5 years
Equipment for managing technological installations	3 years
Equipment for maintenance/construction of property	2.5 years
Motor vehicles	from 4 to 5 years
Office furniture and equipment	from 5 to 8 years
Leasehold improvements (included in plant and machinery)	lower of useful life and contract duration

The plant and machinery category also includes equipment, motor vehicles, office machines and furniture.

Financial charges

As in previous years, in 2007 there were no assets that justified capitalisation or assets that required a significant substantial period to prepare for their final use (qualifying assets under the terms of IAS 23).

Goodwill

The goodwill arising from business combinations is initially measured at cost, this being the difference between acquisition cost and the Company's interest in the net fair value of the related assets, liabilities and potential liabilities. After initial recognition, goodwill is measured at cost net of any accumulated impairment losses. Goodwill is subjected to impairment testing on an annual basis, or more frequently if events or changes suggest that it may not be fully recoverable.
For impairment testing purposes, goodwill is allocated from the date of acquisition to each of the Company's cash-generating units (or groups of units) that are expected to benefit from the synergies released from the acquisition, regardless of the allocation of other assets or liabilities to the same units (or groups of units). This is only done if such allocation is not arbitrary. Each unit or group of units to which goodwill is allocated:

- represents the lowest level, in the framework of the Company, at which goodwill is monitored for the purposes of internal management; and
- is no more extensive than the segments identified on the basis either of the primary or secondary segment reporting format, established on the basis of the contents of IAS 14 - Segment reporting.

Impairment is determined with reference to the recoverable value of the cash-generating units (or groups of units) to which goodwill was allocated. If the recoverable value of the cash-generating units (or groups of units) is lower than the carrying value of goodwill, such impairment in value is recognised.
Once written down, the value of goodwill cannot be reinstated.

Other intangible assets

Intangible assets purchased separately are initially capitalised at cost, while those acquired as a result of business combinations are capitalised at their fair value at the acquisition date. Following initial recognition, intangible assets are stated at cost, net of accumulated amortisation and impairment write-downs.

The useful lives of intangible assets are either finite or indefinite.

Intangible assets with a finite life are amortised over their useful lives and subjected to impairment testing whenever there is evidence of a possible loss in value. The period of amortisation and the methodology applied are reviewed at the end of each financial year, or more frequently if necessary. Changes in expected useful life or in the way future economic benefits associated with the intangible asset will be earned by the Company are recognised by modifying the period of amortisation or the methodology applied, as appropriate, and treated as a change in accounting estimate. The amortisation of intangible assets with finite useful lives is charged to the 'depreciation, amortisation, write-downs and write-backs' caption of the income statement.

The Company has not recorded any intangible assets with an indefinite useful life except for goodwill.

The policies adopted by the Company in relation to intangible assets are summarised below:

	CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS
Analysis of content	Software and trademarks
Useful life	Finite
Method used	Amortised on a straight-line basis over the shorter of: • legal duration of the right • expected period of utilisation
Produced internally or acquired	Acquired
Impairment testing for the identification of losses / test on recoverable values	Annually or more frequently when value impairments are identified.

The gains or losses deriving from the disposal of an intangible asset, measured as the difference between the net sale proceeds and the carrying amount of the asset, are recognised in the income statement at the time of disposal.

Investments in subsidiaries, joint ventures, and associates

The Company holds interests in several subsidiaries, joint ventures and associates, as defined in IAS 27 and 28.

All these companies, listed in specific note, are measured at cost in the statutory financial statements of Manutencoop Facility Management S.p.A.

The carrying amount of these equity investments is subjected to impairment testing if events or changes suggest that said amount may not be recoverable.

Impairment of assets

At each balance sheet date, the Company determines if there is any evidence that the value of assets may be impaired. In this case, or whenever annual impairment testing is required, the Company makes an estimate of recoverable value. Recoverable value is the fair value of an asset or cash-generating unit, net of selling costs, or, if higher, its value in use. Recoverable value is determined for each individual asset, unless its cash flows are not broadly independent of those generated by other assets or groups of assets. Impairment is recognised if the carrying amount of an asset exceeds its recoverable value and, accordingly, such amount is written down to reflect recoverable value. When establishing the value in use, the Company discounts estimated future cash flows to present value using a pre-tax discounting rate that reflects market assessments of the time value of money and the specific risks associated with the asset. Losses in value suffered by assets in use are charged to the 'depreciation, amortisation, write-downs and write-backs' caption of the income statement.

At each balance sheet date, the Company also determines if there is any evidence that the reasons for previous impairment adjustments have ceased (wholly or in part) to apply and, in such cases, estimates the revised recoverable value of the assets concerned. The value of previously written-down assets may only be reinstated if, subsequent to the most recent impairment adjustment, there are changes in the estimates used to determine their recoverable value. In such cases, the carrying amount of the assets concerned is increased to reflect their recoverable value without, however, exceeding the carrying amount net of accumulated depreciation that would have been recorded had impairment not been recognised in prior years. All write-backs are credited to the income statement in the caption used to report the earlier write-downs, except when the asset is recorded at a revalued amount, in which case the write-back is treated as a revaluation. Following write-backs, the depreciation charge for the assets concerned is adjusted on a prospective basis in order to allocate their revised carrying amounts, net of any residual value, on a straight-line basis over their residual useful lives.

Financial assets

IAS 39 envisages the following types of financial instruments:

- financial assets at fair value with changes charged to income statement. This category comprises financial assets that are held for trading, or assets purchased for resale in the short term;
- loans and receivables definable as non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market;
- held-to-maturity investments, i.e. non-derivative financial assets that involve payments at fixed or determinable intervals and that the owner intends and is able to hold to maturity;
- available-for-sale financial assets, i.e. non-derivative financial assets that have been designated as available for sale or which are not classified in any of the three categories described above.

Initially, all financial assets are recognised at their fair value, increased, in the case of assets other than those recognised at fair value in the income statement, by any related charges; the Company classifies its financial assets subsequent to initial recognition and, where appropriate and allowed, reviews such classification at the end of each financial year.

Financial assets held by the Company for the year ending, as well as those owned in the prior year reflect exclusively the two categories of loans and receivables and available-for-sale financial assets.

The applied valuation criteria are specified below:

Loans and receivables

Loans and receivables are measured on an amortised-cost basis using the effective discount method. Gains and losses are reflected in the income statement when the related loans and receivables are eliminated from the accounts, or when impairment other than via the amortisation process is identified.

Financial assets available for sale

Following initial recognition at cost, held-for-sale financial assets are measured at fair value and gains and losses are classified separately in equity until the related assets are eliminated from the accounts or impairment is identified; the gains or losses accumulated in equity until that time are then released to the income statement.

For the year ending, as in the case of prior years, the Company anyway classifies in this category of assets exclusively the equity investments held with interests of less than 20%, which are valued at cost if the fair value determination is not considered to be reliable. In particular, consortia not listed on regulated markets whose corporate aims are to govern relations between joint ventures, formed to manage specific service contracts, are measured at cost, as represented by the capital subscribed.

Inventories

Inventories are measured at the lower of cost or their estimated realisable value (replacement cost).

Raw materials (excluding fuel)	purchase cost determined using the weighted-average cost method
Fuel	purchase cost determined using the FIFO method

Trade receivables and other receivables

Trade receivables, generally contractually collectible within 30-90 days, are stated at their invoiced value, net of the allowance for doubtful accounts. This allowance is recorded based on objective evidence that the Company will be unable to collect the amount due. Uncollectible amounts are written down as soon as they are identified.

The customers of Manutencoop Facility Management are primarily made up of public bodies and health authorities whose effective payment terms greatly exceed the contractual due dates.

For this reason, amounts due from third-parties are discounted, using a risk-free rate (since the collection risks are considered when determining the allowance for doubtful accounts), over the period from the estimated collection date (based on the weighted-average delay in collection from the Company's customers, determined using historical data) and the average of the extended payment granted to customers by similar companies operating in the same market as that of the Company.

Cash and cash equivalents

The liquid funds and short-term deposits included in the balance sheet comprise cash on hand, demand deposits and short-term deposits with an original maturity of not more than three months.

The cash and cash equivalents reported in the cash flow statement comprise the amounts described above, net of bank overdrafts used for treasury management purposes.

Loans

All loans are initially recorded at the fair value of the amount received, net of related loan-arrangement expenses.

Following initial recognition, loans are measured on an amortised-cost basis using the effective interest method.

In addition to the amortisation process, all related gains and losses are reflected in the income statement when the liability is settled.

Elimination of financial assets and liabilities

Financial assets

Financial assets (or, where applicable, parts of financial assets or parts of a group of similar financial assets) are eliminated from the financial statements when:

- the contractual rights to receive the cash flows generated by them expire;
- the Company has transferred the financial asset (transferring the right to receive the financial flows deriving from the asset or retaining the right to receive said flows but assuming the contractual obligation to transfer such flows in their entirety and immediately to another party) and has substantially transferred all the rights and benefits deriving from ownership of the financial asset.

The Company has not carried out, in the year ending 31 December 2007 or in prior years, financial asset transfer transactions that have transferred or substantially retained all the risks and benefits deriving from ownership of the financial asset.

If, as the result of a transfer, a financial asset is entirely eliminated, but results in the Company obtaining a new financial asset or assuming a new financial liability, the Company recognises the new financial asset, financial liability, or liability originating from the service at fair value.

Financial liabilities

Financial liabilities are eliminated from the financial statements when the underlying obligation is eliminated, cancelled or settled.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the conditions applying to an existing liability are modified significantly, this replacement or modification is recorded by eliminating the original liability and recognising a new liability. Any differences between the carrying amounts concerned are reflected in the income statement.

Impairment of financial assets

At each accounting reference date, the Company determines if the value of a financial asset or a group of financial assets is impaired.

Assets measured on an amortised-cost basis

If there is objective evidence that the value of a loan or receivable measured at amortised cost is impaired, the related loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding any collection losses not yet incurred), discounted using the original effective interest rate applying to the financial asset (being the effective interest rate determined at the time of initial recognition). The carrying amount of the asset is reduced both directly and via the recording of provisions. The loss is charged to the income statement.

The Company firstly looks for objective evidence of impairment in relation to individually significant financial assets, and then considers the position individually and collectively in relation to financial assets that are not significant. In the absence of objective evidence of impairment in the value of financial assets considered individually, whether significant or otherwise, such assets are then included in a group of financial assets with similar credit risk characteristics which is subjected to impairment testing on a collective basis. Assets measured individually, for which impairment has been or continues to be identified, are not included in the collective tests.

If, in subsequent years, the extent of impairment decreases due, objectively, to an event arising after the earlier loss in value was recognised, the amount previously written down may be reinstated. Subsequent write-backs are credited to the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the write-back date.

Assets measured at cost

If there exists objective evidence of the impairment of an unquoted equity investment that is not measured at fair value, since its fair value cannot be measured reliably, or of a derivative associated with that equity instrument that must be settled by delivery of such instrument, the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted using the current market yield for a similar financial asset.

Available-for-sale financial assets

If the value of financial assets held for sale is impaired, the difference between their cost (net of repayments of principal and amortisation) and their current fair value, net of any earlier impairment charged to the income statement, is reclassified from equity to the income statement. Write-backs in the value of equity instruments classified as available for sale are not reflected in the income statement. Write-backs in the value of debt instruments are credited to the income statement if, objectively, the increase in their fair value is related to an event arising after the earlier loss in value was recognised in the income statement.

Provisions for risks and charges

The Company records provisions for risks and charges to cover current obligations (legal or implicit) deriving from past events, if the settlement of such obligations is likely to require an outflow of resources and a reliable estimate of the amount can be made.

If the Company believes that the costs covered by a provision for risks and charges will be reimbursed, in whole or in part, as in the case of risks covered by insurance policies, the related indemnity is recorded separately as an asset if, and only if, such recovery is virtually certain. In such cases, the provision is classified in the income statement net of the amount recognised for the indemnity.

If the discounting effect is significant, the provisions are stated at their present value using a pre-tax discounting rate that appropriately reflects the specific risks associated with the liability concerned. When provisions are discounted, the subsequent increases due to the passage of time are recorded as financial charges.

Provision for benefits due on the termination of employment

A liability for benefits due on the termination of employment is recorded when, and only when, the Company is demonstrably committed to: (a) terminate the employment of an employee or a group of employees before the normal retirement date; or (b) pay benefits for the termination of employment following the offer of voluntary redundancy incentives. The Company is committed to terminating the employment exclusively when, and only when, it has a detailed formal plan for the termination and there is no realistic likelihood that this plan will be withdrawn.

Employee benefits

Italian legislation (art. 2120 of the Italian Civil Code) envisages that, upon termination of employment, each employee shall receive an amount in consideration of severance indemnity (TFR). The calculation of this indemnity is based on certain items comprising the employees' annual remuneration for each year of work (suitably revalued) and on their length of service. Pursuant to Italian legislation, this indemnity is reported in the financial statements using calculations based on the amount that would be due to each employee at the balance sheet date, assuming that their employment terminated at that time.

The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) has examined the subject of Italian TFR and concluded that, in application of the provisions of IAS 19, it must be calculated in compliance with a method, designated Projected Unit Credit Method (PUCM) wherein the amount of the liability for benefits acquired must reflect the expected date of redundancy and must be discounted to present value.

The actuarial gains and losses relating to defined benefit plans, accumulated to the end of the prior year and reflecting the effects of changes in the actuarial assumptions used, are recognised in full in the income statement. Accordingly, the so-called "corridor" method is not applied, whereby actuarial gains and losses are allocated to the income statement over the residual average working lives of employees, but only to the extent that their net value, not recognised at the end of the prior year, exceeds 10% of the liability.

The actuarial valuation of the liability is performed by an independent actuary.

We draw your attention to the fact that, due to the provisions of Italian Law no. 296 of 27 December 2006 ("2007 Finance Act"), the reform of occupational pensions (Legislative Decree no. 252 of 5 December 2005) initially scheduled for 2008, was brought forward with enforcement as from 1 January 2007. The main innovation of the reform resides in the assignment to workers of the right to choose freely in relation to the allocation of their individual TFR severance indemnity provision.

Due to the effect of the reform, TFR severance indemnity maturing after 1 January 2007 assigned to the Italian pensions institution (INPS) or occupational pension funds assumes the identity of a Defined Contribution Plan so the relative accounting treatment must be brought into line with the procedure existing for other types of contribution payments. On the contrary, the severance indemnity provisions retained within the enterprise is still considered as a Defined Benefit Plan, resulting in the requirement to perform actuarial calculations which, compared to the estimates carried out in prior years, must eliminate the component relative to future salary increases. The difference caused by the new type of calculation must be treated as a curtailment as defined in IAS 19.109 and consequently recognised in the income statement for 2007.

The Company does not have any other defined benefit pension plans.

Leasing

The definition of a contract as a lease (or containing a leasing transaction) depends on the substance of the agreement, requiring an assessment of whether or not it involves the use of one or more specific assets and also transfers the right to use them.

A revision is carried out after the start of the contract only if one of the following conditions arises:

a. the contractual conditions are modified, other than a renewal or extension of the contract;
b. a renewal option is exercised or an extension is granted, unless the renewal or extension terms were originally included in the conditions of the leasing transaction;
c. there is a change in the condition whereby fulfilment depends on a specific asset; or
d. the asset undergoes a substantial change.

If the lease is revised, the recognition of the lease will start or cease from the date of modification of the circumstances that gave rise to the revision in accordance with situations a), c) or d) and at the date of renewal or extension for situation b).

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

Finance leases, which essentially transfer to the Company all the risks and benefits of ownership, are capitalised from the start of the lease at the fair value of the leased asset or, if lower, at the present value of the related instalment payments. The instalment payments are analysed between interest and principal in a manner that applies a constant interest rate to the residual principal outstanding. Financial charges are recognised directly in the income statement.

Capitalised assets held under finance leases are depreciated over their estimated useful lives or, if shorter, over the duration of the lease contract, if it is not reasonably certain that the Company will obtain full ownership of them at the end of the contract.

The cost of operational leases is charged to the income statement on a straight-line basis over the lives of the contracts concerned.

Revenue recognition

Revenues are recognised to the extent that the related economic benefits are likely to be obtained by the Company and the amount can be determined reliably. The following specific recognition criteria must be satisfied before the related revenues are recognised in the income statement:

Services

The principal business of the Company is the provision of services.

The principal types of service provided, either individually or as part of contracts for the provision of integrated services, are:

- administration and maintenance of property and installations, often associated with the supply of heat (energy services);
- environmental hygiene and cleaning services;
- maintenance of green areas;
- property management services.

Revenues are recognised with reference to the percentage stage of completion of the services in progress at the balance sheet date, determined using appropriate variables depending on the services provided and the contracts signed with the customer (e.g. sq.m, time, costs incurred).

Services not completed at the accounting reference date represent "contract work in progress" and are classified as trade receivables.

Any revenues invoiced at the balance sheet date that exceed the amount accrued on a stage of completion basis are deferred as advances from customers and classified together with trade payables.

Even within multi-service contracts, the consideration for each service is generally defined separately and the amount of the revenues attributable to them is quantified as a reflection of their fair value. When the outcome of a service cannot be determined reliably, the related revenues are only recognised to the extent that the costs incurred are deemed to be recoverable.

Construction activities

The Company records revenues from construction contracts on a stage-of-completion basis, reflecting the percentage of costs incurred with respect to the total estimated cost of completing the work.

When the outcome of a contract cannot be determined reliably, the related revenues are only recognised to the extent that the costs incurred are deemed to be recoverable.

Sale of goods

Revenues are recognised on transfer to the purchaser of all significant risks and benefits deriving from ownership of the goods.

Interest

Interest income (calculated using the effective interest method i.e. the rate that exactly discounts the expected future cash flows generated over the expected life of the financial asset to its net carrying amount) is recognised on an accruals basis.

Dividends

Dividend income is recognised when the right of the shareholders to receive payment is established.

Government grants

Government grants are recognised when it becomes reasonably certain that they will be collected and that all the related conditions will be satisfied. When grants are associated with costs, they are recognised as income each year on a systematic basis that offsets the related costs as they arise. The fair value of grants associated with assets is deducted from the carrying amounts of such assets and, accordingly, is effectively released to the income statement on a straight-line basis over the expected useful lives of the assets concerned via the systematic reduction of the related depreciation charges.

Income taxes

Current taxes

The current taxes due to or recoverable from the tax authorities in relation to the current and prior years are stated at the amounts expected to be recovered or paid. The tax rates and regulations used to calculate the above amounts are those in force, or essentially in force, at the balance sheet date.

Deferred taxes

Deferred taxes are calculated with reference to the temporary differences at the balance sheet date between the reported value of assets and liabilities and their value for fiscal purposes.

Deferred tax liabilities are recognised in relation to all taxable temporary differences, except:

- when they derive from the initial recognition of the goodwill or an asset or liability arising from a transaction that is not a business combination which, at the time of the transaction, had no effect on the profit for the year for accounting purposes or on the taxable income or loss reported for fiscal purposes;
- when they relate to investments in subsidiaries, associates and joint ventures, in which case the reversal of temporary differences can be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognised in relation to all deductible temporary differences and tax assets and liabilities carried forward, to the extent that there is likely to be sufficient future taxable income to absorb upon reversal such deductible temporary differences and carried-forward tax assets and liabilities, except:

- when they derive from the initial recognition of an asset or liability arising from a transaction that is not a business combination which, at the time of the transaction, had no effect on the profit for the year for accounting purposes or on the taxable income or loss reported for fiscal purposes;
- when they relate to investments in subsidiaries, associates and joint ventures, in which case they are only recognised to the extent it is likely that such deductible temporary differences will reverse in the immediate future and that taxable income will be sufficient for their recovery.

The deferred tax assets reported in the financial statements are reviewed at each accounting reference date and reduced to the extent it is no longer likely that there will be sufficient future taxable income for their recovery, either in whole or in part. Unrecognised deferred tax assets are reviewed annually, at the balance sheet date, and recognised to the extent it has become likely that future taxable income will be sufficient for their recovery.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the year the assets are realised or the liabilities are settled, as represented by the tax rates currently in force or essentially in force at the balance sheet date.
The income taxes relating to items recorded directly as part of shareholders' equity are charged directly against shareholders' equity and not to the income statement.
Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and such deferred taxation relates to both the same fiscal entity and the same tax authority.

Value-added tax

Revenues, costs and assets are recognised net of value-added taxes, except:

- if the VAT charged on the purchase of goods and services is not recoverable, in which case it is recognised as part of the purchase cost of the asset or part of the cost charged to the income statement;
- if the VAT relates to trade receivables or payables for which invoices have already been issued or received inclusive of value-added tax.

The net indirect taxes on purchases and sales that are recoverable from or payable to the tax authorities are classified as a receivable or a payable in the balance sheet, depending on the sign of the net balance.

Derivatives and hedging transactions

At this time, the Company does not use such financial derivatives as forward currency transactions and interest rate swaps to hedge the risk of fluctuations in interest and exchange rates.
In rare cases, put or call options are arranged in relation to strategic equity investments (subsidiaries or associates) in order to safeguard the Company's interests. These provide a way out in the event of disagreements with the industrial partners concerned about the strategies to adopt in relation to such companies.
Pursuant to IFRS, such instruments are treated as derivatives.
They are initially recognised at their fair value on the arrangement date; subsequently, such fair value is re-measured on a periodic basis. They are recorded as an asset if fair value is positive and as a liability if fair value is negative.
Any gains or losses deriving from changes in the fair value of derivatives that are unsuitable for hedge accounting purposes are reflected directly in the income statement for the year.
At this time, the Company does not hold any financial derivatives designated as hedging instruments.

Segment reporting

The business segment is a clearly identifiable group of activities and operations that provide a series of connected products and services subject to risks and returns that are different from those of the Company's other business segments.
The geographical segment is a clearly identifiable component of an enterprise dedicated to the supply of associated products and services and it is subject to risks and returns that are different from those of components operating in other economic environments.
The Company's primary reporting is by business segments because profitability is affected primarily by the differences between the types of services offered and is articulated as follows:
Facility Management segment which comprises the Company's core business and consists in the provision of logistic and organisational support services for users of the facility and is aimed at the optimisation of management of the activities that are performed with reference to the facility in question.

The main Facility Management services provided by the Company are as follows:

- technical services consisting of a range of management and maintenance services on properties including heat management, air conditioning and refrigeration, plant maintenance, fuel supplies, design and execution of plant engineering works for compliance with legislation, energy savings or the use of alternative energy, and also includes porterage and reception services.
- environmental hygiene services including cleaning, sanitation, disinfection, rodent-control, and collection, transportation and disposal of sanitary waste;
- landscaping consisting of planning, creation and maintenance of green areas for properties, and territorial services such as maintenance of public green areas.

Facility Management services can be supplied individually although ever more frequently customers comprising mainly public authorities or large private groups tend to enter into a single multi-annual outsourcing contract for the simultaneous provision of several Facility Management services. Contracts of this type are known as integrated service or global service contracts.

Property Management segment which is involved mainly in coordination, in a single management process, of all the management activities of the obligations connected to the property - including administrative, technical, legal and commercial activities - in order to maximise the profitability of a property asset.

Additional activities: this is a residual segment that includes both building construction activities, which the Company carries out primarily on behalf of the parent company Manutencoop Soc. Coop. and other subsidiaries of the latter, and a series of ancillary non-core services such as information technology (data processing assistance), administration (bookkeeping), commercial services (preparation of documents for calls for tenders), secondment of personnel mainly provided for member companies of the Manutencoop Group or production partners (venturers in Joint Ventures).

The Company's primary reporting is by geographical segment. Since the production activity is currently exercised exclusively in Italy, hence in a uniform economic environment, it is not considered to be necessary to provide an analysis by geographical area.

Method of determination of costs allocated to segments

The Company records direct and indirect production costs relative to the business segment within costs allocated to the segments. As from these Financial statements, trade costs and other overheads are attributed by means of reallocations that take account of conventional drivers internal to the Company. The segment report appearing in the Interim Financial Statements as of 30 June 2007 did not reflect this reallocation, so Note 18 describes the amount charged to each business segment recalculated in compliance with the newly adopted criterion. Income and expenses from financial operations and taxation are not attributed to the business segments.

Method of determining assets and liabilities allocated to the segments

Assets and liabilities were ascribed to the various segments in line with the treatment of the captions of the income statement.

For the years ended 31 December 2007 and 2006, assets and liabilities attributed directly to the segments are shown separately from indirectly allocated assets and liabilities.

2.5 Future changes in accounting policies

Principles published but not yet effective

IAS 23 Borrowing costs

An amended version of IAS 23 Borrowing Costs was released in March 2007. This new version will come into effect for years starting from 1 January 2009 or thereafter. The principle was amended to require capitalisation of financial charges when said costs refer to a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to be ready for its intended use or for its sale. In compliance with the transitory conditions of the principle, the Company will adopt the amended version as a prospective change. Therefore finance charges will be capitalised on qualifying assets starting from a date beyond 1 January 2009. No change will be applied to finance charges sustained until said date that have been recorded in the income statement.

IFRIC 12 Service Concession Arrangements

November 2006 saw the issue of IFRIC interpretation 12, which will come into effect for the year starting 1 January 2008 or successively. This interpretation is applied to operators that provide concession services and it explains how to recognise the obligations assumed and the rights received in the context of a concession arrangement. The Company is not an operator in the sector and therefore the foregoing interpretation will produce no effects.

IFRIC 13 Customer Loyalty Programs

June 2007 saw the issue of IFRIC interpretation 13, which will come into effect for the period starting 1 July 2008 or successively. This interpretation requires the credits granted to customers as loyalty bonuses to be recognised as a separate component of the sale transactions in which the bonuses were granted and therefore that part of the fair value of the consideration received be allocated to bonuses and amortised throughout the period in which the credits/bonuses are collected. The Company does not grant bonuses to customers so the foregoing interpretation will produce no effect.

IFRIC 14 IAS 19 - The Limit on a defined benefit asset, Minimum funding requirements and their interaction

July 2007 saw the issue of IFRIC interpretation 14 which will come into effect from the period starting 1 July 2008 or successive periods. The interpretation provides indications on how to determine the limit on the surplus of a defined benefit plan, which can be recorded as an asset in compliance with IAS 19 Employee benefits. The Company expects that this interpretation will produce no effect on the financial position or the result.

IFRS 2 Share-based payment - Vesting Conditions and Cancellations

This amendment to IFRS 2 Share-based Payment was published in January 2008 and will come into effect in the first financial period after 1 January 2009. The principle restricts the definition of "vesting conditions" to a condition that includes the explicit or implicit obligation to render a service. All other conditions are "non-vesting" and must be taken into consideration to establish the fair value of the instrument representing the assigned capital.

In the case in which the premium fails to mature as a consequence of the fact that it fails to satisfy a "non-vesting condition" that is under the control of the entity or other party, it must receive the accounting treatment of a cancellation.

The Company has not undertaken any transactions with share-based payments so the foregoing interpretation will have no impact.

IFRS 3R Business combinations and IAS 27/R Consolidated and Separate Financial Statements

The two revised principles were approved in January 2008 and will come into effect from the first financial period after 1 July 2009. IFRS 3R introduces several changes in the accounting treatment of business combinations, which will impact on the amount of goodwill recorded, on the result for the period in which the acquisition takes place, and on the results of future periods. IAS 27R requires that a change in the ownership interest of a subsidiary be accounted for as an equity transaction. Consequently, this change will have no impact on goodwill and will not give rise to a gain or loss. Moreover, the revised principles introduce changes in the accounting of a loss incurred by a subsidiary and the loss of control of a subsidiary. The changes introduced by principles IFRS 3R and IAS 27R are subject to prospective application and they will affect future acquisitions and transactions with minority shareholders.

IAS 1 Revised standard on Presentation of financial statements

The revised standard IAS 1 - Presentation of financial statements - was approved in September 2007 and will come into effect in the first period after 1 January 2009. The principle separates changes in equity into owner changes and non-owner changes. The statement of changes in equity will show exclusively details of transactions with shareholders, while changes relative to transactions with non-owners will be disclosed in a single line. Moreover, the revised standard introduces the "statement of comprehensive income": this statement contains all the items of revenues and costs for the periods recorded in the income statement, and also all other revenue and cost items recorded. The "statement of comprehensive income" can be presented in the form of a single statement or two correlated statements. The Company is still assessing the opportunity of preparing one or two statements.

Changes to IAS 32 and IAS 1 "Puttable" Financial Instruments

Amendments to IAS 32 and IAS 1 were approved in February 2008 and will come into effect from the first period after 1 January 2009. The amendment to IAS 32 requires that certain puttable financial instruments and obligations arising on liquidation be classified as equity in the presence of specifically defined conditions. The amendment to IAS 1 requires various disclosures relative to puttable options classified as equity to be provided in the explanatory notes. The Company does not envisage that the foregoing amendments will impact on its financial statements.

3. EFFECTS DERIVING FROM CHANGING AN ACCOUNTING PRINCIPLE

(in thousands of Euro) BALANCE SHEET	31 DECEMBER 2006 PRESENTED	ADJUSTMENT	31 DECEMBER 2006 UPDATED
ASSETS			
Non-current assets			
Property, plant and equipment	4,755		4,755
Leased property, plant and equipment	1,780		1,780
Goodwill	80,324	(55,291)	25,033
Other intangible assets	2,992		2,992
Investments in subsidiaries, joint ventures, associates	20,367	(8,175)	12,192
Non-current financial assets	4,894		4,894
Deferred tax assets	1,796		1,796
Total non-current assets	**116,908**	**(63,466)**	**53,442**
Current assets			
Inventories	1,364		1,364
Trade receivables and advances to suppliers	274,328		274,328
Current tax receivables	0		0
Other current receivables	4,186		4,186
Cash and cash equivalents	12,532		12,532
Total current assets	**292,410**	**0**	**292,410**
Non-current assets held for sale	0		0
Total non-current assets held for sale	**0**		**0**
TOTAL ASSETS	409,318	(63,466)	345,852
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	116,964		116,964
Reserves	21,371	(65,968)	(44,597)
Retained earnings (losses)	0	2,502	2,502
Net profit (loss) for the year	19,260	432	19,692
Total shareholders' equity		**157,595**	**(63,034)**
94,561			
Non-current liabilities			
Employee severance indemnities - benefits	17,342		17,342
Provisions for risks and charges - long term	742	742	
Loans - long term	1,363		1,363
Deferred tax liabilities	3,448	(432)	3,016
Total non-current liabilities	**22,895**	**(432)**	**22,463**
Current liabilities			
Provisions for risks and charges - short term	767		767
Loans - short term	64,267		64,267
Trade payables and advances from customers	114,763		114,763
Current income taxes	622		622
Other current payables	48,409		48,409
Other current financial liabilities	0		0
Total current liabilities	**228,828**	**0**	**228,828**
Liabilities attributable to assets held for sale	0		0
Total liabilities attributable to assets held for sale		**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	409,318	(63,466)	345,852

(in thousands of Euro)

INCOME STATEMENT	31 DECEMBER 2006	ADJUSTMENT	31 DECEMBER 2006 UPDATED
REVENUES			
Revenues from sales and services	384,043		384,043
Other operating revenues	299		299
TOTAL REVENUES	384,342	0	384,342
OPERATING COSTS			
Raw materials and consumables	(38,965)		(38,965)
Cost of services	(169,518)		(169,518)
Payroll costs	(134,507)		(134,507)
Other operating costs	(1,710)		(1,710)
Internal work capitalised	1		1
(Depreciation, amortisation, write-downs) - write-backs	(4,414)		(4,414)
Provisions for risks and charges, amounts released	(547)		(547)
TOTAL OPERATING COSTS	(349,660)	0	(349,660)
OPERATING PROFIT	34,682	0	34,682
FINANCIAL INCOME AND CHARGES			
Dividends	4,728		4,728
Financial income	1,675		1,675
Financial charges	(2,215)		(2,215)
PROFIT/LOSS BEFORE TAXATION	38,870	0	38,870
Current, prepaid and deferred taxation	(20,552)	432	(20,120)
RESULTS FROM CONTINUING ACTIVITIES	18,318	432	18,750
Results from discontinued activities	942	0	942
NET PROFIT (LOSS) FOR THE YEAR	19,260	432	19,692

	31-12-2006	31-12-2006 UPDATED
Basic earnings per share		0.165 0.168
Diluted earnings per share		0.165 0.168

We considered it appropriate to make the foregoing adjustments further to recent orientations that have emerged with regard to the application of IFRS 3 concerning the accounting of the operation of conferral of the line of business denominated "Fidia", composed of the Hygiene Division, Green Division, and Central Services, which is considered as a business combination between entities under common control and hence to be accounted in line with the consistency principle as already discussed in note 2.

The above table highlights the changes that occurred in the financial statement captions due to the change in the accounting principle adopted, which resulted in a retroactive application of the adjustments.

Specifically, the following actions were performed:

- reverse the entry of goodwill in 2005, in the amount of Euro 55,291 thousand;
- record the investment in Roma Multiservizi S.p.A. for Euro 3,324 thousand instead of Euro 11,499 thousand;
- record the dividends distributed by Roma Multiservizi S.p.A. in 2005 in the income statement instead of as an adjustment to the carrying amount of the investment;
- cancel deferred taxation for Euro 432 thousand recorded in 2006 on the higher value of the recognition of the investment in Roma Multiservizi S.p.A.;
- charge the amount of Euro -65,968 thousand to equity in the caption Reserves as a matching entry for the adjustments described above.

4. BUSINESS COMBINATIONS

During the year the Company decided to absorb Consorzio Gestione Immobili Soc. Cons. a r.l. (company to be absorbed) in Manutencoop Facility Management S.p.A. (absorbing company). The decision to proceed with this company integration initiative was based on several business-related considerations: on the one hand, the Company's 100% ownership of the share capital of CO.GE.IM., and on the other hand the organisational/operative synergies developed in the management of similar activities. In addition, it is relevant to highlight that the Company supplies CO.GE.IM. with technical/administrative services such as to result in a situation of joint interest between the two businesses.

Accordingly, IFRS 3 does not apply to this transaction.

In the absence of IFRS standards or interpretations relevant to this transaction, reference was made to the IAS Framework and, in particular, to the criteria laid down in IAS 8.10. This identifies the economic substance of the transaction as the key element in determining the accounting policy to be adopted.

Application of the consistency principle was deemed to be the most relevant criterion, given that the transaction neither involved an exchange with third parties nor was an acquisition in economic terms; the above criterion gave importance both to the pre-existing controlling relationship between the companies involved in the merger (absorber and the absorbed) and to the cost incurred by the absorbing company for the original acquisition of the absorbed company.

Due to the accounting treatment adopted, the merger did not result in the identification of higher current values with respect to those already reflected in the financial statements of the absorbed company.

The absorption was completed on 12 September 2007 when CO.GE.IM was removed from the Companies Register, although the costs, revenues and balance sheet effects of the absorbed company were reflected in the Company accounting records as from 1 January 2007.

In order to ensure the comparability of the Company's 2007 data with those of the prior year, the following table compares the information already reported in the balance sheet and income statement with, in the third column, updated values of the financial statements as of 31 December 2006 due to the change of the accounting principle as described in note 3 and, in the fourth column, consolidated amounts for the absorbing and absorbed companies as of 31 December 2006.

(in Euro) BALANCE SHEET	MANUTENCOOP FACILITY MANAGEMENT S.p.A. 31 December 2007	31 December 2006 Presented Financial statements	31 December 2006 Updated Financial statements	CONSOLIDATED MFM S.p.A. and CO.GE.IM. S.r.l 31 December 2007
ASSETS				
Non-current assets				
Property, plant and equipment	4,657,736	4,754,524	4,754,524	4,774,996
Leased property, plant and equipment	1,298,620	1,779,553	1,779,553	1,779,553
Goodwill	25,034,552	80,324,433	25,034,552	25,034,552
Other intangible assets	4,772,454	2,992,302	2,992,302	2,994,408
Investments in Subsidiaries, Joint ventures, Associate	145,949,571	20,366,706	12,191,417	12,191,417
Non-current financial assets	20,183,851	4,893,909	4,893,909	5,010,221
Deferred tax assets	1,774,205	1,795,550	1,795,550	1,795,550
Total non-current assets	**203,670,989**	**116,906,977**	**53,441,807**	**53,580,697**
Current assets				
Inventories	1,510,844	1,364,428	1,364,428	1,436,406
Trade receivables and advances to suppliers	223,397,135	274,328,339	274,328,339	276,063,366
Current tax receivables	3,086,503	0	0	37,237
Other current receivables	4,056,299	3,182,111	3,182,111	3,205,389
Other current financial assets	5,687,930	1,003,832	1,003,832	1,003,832
Cash and cash equivalents	27,445,871	12,531,877	12,531,877	12,552,880
Total current assets	**265,184,582**	**292,410,587**	**292,410,587**	**294,299,110**
Non-current assets held for sale	0	0	0	0
Total non-current assets held for sale	**0**	**0**	**0**	**0**
TOTAL ASSETS	**468,855,571**	**409,317,564**	**345,852,394**	**347,879,807**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	77,964,000	116,964,000	116,964,000	116,974,200
Share premium reserve	0	15,056,000	0	0
Reserves	3,732,983	6,315,480	(44,594,650)	(44,594,521)
Retained earnings (losses)		0	2,500,960	2,500,960
Net profit (loss) for the year	14,249,440	19,259,896	19,692,713	19,692,713
Total shareholders' equity	**95,946,423**	**157,595,376**	**94,563,023**	**94,573,352**
Non-current liabilities				
Employee severance indemnities - benefits	16,453,878	17,341,623	17,341,623	17,341,623
Provisions for risks and charges - long term	749,837	742,037	742,037	742,037
Loans - long term	899,857	1,363,075	1,363,075	1,363,075
Deferred tax liabilities	2,327,578	3,447,683	3,014,866	3,014,866
Total non-current liabilities	**20,431,150**	**22,894,418**	**22,461,601**	**22,461,601**
Current liabilities				
Provisions for risks and charges - short term	536,177	767,094	767,094	767,094
Loans - short term	162,926,979	64,266,788	64,266,788	64,883,555
Trade payables and advances from customers	130,862,127	114,762,654	114,762,654	116,145,109
Current income taxes	0	622,310	622,310	622,310
Other current payables	49,355,651	48,408,924	48,408,924	48,426,786
Other current financial liabilities	8,797,064	0	0	0
Total current liabilities	**352,477,998**	**228,827,770**	**228,827,770**	**230,844,854**
Liabilities attributable to assets held for sale	0	0	0	0
Total liabilities attributable to assets held for sale	**0**	**0**	**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**468,855,571**	**409,317,564**	**345,852,394**	**347,879,807**

(in Euro) BALANCE SHEET	MANUTENCOOP FACILITY MANAGEMENT S.p.A. 31 December 2007	31 December 2006 Reg. Fin. Statements	31 December 2006 Updated Fin. Statements	CONSOLIDATED MFM S.p.A. and CO.GE.IM. S.r.l 31 December 2007
REVENUES				
Revenues from sales and services	411,549,542	384,042,668	384,042,668	389,557,316
Other operating revenues	396,403	299,486	299,486	299,486
Total revenues	**411,945,945**	**384,342,154**	**384,342,154**	**389,856,802**
OPERATING COSTS				
Raw materials and consumables	(48,701,900)	(38,964,504)	(38,964,504)	(40,265,018)
Change in inventories of semi-finished and finished products	0	0	0	0
Cost of services	(172,776,221)	(169,518,534)	(169,518,534)	(173,685,207)
Payroll costs	(147,365,264)	(134,506,877)	(134,506,877)	(134,506,877)
Other operating costs	(3,018,070)	(1,709,808)	(1,709,808)	(1,732,082)
Internal work capitalised	0	621	621	621
(Depreciation, amortisation, write-downs) - write-backs	(5,179,339)	(4,414,276)	(4,414,276)	(4,421,005)
(Provisions for risks and charges) - amounts released	(460,616)	(546,840)	(546,840)	(546,840)
TOTAL OPERATING COSTS	**(377,501,410)**	**(349,660,218)**	**(349,660,218)**	**(355,156,408)**
OPERATING PROFIT	**34,444,535**	**34,681,936**	**34,681,936**	**34,700,394**
FINANCIAL INCOME AND CHARGES				
Dividends	4,890,006	4,728,093	4,728,093	4,728,093
Financial income	2,722,855	1,675,354	1,675,354	1,676,948
Financial charges	(12,411,034)	(2,214,946)	(2,214,946)	(2,234,331)
PROFIT (LOSS) BEFORE TAXATION	**29,646,362**	**38,870,437**	**38,870,437**	**38,871,104**
Current prepaid and deferred taxation	(15,396,922)	(20,552,850)	(20,120,033)	(20,120,700)
RESULTS FROM CONTINUING ACTIVITIES	**14,249,440**	**18,317,587**	**18,750,404**	**18,750,404**
Results from discontinued activities	0	942,309	942,309	942,309
NET PROFIT (LOSS) FOR THE YEAR	**14,249,440**	**19,259,896**	**19,692,713**	**19,692,713**

5. PROPERTY, PLANT AND EQUIPMENT

(in thousands of Euro)

AS OF 31 DECEMBER 2007	Plant, equipment and other assets	Leased Plant and equipment	TOTAL
As of 1 January 2007, net of accumulated depreciation and impairment	4,755	1,780	6,535
Increases	1,345	145	1,490
Revaluations	0	0	0
Absorption of CO.GE.IM. S.c.r.l.	585	0	585
Impairment	0	0	0
Decreases	(42)	(48)	(90)
Accumulated amortisation for absorption of CO.GE.IM. S.c.r.l.	(516)	0	(516)
Depreciation charge for the year	(1,469)	(578)	(2,047)
As of 31 December 2007, net of accumulated depreciation and impairment	4,658	1,299	5,957
As of 1 January 2007			
Cost	16,300	3,045	19,345
Accumulated depreciation and impairment	(11,545)	(1,265)	(12,810)
Net carrying amount	4,755	1,780	6,535
As of 31 December 2007			
Cost	17,501	2,737	20,238
Accumulated depreciation and impairment	(12,843)	(1,438)	(14,281)
Net carrying amount	4,658	1,299	5,957

The above table highlights the historical costs and accumulated depreciation deriving from the absorption of CO.GE. IM. Soc. Cons. a r.l. as described in greater detail in note 4.

Additions during the year related to technological and productivity improvements to industrial equipment, motor vehicles and assets for the IT system.

Property, plant and equipment have never been revalued.

(in thousands of Euro)

AS OF 31 DECEMBER 2006	Plant, equipment and other goods	Leased Plant and equipment	TOTAL
As of 1 January 2006, net of accumulated depreciation and impairment	4,245	1,524	5,769
Increases	1,933	812	2,745
Revaluations	0	0	0
Absorption of BSM	54	0	54
Impairment	0	0	0
Decreases	(33)	(1)	(34)
Accumulated amortisation for absorption of BSM	(28)	0	(28)
Depreciation charge for the year	(1,416)	(555)	(1,971)
As of 31 December 2006, net of accumulated depreciation and impairment	4,755	1,780	6,535
As of 1 January 2006			
Cost	14,880	2,238	17,118
Accumulated depreciation and impairment	(10,635)	(714)	(11,349)
Net carrying amount	4,245	1,524	5,769
As of 31 December 2006			
Cost	16,300	3,045	19,345
Accumulated depreciation and impairment	(11,545)	(1,265)	(12,810)
Net carrying amount	4,755	1,780	6,535

6. INTANGIBLE ASSETS

(in thousands of Euro)

AS OF 31 DECEMBER 2007	Software	Trademarks and Licences	Goodwill	TOTAL
Updated cost as of 1 January 2007, net of accumulated amortisation and impairmen	2,987	5	25,033	28,025
Absorption of CO.GE.IM. S.c.r.l.	2	0	0	2
Increases	3,128	4	0	3,132
Impairment	(7)	0	0	(13)
Decreases	(6)	0	0	0
Rounding	0	0	2	2
Amortisation	(1,339)	(1)	0	(1,340)
As of 31 December 2007	4,765	8	25,035	29,808
As of 1 January 2007				
Cost (gross carrying amount) as shown above	6,226	7	29,038	35,271
Accumulated amortisation and impairment as shown above	(3,239)	(2)	(4,005)	(7,246)
Net carrying amount	2,987	5	25,033	28,025
As of 31 December 2007				
Cost (gross carrying amount)	8,641	11	28,942	37,594
Accumulated amortisation and impairment	(3,876)	(3)	(3,907)	(7,786)
Net carrying amount	4,765	8	25,035	29,808

The costs of purchasing software are amortised on a straight-line basis over its expected useful life of 5 years.
Trademarks and patents are amortised on a straight-line basis over their useful life of 5 years.
Commencing from 1 January 2004, goodwill is no longer amortised but is subjected to annual impairment testing, as described in note 7 below.

Increases during the year

The increases in 'Other intangible assets' mainly relate to software costs; specifically, the costs for development and implementation of software to support the new planning and control system adopted by the Company were capitalised in the current year.

(in thousands of Euro)

AS OF 31 DECEMBER 2006	Software	Trademarks and Licences	Goodwill	TOTAL
updated cost as of 1 January 2006, net of accumulated amortisation and impairment	2,137	6	23,845	25,988
Increases	1,910	0	1,188	3,098
Impairment	0	0	0	0
Amortisation	(1,060)	(1)	0	(1,061)
As of 31 December 2006	2,987	5	25,033	28,025
As of 1 January 2006				
Cost (gross carrying amount) as shown above	5,732	7	27,850	33,589
Accumulated amortisation and impairment as shown above	(3,595)	(1)	(4,005)	(7,601)
Net carrying amount	2,137	6	23,845	25,988
As of 31 December 2006				
Cost (gross carrying amount)	6,226	7	29,038	35,271
Accumulated amortisation and impairment	(3,239)	(2)	(4,005)	(7,246)
Net carrying amount	2,987	5	25,033	28,025

7. IMPAIRMENT TESTING OF RECORDED GOODWILL

The carrying amounts of the goodwill allocated to the Facility Management and Property cash-generating units are listed below:

(in thousands of Euro)	Facility Management CGU		Property Management CGU	
	2007	*2006*	*2007*	*2006*
Carrying amount of updated goodwill	23,845	23,845	1,188	1,188

In each cash-generating unit to which goodwill was allocated, the carrying value of the unit, which includes goodwill, was compared to the recoverable value.

On 6 July 2007 Company top management approved the Group's new business plans which were used to perform a thorough analysis in order to identify any evidence of impairment. This analysis confirmed that the recoverable value of the foregoing units greatly exceeds the relative carrying amount.

Facility management CGU

This calculation was performed using the cash flow projection contained in the latest financial plan approved by top management, covering a time period of three years. The discounting rate applied to the forecast cash flows was 7.7% (2006: 7.7%) and the cash flows after three years were extrapolated using a straight-line growth rate of 2% (2006: 2%). This growth rate is deemed to be prudent, considering the much higher growth rates predicted by external observers and the average growth in facility management revenues recorded (about 20% p.a.) over the last five years by the Manutencoop Group (to which Manutencoop Facility Management S.p.A. belongs).

Property CGU

The recoverable value is determined on the basis of the value in use. The calculation was performed using the cash flow projection contained in the financial plan approved by top management, covering a time period of three years. The discounting rate applied to the forecast cash flows was 7.8% (2006: 7.7%) and the cash flows after three years were extrapolated using a zero growth rate. This valuation is deemed to be prudent, considering that the real potential of the property management sector is currently not reflected in the plan.

8. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Company holds various direct investments in subsidiaries, joint ventures and associates that are recorded at cost in the statutory financial statements.

The following table relating to subsidiaries, associates and joint ventures provides information concerning denominations, registered offices, the Company's direct and indirect interests in share capital and, if different, the percentage of voting rights exercisable at shareholders' meetings.

SUBSIDIARIES

Company name	*Registered Office*	*Direct interest in SC*	*Indirect interest in SC*
Servizi Brindisi Soc. Cons. a r.l.	Zola Predosa (Bologna)	52%	
Gestlotto 6 Soc. Cons. a r.l.	Zola Predosa (Bologna)	55%	
Simagest 2 Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Consorzio Imolese Pulizie Soc. Cons. a r.l.	Imola (Bologna)	60%	
Consorzio Servizi Toscana Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Servizi Marche Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Palmanova Servizi Energetici Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Servizi l'Aquila Soc.Cons. a r.l.	Zola Predosa (Bologna)	60%	
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	Zola Predosa (Bologna)	66.66%	
Gymnasium Soc. Cons. a r.l.	Zola Predosa (Bologna)	68%	
M.C.B. S.p.A.	Bologna (BO)	75%	
Co.Ge.F. Soc. Cons. a r.l.	Zola Predosa (Bologna)	80%	
Simagest 3 Soc. Cons. a r.l.	Zola Predosa (Bologna)	89.99%	
Alisei S.r.l.	Zola Predosa (Bologna)	100%	
Servizi Ospedalieri S.p.A.	Ferrara (FE)	100%	
Luigi Minati Service S.r.l.	Assago (MI)	100%	
Omasa S.p.A.	Milan (MI)	100%	
Teckal S.p.A.	Reggio Emilia (RE)	100%	
Fleur Bruzia S.r.l.	Cosenza		100%

JOINT VENTURES

Company Name	*Registered Office*	*Direct interest in SC*	*Indirect interest in SC*
Consorzio Leader Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	
Consorzio Pulizie Veneto Soc. Cons. a r.l.	Marghera (Venice)	50%	
Global Maggiore Bellaria Soc. Cons. a r.l.	Bologna	50%	
Legnago 2001 Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	
MP Facility S.p.A.	Milan	50%	
SCAM Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	
Servizi e Manutenzioni Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	

ASSOCIATES

Company name	*Registered office*	*Direct interest in SC*	*Indirect interest in SC*
Gico Systems S.r.l.	Lippo Calderara (Bo)	20%	
Como Energia Soc. Cons. a r.l.	Como	20%	
Se.Sa.Mo. S.p.A.	Carpi (Modena)	20.91%	
Global Riviera Soc. Cons. a r.l.	Zola Predosa (Bo)	23.11%	
Consorzio Energia Servizi Bologna	Bologna	24.25%	
Newco DUC Bologna S.p.A.	Bologna	24.9%	
PBS Soc. Cons. a r.l.	Milan	25%	
Bologna Più Soc. Cons. a r.l.	Bologna	25.68%	
Bologna Global Service Soc. Cons. a r.l.	Bologna	37.5%	
Global Provincia di Rimini Soc. Cons. a r.l.	Zola Predosa (Bo)	42.4%	
Roma Multiservizi S.p.A.	Rome	45.47%	
DUC Gestione Sede Unica Soc. Cons. a r.l.	Bologna	49%	
Global Vicenza Soc. Cons. a r.l.	Concordia sulla Secchia (MO)	41.25%	
Bologna Multiservizi Soc. Cons. a r.l.	Casalecchio di Reno (BO)	39%	
Terzatorre S.p.A.	Bologna	32%	
Tower Soc. Cons. a r.l.	Bologna	20.167%	
San Martino 2000 Soc. Cons. a r.l.	Calata Gadda (GE)		40%
Sersan Servizi Sanitari S.p.A.	Lamezia Terme (CZ)		20%
F.lli Bernard S.r.l.	Bari		20%
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	Florence		20%

Changes in investments in subsidiaries, joint ventures and associates during the year are summarised below:

(in thousands of Euro) COMPANY	Balance as of 01 January 2007	Increase	Decrease in write-down	Reclassifications	Balance as of 31 December 2007
SUBSIDIARIES					
Servizi Marche Soc. Cons. a r.l.	6	0	0	0	6
Consorzio Imolese Pulizie Soc. Cons. a r.l.	6	0	0	0	6
Co.ge.im. Soc. Cons. a r.l.	10	0	(10)	0	0
S.I.MA.GEST2 Soc. Cons. a r.l.	30	0	0	0	30
S.I.MA.GEST3 Soc. Cons. a r.l.	166	0	(116)	0	50
Consorzio Servizi Toscana Soc. Cons. a r.l.	6	0	0	0	6
Gymnasium Soc. Cons. a r.l.	7	0	0	0	7
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	7	0	0	0	7
Alisei S.r.l.	58	0	0	0	58
M.C.B. S.p.A.	4,973	0	0	0	4,973
Gestlotto6 Soc. Cons. a r.l.	50	0	0	0	50
Servizi Ospedalieri S.p.A.	0	60,062	0	0	60,062
Servizi Brindisi Soc. Cons. a r.l.	0	5	0	0	5
Luigi Minati Service S.r.l.	0	760	0	0	760
Omasa S.p.A.	0	10,071	0	0	10,071
Co.Ge.F. Soc. Cons. a r.l.	0	8	0	0	8
Teckal S.p.A.	0	61,463	0	0	61,463
Palmanova servizi energetici Soc. Cons. a r.l.	0	6	0	0	6
Servizi l'Aquila Soc. Cons. a r.l.	0	12	0	0	12
TOTAL SUBSIDIARIES	**5,319**	**132,387**	**(126)**	**0**	**137,580**
JOINT-VENTURES					
Consorzio Pulizie Veneto Soc. Cons. a r.l.	5	0	0	0	5
Consorzio Leader Soc. Cons. a r.l.	5	0	0	0	5
Servizi e Manutenzioni Soc. Cons. a r.l.	5	0	0	0	5
Legnago 2001 Soc. Cons. a r.l.	5	0	0	0	5
Global Maggiore Bellaria Soc. Cons. a r.l.	5	0	0	0	5
M.P.Facility S.p.A.	500	0	0	0	500
Scam Soc. Cons. a r.l.	10	0	0	0	10
TOTAL JOINT-VENTURES	**535**	**0**	**0**	**0**	**535**
ASSOCIATES					
Consorzio Rizzoli Energia	4	14	(18)	0	0
Roma Multiservizi S.p.A. updated	3,324	0	0	0	3,324
Bologna Global Service Soc. Cons. a r.l.	4	0	0	0	4
Global Prov.Rimini Soc. Cons. a r.l.	4	0	0	0	4
Gico Systems S.r.l.	29	0	0	0	29
Bologna più Soc. Cons. a r.l.	77	0	0	0	77
Como energia Soc. Cons. a r.l.	4	0	0	0	4
Global Riviera Soc. Cons. a r.l.	7	0	0	0	7
Newco Duc Bologna S.p.A.	2,241	0	0	0	2,241
Sesamo S.p.A.	606	0	0	0	606
Duc gest sede unica Soc. Cons. a r.l.	10	0	0	0	10
Consorzio Energia Servizi Bologna	2	0	0	0	2
P.B.S. Soc. Cons. a r.l.	25	0	0	0	25
Global Vicenza Soc. Cons. a r.l.	0	4	0	0	4
Bologna Multiservizi Soc. Cons. a r.l.	0	4	0	0	4
Terzatorre S.p.A.	0	1,472	0	0	1,472
Tower Soc. Cons. a r.l.	0	20	0	0	20
TOTAL ASSOCIATES	**6,337**	**1,514**	**(18)**	**0**	**7,833**
TOTAL subsidiaries, joint ventures, associates	**12,191**	**133,901**	**(144)**	**0**	**145,948**

A write-down was applied to the portion of goodwill paid for the acquisition, in the prior year, of the shares in Simagest3 Soc. Consortile from Impregilo Edilizia e Servizi S.p.A. The goodwill paid is written down each year with reference to expected future profitability, since the nature of the company (consortium for the allocation of costs) involves the generation of profits by Manutencoop Facility Management S.p.A.

On 1 July 2007 the Company acquired, from its controlling company Manutencoop Società Cooperativa, a 100% stake in the share capital of Servizi Ospedalieri S.p.A., a company operating in the Laundering/Sterilization segment, whose main activities are the rental and laundering of flat linen, garments, mattresses and bed accessories (linen rental and industrial launderer), and sterilization of linen and surgical instruments. The service is mainly supplied to large-size public customers and private customers (clinics). The acquisition was carried out for a fully paid total amount of Euro 60,062 thousand, Euro 62 thousand of which relative to accessory charges accompanying the transaction (mainly represented by charges for the antitrust procedure and legal consultancy expenses).

On 3 September 2007 the Company acquired 100% of share capital of Luigi Minati Service S.r.l., a company operating in the facility management segment and specifically in technical services activities (including heat management, regular and special maintenance of plant and buildings and refurbishment of plant) primarily in Lombardy, with a portfolio of private and public sector customers. The acquisition was carried out for a fully paid total amount of Euro 750 thousand, the figure to be increase by Euro 10 thousand for charges concerning legal expenses and notary fees.

On 14 September 2007 the purchase of 100% of Omasa S.p.A. was completed; this company is one of the leading Italian operators in the provision of surgical instrument sterilization services, at a cost of Euro 10,071 thousand, of which Euro 306 thousand arising from related expenses (antitrust, consultancy); the amount has been paid in full.

On 12 October 2007 100% of the share capital was acquired of Teckal S.p.A., a company working in the heat management and plant maintenance sector in Emilia-Romagna, Lazio and Campania. The fully paid purchase price was Euro 60,506 thousand, while related costs were met for legal, notary, and commercial services and for antitrust procedures for a total of Euro 957 thousand. In relation to the foregoing acquisition a line of credit was opened with Unicredit Banca to support the investment operation in the amount of Euro 56 million, with due date of 30 June 2008, with the remaining Euro 5 million as an uncommitted revolving credit facility: this line of credit was secured by assigning shares representing the entire share capital of Teckal S.p.A. as collateral; since this is a proxy pledge the voting right is anyway ascribed to the Company.

The transaction for the acquisition of Servizi Ospedalieri S.p.A. forms part of the broader process of reorganisation of the business within the group controlled by Manutencoop Società Cooperativa which started in December 2003 and which is aimed at combining, under the umbrella of the MFM Group, all the activities related to Integrated Facility Management.

The other transactions described above are related to the policy of external growth through the acquisition of specialised companies in relation to the type of product/service or the method of supply.

On 10 July 2007 a new consortium was incorporated under the name Terzatorre S.p.A. the aim of which is the performance of the license contract relative to the completion of the Regione Emilia Romagna building complex in the Bologna Fiera District.

In addition, the following consortia have been incorporated with the aim of achieving uniform management of contracts managed by the following Joint Ventures:

- Servizi Brindisi Soc. Cons. a r.l. the aim of which is the uniform execution of the energy and technological management service for the buildings of the Brindisi health authority AUSL BR/1 - contract term three years;
- CO.GE.F. Soc. Cons. a r.l. the aim of which is the uniform management of cleaning, environmental hygiene and other services of lots 5 and 6 relative to the properties in Tuscany, Umbria, the Abruzzi and the Marches, outsourced by Consip S.p.A.;
- Palmanova Servizi Energetici Soc. Cons. a r.l. the aim of which is the uniform execution of energy services provided for Ospedale di Palmanova, outsourced by health authority A.S.S. no. 5 Bassa Friulana;
- Servizi l'Aquila Soc. Cons. a r.l. the aim of which is the provision of Global Service for management and maintenance of the buildings denominated "Palazzo Silone" and "Palazzo Centi" outsourced by the Abruzzi Regional Council;
- Tower Soc. Cons. a r.l. the aim of which is the execution of building works associated with the contract for the construction of an office building for Regione Emilia Romagna in the Bologna Fiera District;

- Global Vicenza Soc. Cons. a r.l. the aim of which is the execution of the integrated management service relative to the Vicenza Provincial Administration's properties from 2007 to 2011;
- Bologna Multiservizi Soc. Cons. a r.l. the aim of which is the performance of a multi-service building and plant maintenance contract for the buildings used by the Bologna health authority.

9. FINANCIAL ASSETS (NON CURRENT)

(in thousands of Euro)	2007	2006
Investments in 'other companies'	475	557
Loans granted	19,123	3,733
Other financial assets	586	604
TOTAL	**20,184**	**4,894**

Investments in companies that are not subsidiaries or associates are held for strategic-productive reasons: these investments are all associated with production sites and, in addition, they principally represent holdings in consortia formed for the allocation of costs. This caption is measured at purchase or formation cost, since there is no active market in these securities which, in most cases, cannot be freely sold to third parties due to rules and agreements that effectively prevent their transfer. This valuation method is however deemed to approximate the fair value of these investments.

The loans made to certain consortia are interest-free, having been granted proportionately by each consortium member; accordingly, they have been discounted with reference to the expected residual maturities, applying IRSs for loans due beyond 12 months and Euribor for those due within 12 months, increased by 0.5%. The increase in the value of loans granted is mainly due to the interest-earning Euro 17,800 thousand loan made to the subsidiary Servizi Ospedalieri S.p.A. at the following contract conditions: 3-month Euribor + 0.5% spread. The other financial assets mainly comprise guarantee deposits relating to certain commercial contracts.

10. INVENTORIES

(in thousands of Euro)	2007	2006
Raw materials (at cost)	1,511	1,364

Inventories of raw materials comprise the materials held awaiting use at production sites, stated at weighted-average purchase cost, and the fuel held in the tanks of customers who have outsourced their heat management to the Company.

11. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

(in thousands of Euro)	2007	2006
Due from third-party customers	172,770	207,635
Due from subsidiaries	18,164	20,447
Due from associates and joint ventures	31,214	44,213
Due from parent companies	148	1,309
Advances to suppliers	1,101	724
TOTAL TRADE RECEIVABLES	**223,397**	**274,328**
Due from employees	49	24
Due from suppliers	256	0
Due from social security institutions	135	105
Due from parent company	2	2
Treasury accounts - subsidiaries	0	0
Treasury accounts - associates	0	0
Ener.con. repayment of capital and loan	0	820
Receivables due to INPDAP	2,117	2,088
Settlement agreement for acquisition of investment in Teckal S.p.A.	384	0
Tax authorities for VAT	834	0
Other	279	143
TOTAL OTHER CURRENT RECEIVABLES	**4,056**	**3,182**

The disclosure of "Current financial assets" separately from "Other current receivables" is deemed to be suitable as from this year's financial statements; therefore the captions "Treasury accounts - subsidiaries" (Euro 979 thousand) and "Treasury accounts - associates" (Euro 25 thousand) were recorded also for 2006 within "Other current financial assets" described in note 12.

Trade receivables do not earn interest and are generally contractually collectible within 30-90 days. Since the vast majority of the Group's customers are public bodies, which notoriously pay very late, trade receivables from customers have been discounted on an analytical basis at a discount rate free of risks (4.12% in 2007) for the time between the average days of arrears of our competitors and the average of the Company recorded in the year.

(in thousands of Euro)	Initial value	Allowance	Utilisation	Closing value
	1,303	793	(1,303)	793

Doubtful receivables that may not be fully recoverable are covered by a specific allowance for doubtful accounts, which is deemed adequate with respect to litigation recorded as of 31 December 2007:

(in thousands of Euro)	Initial value	Allowance	Utilisation	Closing value
	1,857	1,687	(32)	3,512

The terms and conditions applying to the amounts due from related parties are discussed in note 32.

The breakdown by categories of amounts due from third-party customers as at 31 December 2007 is described in the following table:

(in thousands of Euro)

	TOTAL	Not overdue/not written down	Overdue but not written down				
			within 0-30 days	*within 30-60 days*	*within 60-90 days*	*within 90-120 days*	*Beyond 120 days*
As of 31/12/2007	178,007	132,604	6,988	6,542	6,029	4,489	21,355
As of 31/12/2006	273,604	191,218	20,698	8,256	8,977	6,727	37,728

In 2007 a securitization operation was completed for the sale of trade receivables, with Calyon S.A. Corporate & Investment Bank, in order to release funds to support the Company's industrial growth operations.

The contract entered into is of one-year term, renewable for 5 years, and envisages the sale of receivables on a quarterly basis under a revolving facility.

Receivables were sold without recourse on 26/03/2007, 25/06/2007, 25/09/2007 and 21/12/2007 for a total nominal value of Euro 233,240 thousand. With regard to the characteristics of the transaction, we carried out the derecognition of the receivable, recording the costs arising from structuring of the transaction of Euro 815 thousand, costs relative to the credit discount for Euro 924 thousand and the interest discount for Euro 7,752 thousand for a total amount of Euro 9,491 thousand. On the basis of the historic trend of the receivables subject to disposal, the incidence of the credit risk is extremely modest, while the risk of late payment is significantly higher because the amounts in question are owed by public authorities.

In the context of the operation the Company gave a guarantee for a nominal amount of Euro 9,814 thousand; in the light of the characteristics of the transaction and the protections to which enforcement of the surety policy is subordinate, the fair value of the surety has been set at Euro 51 thousand.

The amount of Euro 2,117 thousand relates to the current account balances held with Banca di Roma and managed on behalf of and in the name of INPDAP, as envisaged in the property management contract signed with that institution by B.S.M. S.r.l., which was absorbed during the previous year. The accounts are currently frozen by the Court, following a dispute that arose with INPDAP. The classification of this amount under "Other current receivables" in the statutory financial statements is deemed to be fair, not least because it relates directly to the caption "Other amounts due to INPDAP".

The receivable due from Consorzio Enercon arising in relation to contractual breaches by this latter was collected during the year: the payment in question was made by Manutencoop Soc. Coop., which had guaranteed this receivable at the time of conferral of the "Fidia" line of business to which the relative debt pertained.

12. CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS

(in thousands of Euro)	2007	2006
Demand deposits and cash	16,741	6,810
Treasury accounts	10,705	5,722
TOTAL LIQUID FUNDS	**27,446**	**12,532**

Bank deposits earn interest at the respective short-term rates. The amounts deposited with Consorzio Cooperativo Finanziario per lo Sviluppo (C.C.F.S.) and Consorzio Nazionale Servizi (C.N.S.) are readily available and earn interest.

The fair value of cash and cash equivalents is therefore Euro 27,446 thousand (2006: Euro 12,532 thousand)

The Company has unused lines of credit totalling Euro 83,639 thousand as of 31 December 2007 (2006: Euro 66,072 thousand) and has always complied with the related terms and conditions.

For the purposes of the cash flow statement, cash and cash equivalents as of 31 December are analysed as follows:

(in thousands of Euro)	2007	2006
Demand deposits and cash	27,446	12,532
Bank overdraft	-	-
TOTAL	**27,446**	**12,532**

Other current financial assets

This caption includes the current accounts held with Group companies and used to settle financial relations. This caption represents a contribution of Euro 5,688 thousand. The current account balance earns interest at the 3-month Euribor rate + an 0.5% spread; this amount is repayable on demand and the current accounts contract expires naturally on 31 December 2008, although it is subject to automatic renewal.

(in thousands of Euro)	2007	2006
Servizi Marche Soc. Cons. a r.l.	12	12
Consorzio Imolese Pulizie Soc. Cons. a r.l.	36	36
Gymnasium Soc. Cons. a r.l.	7	7
Gestlotto6 Soc. Cons. a r.l.	20	259
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	665	665
Consorzio Pulizie Veneto Soc. Cons. a r.l.	20	25
Omasa S.p.A.	2,683	0
Minati Service S.r.l.	745	0
Teckal S.p.A.	1,500	0
TOTAL OTHER CURRENT FINANCIAL ASSETS	**5,688**	**1,004**

13. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	2007	2006
Ordinary shares, par value €1 each	**77,964**	**116,964**

Further to the matters illustrated in note 3 with regard to the accounting of the transaction designated "Fidia", relative to the conferral to the Company of the line of business engaged in cleaning and the management of green areas by Manutencoop Società Cooperativa, in accordance with the consistency principle, shareholders' equity resulting from the interim financial statements of the Company at 30 September 2007 displayed a negative provision of Euro 65,968 thousand in relation to share capital of Euro 116,964 thousand and total reserves and profits of Euro 44,135 thousand. The shareholders' meeting held on 5 December 2007 therefore decided to reduce share capital to Euro 77,964 thousand and to use Retained reserves in full with the exception of the Legal Reserve for Euro 3,731 thousand.

The reduction of Company share capital was carried out by cancelling the corresponding shares in circulation in proportion to the current percentage stakes held by shareholders in the share capital, with the consequent collection and reissue of the relative share certificates.

The Company does not own any treasury shares, and has not held any treasury shares in the current year or in the prior year.

ORDINARY SHARES, ISSUED AND FULLY PAID	Number
As of 1 January 2005	47,472,000
Issued on 1 January 2005	49,818,000
Issued on 31 January 200519,674,000	
As of 31 December 2006	116,964,000
Cancellation of shares on 5 December 2007	39,000,000
As of 31 December 2007	77,964,000

Retained earnings (losses)

(in thousands of Euro)	Legal reserve	Other reserves	TOTAL RESERVES	Retained earnings (losses)
As of 1 January 2006 (updated)	**132**	**(49,537)**	**(49,405)**	**2,502**
Allocation of 2005 results	4,808	0	4,808	0
As of 31 December 2006	**4,940**	**(49,537)**	**(44,597)**	**2,502**
Allocation of 2006 results	6,394	0	6,394	432
Utilisation of 5 December 2007	(7,603)	49,535	41,933	(2,934)
Rounding	0	0	4	
As of 31 December 2007	**3,731**	**2**	**3,733**	**0**

Nature and purpose of other reserves

IFRS transition reserve

This reserve reflects the adjustment of the financial statements on the first-time adoption of IFRS; the related tax effect is reported in a separate reserve.

(in thousands of Euro)

Nature/description	Amount	Utilisation options	Portion available	Summary of utilisations in the past three years: For coverage of losses	Summary of utilisations in the past three years: For other reasons
Share capital	**77,964**				39,000
Capital reserves:					
- Share premium reserve	0				15,056
Profit reserves:					
- Legal reserve	3,731	B			7,603
- IFRS transition reserve	2	B			1,373
Retained earnings (losses)					2,934
TOTAL	81,697				
Non-distributable portion	3,733				
Distributable portion	0				

Key

Utilisation options:

A: to increase capital

B: to cover losses

C: for distribution to shareholders

14. EMPLOYEE BENEFITS AND PENSION FUNDS

The Group has no defined benefit pension plans as such.

However, the employee severance indemnities (T.F.R.) envisaged by art. 2120 of the Italian Civil Code fall into this category for reporting purposes and, accordingly, have been recorded as such on the basis of the applied accounting policies.

During the year the Company recorded non-recurring income for Euro 1,062 thousand deriving from the curtailment of employee severance indemnities further to the changes introduced by the 2007 Finance Act relative to allocation of maturing portions that changed the nature of the provision from a defined benefits scheme to a defined contributions scheme. The curtailment is based mainly on excluding future remuneration and relative expected increases from the actuarial calculation.

The following tables summarise the net cost of the benefits recognised in the income statement and the amounts reported as employee severance indemnity in the financial statements.

The net cost of the benefits, classified among payroll costs, is analysed below.

(in thousands of Euro)

Employee severance indemnity	2007	2006
Cost of benefits earned (current service cost)	(1,062)	3,964
Financial charges on outstanding obligations	700	532
Net actuarial losses (gains) recognised in the year	3,274	889
Other defined contribution benefits	4,868	0
Net cost of benefit	**7,780**	**5,385**

There are no assets servicing the plan.

The changes in the present value of the defined benefit obligation (Employee severance indemnity) are analysed below:

(in thousands of Euro)

Employee severance indemnity	2007	2006
Opening present value of the defined benefit obligation	17,342	15,206
Increase due to business combinations	0	24
Benefits paid	(3,800)	(3,273)
Cost of current benefits earned	(1,062)	3,964
Financial charges on outstanding obligations	700	532
Actuarial (gains)/losses	3,274	889
Closing present value of the defined benefit obligation	**16,454**	**17,342**

The principal assumptions used to measure the obligation for employee severance indemnities are described below:

	2007 %	2006 %
Discount rate	4.8%	4.1%
Inflation rate	2.5%	2.0%
Future wage increases	N/A	3.0%
Employee turnover	13.0%	13.0%

The average number of employees is analysed below, together with those on secondment to the Company from Manutencoop Società Cooperativa:

	2007	2006
Executives	8	4
Clerical staff	254	244
Manual workers	6,723	6,262
Employees	**6,985**	**6,510**
Executives	13	17
Clerical staff	217	186
Manual workers	332	291
On secondment	**562**	**494**

15. PROVISIONS FOR RISKS AND CHARGES

(in thousands of Euro) and work performed	Risks in relation to testing in progress	Legal disputes bonuses	Employee	TOTAL
As of 1 January 2007	**804**	**324**	**381**	**1,509**
CO.GE.IM. MERGER	0	0	0	0
Adjustments for the year	184	12	264	460
Utilisations	(386)	(4)	(293)	(683)
As of 31 December 2007	**602**	**332**	**352**	**1,286**
Short term 2007	184	0	352	536
Medium/Long term 2007	418	332	0	750
Short term 2006	387	0	381	768
Medium/long term 2006	417	324	0	741

Provision for risks in relation to testing and work performed

The amount of Euro 184 thousand relates to reporting of work performed on overtime not yet approved by the customer in relation to which it was deemed to be prudent to record a specific provision to cover risks relating to possible customer disputes in the future. In the assessment of the foregoing risk account was taken of the history of disputes initiated by the customer in question and the level of adequacy of authorisation procedures.

The amount of Euro 418 thousand is recorded in relation to the risk arising in a property contract with our customer Milan Municipal Council, which envisages approval of the final amount of management costs of the properties by the tenants of the buildings in question. At the closing date of the financial statements this provision was congruous because it was recalculated on the basis of the trend of disputes arising at the time of approval of the statements of account relative to the 2004-2005 season, therefore no further allocation was made in the year.

Provision for litigation in progress

The risk of having to make settlements in relation to litigation in progress with customers, suppliers and employees is assessed when preparing the financial statements. Several of the foregoing proceedings relate to alleged defective work pursuant to art. 1669 of the Italian Civil Code. These risks and the related provisions were conferred to the Group on 30 December 2003. We draw your attention to the fact that with regard to the employees transferred with the conferrals of the businesses denominated "Palladio" and "Fidia", no amount was allocated for the disputes referred to said workers relative to periods prior to the date of conferral, and even though the Company is the debtor jointly with Manutencoop Soc. Coop. current agreements establish that the latter will make any necessary settlements. This provision was adjusted in the amount of Euro 12 thousand.

Employee bonuses

The presumed amount of Euro 352 thousand has been provided to cover management performance bonuses that are likely to be paid, although the exact amounts have not yet been determined.

16. LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

(in thousands of Euro)	Effective interest rate %	Maturity	2007	2006
SHORT AND MEDIUM/LONG-TERM				
Unicredit loan	3m-Euribor+0.75	30/09/2007	0	3,433
Hot Money	3,983/4,054	10/1/2007-13/2/2007	0	6,500
Bank overdrafts	Euribor+0.30-0.45.	On demand	96,268	49,438
Commercial paper	4.01	31/1/2007	0	2,000
Parent/Subsidiary I/C accounts	3m-Euribor.+0.5	31/12/2008	66,025	2,336
Finance lease obligations	Euribor + 0.9	2008-2012	1,391	1,923
Consorzio Nazionale Servizi/Consorzio Coop.Costruzioni	4.5-6.00	31/12/2007	143	0
TOTAL			**163,827**	**65,630**

Bank overdraft

Bank overdrafts are not guaranteed.

Parent/Subsidiary I/C accounts

The balance is unsecured and is repayable in full on 31 December 2008, subject to automatic renewal.

Finance lease obligations

The leasing contracts are unsecured with a limit of Euro 6,600 thousand. They relate to motor vehicles and each contract has a duration of 5 years.

Treasury current account with Cooperative Consortia

These are interest-earning treasury current accounts on demand that are utilised mainly to settle the relations between the Company and the consortia involved. Normally these accounts have a positive balance and are classified together with cash and cash equivalents. At 31 December 2007 the relative negative balance was Euro 143 thousand.

Other current financial liabilities

The caption "Other current financial liabilities" includes the payable to Calyon S.A. Corporate & Investment Bank in relation to invoices paid by customers into the Company's bank accounts although they were previously subject to the securitization operation described in note 11. This type of debt is normally settled every 15 days by means of a bank transfer.

17. TRADE AND OTHER CURRENT PAYABLES

(in thousands of Euro)	2007	2006
Trade payables	88,578	77,361
Amounts due to subsidiaries	14,292	17,253
Amounts due to associates and joint-ventures	18,508	14,682
Amounts due to controlling companies	7,484	3,753
Trade payables for work to be performed	1,999	1,714
Due to employees	18,555	15,849
Due to social security institutions	2,661	2,389
Due to tax authorities	19,360	22,410
Other amounts due to associates	0	134
Other amounts due to subsidiaries	10	0
Collections for joint ventures	5,720	4,611
Capital payable to affiliates	1	58
Remuneration due to directors	79	40
Property collections for customers	2,117	2,088
Other	854	830
TOTAL	**180,218**	**163,172**

Terms and conditions relating to the above liabilities:

The terms and conditions governing transactions with related parties are described in note 32.

Trade payables do not bear interest and are generally settled 120 days from the invoice date.

Other payables do not bear interest and are generally settled after 30 days, except for the amounts due to employees for 14th-month wages and salaries and untaken holidays, which are settled after 6 months on average, and for the VAT payable to the tax authorities on deferred terms, which is settled when the related receivables are collected from customers.

18. SEGMENT REPORTING

In consideration of the fact that the risks and profitability of the Company depend primarily on the differences existing between the various types of services offered, the relative data are broken down according to the business segment.

The secondary reporting format of the Company is in accordance with geographical areas, although since the Company currently operates exclusively in Italy, it is not considered that the various sub-national areas in which the Company is active feature differences in profitability and risk levels such as to justify a specific breakdown by segment.

The changes shown below were calculated with respect to the balances as of 31 December 2007 in relation to the captions in the balance sheet and in the income statement:

(in thousands of Euro)

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007	FACILITY MANAGEMENT	PROPERTY	OTHER	TOTAL
REVENUES FOR THE YEAR				
Gross sales	381,191	4,758	27,067	413,016
Discounting	(997)	(12)	(61)	(1,070)
TOTAL REVENUES	**380,194**	**4,746**	**27,006**	**411,946**
Sector costs	(312,567)	(3,497)	(24,994)	(341,058)
Sector results	**67,627**	**1,249**	**2,011**	**70,887**
Overheads	(36,010)	(38)	(394)	(36,442)
Operating profit	**31,617**	**1,211**	**1,617**	**34,445**
Dividends	4,887			4,887
Net financial income and charges (including financial dividends)				(9,686)
Results before taxation				**29,646**
Income taxes				(15,397)
Results from discontinued activities				**-**
Net results for the year				**14,249**

(in thousands of Euro)

ASSETS AND LIABILITIES AS OF 31 DECEMBER 2007	FACILITY MANAGEMENT	PROPERTY	OTHER	TOTAL
Sector operating assets	235,633	8,825	9,545	254,003
Reallocated operating assets	11,828	59	324	12,211
Equity investments	74,229	75	1,512	75,816
Financial assets and relative taxation				126,827
TOTAL ASSETS	**321,690**	**8,959**	**11,381**	**468,857**
Sector operating liabilities	159,366	5,142	8,508	173,016
Reallocated operating liabilities	24,647	26	269	24,942
Financial liabilities and relative taxation				174,952
TOTAL LIABILITIES	**184,013**	**5,168**	**8,777**	**372,910**

(in thousands of Euro)

OTHER SEGMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007	FACILITY MANAGEMENT	PROPERTY	OTHER	TOTAL
Investments in intangible fixed assets	131	0	0	131
Investments in reallocated intangible fixed assets	2,980	3	18	3,001
Investments in tangible fixed assets	971	0	27	998
Investments in reallocated tangible fixed assets	489	0	3	492
Depreciation	1,318	9	26	1,353
Reallocated depreciation	2,020	2	12	2,034
Impairment	7	0	0	7
Decreases	6	0	0	6
Revaluations/write-downs of equity investments	0	0	0	0

(in thousands of Euro)

UPDATED INCOME STATEMENT AS OF31 DECEMBER 2006	FACILITY MANAGEMENT	PROPERTY	OTHER	TOTAL
Revenues	350,797	5,477	28,068	384,342
Segment costs	(290,950)	(4,444)	(25,248)	(320,642)
Segment results	**59,847**	**1,033**	**2,820**	**63,700**
Overheads	(28,629)	(37)	(351)	(29,017)
Operating profit	**31,218**	**996**	**2,468**	**34,682**
Dividends	4,728	-	-	4,728
Net financial income and charges	-	-	-	(540)
Results before taxation	**38,870**			
Income taxes				(20,119)
Results from discontinued activities				942
Net results for the year				**19,693**

(in thousands of Euro)

ASSETS AND LIABILITIES UPDATED AS OF 31 DECEMBER 2006	FACILITY MANAGEMENT	PROPERTY	OTHER	TOTAL
Segment operating assets	287,426	9,006	8,440	304,872
Reallocated operating assets	9,510	69	375	9,954
Equity investments	12,107	75	10	12,192
Financial assets and relative taxation				18,834
TOTAL ASSETS	**309,042**	**9,150**	**8,825**	**345,852**
Segment operating liabilities	152,156	5,040	5,856	163,052
Reallocated operating liabilities	18,700	24	247	18,971
Financial liabilities and relative taxation				69,267
TOTAL LIABILITIES	**170,857**	**5,064**	**6,103**	**251,291**

(in thousands of Euro)

OTHER SEGMENT INFORMATION FOR THE UPDATED YEAR ENDED 31 DECEMBER2006	FACILITY MANAGEMENT	PROPERTY	OTHER	TOTAL
Investments in intangible fixed assets	28	1,188	0	1,216
Investments in reallocated intangible fixed assets	1,869	2	11	1,882
Investments in tangible fixed assets	2,250	0	28	2,278
Investments in reallocated tangible fixed assets	464	0	3	467
Depreciation	1,194	9	28	1,231
Reallocated depreciation	1,788	2	11	1,801
Impairment	0	0	0	0
Revaluations/write-downs of equity investments	0	0	0	0

19. REVENUES FROM SALES AND SERVICES

(in thousands of Euro)	2007	2006
Cleaning and sanitation services	196,655	189,474
Heat management	70,454	61,608
Construction, renovation of buildings	48,049	44,577
Integrated maintenance services - plant and buildings	45,127	36,577
Maintenance of green areas	12,333	13,003
Porterage services	2,886	3,285
Plant installation work	2,828	2,033
Cemetery services	550	469
Ecology services	88	181
Property management	3,101	5,659
Other services	29,479	27,177
TOTAL	**411,550**	**384,043**

Pursuant to art. 5 para. 1. b of Ministerial Decree 221/03 we hereby declare that Company shareholders' equity is 33 times the amount of sales for 2007 exclusively related to the "porterage" segment.

20. OTHER REVENUES AND INCOME

(in thousands of Euro)	2007	2006
Grants	33	142
Loss reimbursements	125	73
Gains on disposal of fixed assets	15	31
Other revenues	223	53
TOTAL	**396**	**299**

The grants received in 2007 refer in the amount of Euro 6 thousand to hiring of differently abled workers, Euro 24 thousand supporting mobility management actions carried out by the Company, and Euro 3 thousand to the installation of solar energy plants. Other revenues are mainly composed of the recovery of costs for seconded personnel.

21. RAW MATERIALS AND CONSUMABLES

(in thousands of Euro)	2007	2006
Changes in inventories of raw materials	74	273
Purchase of fuel	(22,402)	(19,211)
Purchase of raw materials	(20,967)	(13,862)
Purchase of ancillary and consumable materials	(3,362)	(4,350)
Other purchases	(2,045)	(1,815)
TOTAL	**(48,702)**	**(38,965)**

22. COST OF SERVICES

(in thousands of Euro)	2007	2006
Services received	(99,373)	(87,772)
Consortium services	(36,022)	(48,646)
Maintenance and repair of equipment	(1,994)	(1,753)
Professional services	(17,344)	(14,868)
Transport	(1,418)	(2,316)
Advertising and promotion	(1,321)	(255)
Rebates and commissions	(2)	(8)
Insurance and guarantees	(1,307)	(1,306)
Banking services	(62)	(68)
Utilities	(3,127)	(2,632)
Emoluments of directors and statutory auditors	(877)	(877)
Travel and expense reimbursements	(1,172)	(1,065)
Personnel services	(2,520)	(1,976)
Other services	(2,323)	(2,431)
Rental expense	(3,463)	(2,828)
Hire and other charges	(451)	(718)
TOTAL	**(172,776)**	**(169,519)**

23. PAYROLL COSTS

(in thousands of Euro)	2007	2006
Wages and salaries	(88,536)	(81,765)
Social security charges	(27,717)	(25,181)
Temporary and seconded personnel	(22,993)	(21,370)
Other current benefits	0	(526)
Current benefits	(139,246)	(128,842)
Employee severance indemnities	(2,912)	(5,385)
Defined benefits	(2,912)	(5,385)
Payments to employee pension funds	(4,868)	(32)
Defined contribution benefits	(4,868)	(32)
Termination benefits	(339)	(248)
TOTAL PAYROLL COSTS	**(147,365)**	**(134,507)**

24. OTHER OPERATING COSTS

(in thousands of Euro)	2007	2006
Losses on receivables	(924)	(0)
Loss on disposal of fixed assets	(11)	(17)
Losses on disposal of equity investments	(4)	(4)
Indirect taxes	(183)	(131)
Fines and penalties	(521)	(270)
Other operating charges	(1,375)	(1,288)
TOTAL	**(3,018)**	**(1,710)**

25. DEPRECIATION, AMORTISATION, WRITE-DOWNS AND WRITE-BACKS

(in thousands of Euro)	2007	2006
Depreciation of property, plant and equipment	(1,469)	(1,416)
Depreciation of leased property, plant and equipment	(578)	(555)
Amortisation of intangible assets	(1,339)	(1,060)
Write-down of receivables	(1,287)	(1,687)
Write-down of investments in Group companies	(121)	(96)
Release from allowance for doubtful accounts	15	0
TOTAL	**(5,179)**	**(4,414)**

26. DIVIDENDS

(in thousands of Euro)	2007	2006
Dividends	**4,890**	**4,728**

The dividends collected during the year were received from Group companies in the amount of Euro 4,887 thousand and from affiliates C.C.F.S. and C.N.S. for Euro 3 thousand.

(in thousands of Euro)	2007	2006
Building Service Management S.r.l.	0	339
M.P. Facility S.p.A.	0	890
Roma Multiservizi S.p.A.	2,637	3,199
M.C.B. S.r.l.	2,250	0
TOTAL DIVIDENDS FROM GROUP COMPANIES	**4,887**	**4,428**

27. FINANCIAL INCOME

in thousands of Euro	2007	2006
Gains on disposal of investments in subsidiaries, associates, joint ventures	21	78
Bank interest	53	33
Interest on I/C and settlement accounts	561	239
Interest on trade receivables	455	124
Discounting interest on interest-free loans	1,624	1,201
Other financial income	9	0
TOTAL FINANCIAL INCOME	**2,723**	**1,675**

The capital gain realised on the sale of the investment in Ospedale di Suzzara S.p.A. amounted to Euro 21 thousand.

28. FINANCIAL CHARGES

(in thousands of Euro)	2007	2006
Bank loans and current account overdrafts	(2,371)	(1,694)
Other loans	(110)	(214)
Financial charges on finance leases	(68)	(78)
Financial charges on Group treasury accounts	(1,586)	(116)
Other financial charges	(8,225)	(113)
Charges for derivative instruments	(51)	0
TOTAL FINANCIAL CHARGES	**(12,411)**	**(2,215)**

"Other financial charges" comprises costs sustained as interest discount in the securitization operations performed on 31 December 2007 for Euro 7,752 thousand and described in note 11.

29. TAXATION

Income taxes for the years ended 31 December 2007 and 2006 are analysed as follows:

in thousands of Euro	2007	2006
INCOME STATEMENT		
Current taxes		
Current taxation	15,415	19,888
Adjustments to current taxation in relation to prior years	19	62
Tax group income	(37)	(6)
Deferred taxes relative to		
temporary differences arising and reversing	0	638
Income taxes in income statement	15,397	20,582
(inc. attributable to results of 'discontinued activities')	0	29
Changes in shareholders' equity		
Deferred taxation relating to items recorded directly as part of shareholders' equity	0	0

Reported IRES income taxes are reconciled below with the theoretical taxes calculated by applying the tax rate in force for the years ended 31 December 2006 and 2007 to the related profit before taxation:

(in thousands of Euro)	2007			2006		
	Taxable income	Taxation	profit %	Taxable income	Taxation	profit %
Theoretical IRES on profit before taxation	29,646	9,783	33%	39,842	13,148	33%
Actual IRES	29,128	9,612	32.42%	37,893	12,505	31.39%
Difference between theoretical and actual IRES	519	171	0.58%	1,949	643	1.61%
Differences due to:						
Permanent differences that will not reverse in future accounting periods	2,234	737	2.49%	1,660	548	1.38%
Temporary differences that will reverse in future accounting periods	(2,002)	(661)	(2.23%)	(1,018)	(336)	(0.84%)
Reversal of temporary differences arising from previous periods	286	95	0.32%	1,306	431	1.08%
TOTAL DIFFERENCES	518	171	0.58%	1,949	643	1.61%

Deferred taxes

Deferred taxation as of 31 December is analysed below:

in thousands of Euro	BALANCE SHEET 2007	BALANCE SHEET 2006	INCOME STATEMENT 2007	INCOME STATEMENT 2006
DEFERRED TAX LIABILITIES				
Depreciation for fiscal purposes	(1,736)	(1,582)	(154)	(591)
Evaluation of upgrading works in progress on a cost to cost basis	(233)	(408)	176	41
Leasing for fiscal purposes	(6)	(6)	0	0
Provision for doubtful accounts for fiscal purposes	(165)	(198)	33	0
Discounting of employee severance indemnity	(187)	(811)	624	9
Default interest	0	(8)	8	0
Updated investment in Roma Multiservizi S.p.A.	0	0	0	(433)
TOTAL	**(2,328)**	**(3,015)**	**686**	**(974)**
DEFERRED TAX ASSETS				
Tax depreciation of costs expensed	300	478	(178)	(308)
Leasing balloon payment 11	7	4	0	
Discounting of financial receivables	102	28	74	8
Discounting of trade receivables	218	430	(212)	373
Disallowed equipment maintenance and repairs	114	179	(66)	20
Entertainment expenses	69	71	(2)	28
Provisions for risks and charges	959	547	411	279
Estimated losses on default interest charged	0	0	0	0
Engineering workers' one-off bonus	0	0	0	(38)
Directors' remuneration	0	0	0	(10)
Settlement with customer	0	0	0	(52)
Membership fees not paid	0	50	(50)	50
Write-down of investments on absorption of B.S.M. S.r.l.	1	1	0	0
Merger difference on absorption of B.S.M S.r.l.	0	4	(4)	(4)
TOTAL	**1,774**	**1,795**	**(21)**	**346**

Deferred tax assets have been recognised in full since their recovery in future years is reasonably certain. The amounts reported reflect application of the 27.5% IRES rate and 3.9% IRAP rate.

Note however that an amount of Euro 2,738 thousand deducted in section "EC" (net of the related provision for deferred taxation) would become part of taxable income in the event of distribution.

We draw your attention to the reversal of deferred tax liabilities for 2006 in relation to recognition of the investment in Roma Multiservizi S.p.A. included in the "Fidia" business conferral with the acquisition method: recording of this operation with the consistency principle led to the consequent reversal of deferred tax liabilities allocated in 2006 further to the change in the tax regulations concerning equity investments.

30. EARNINGS PER SHARE

The Company decided to inform on the earnings per share exclusively in the consolidated financial statements of the Group in compliance with provisions of IAS 33.

(in thousands of Euro)

DIVIDENDS	2007	2006
Proposed to the shareholders' meeting for approval (not recorded as a liability as of 31 December)		
Dividends on ordinary shares:	**936**	**12,866**

2007 dividend: 0.012 Euro 2006 dividend: 0.11 Euro

31. COMMITMENTS AND CONTINGENCIES

Finance leases

The Company has entered into finance leases for lorries. Finance lease commitments are detailed in the following table together with the present value of the future instalments:

(in thousands of Euro)	2007		2006	
	Instal-ments	Present value	Instal-ments	Present value
Within one year	532	491	616	560
Beyond one year, but within five years	934	900	1,432	1,363
TOTAL LEASE INSTALMENTS	**1,466**	**1,391**	**2,048**	**1,923**
Financial charges	(75)	0	(125)	0
PRESENT VALUE OF LEASE INSTALMENTS	**1,391**	**1,391**	**1,923**	**1,923**

Guarantees given

The Company has the following contingencies as of 31 December 2007:

- guarantees given for bank overdrafts and obligations of subsidiaries and associates totalling a maximum of Euro 10,551 thousand (2006: Euro 10,541 thousand);
- guarantees given to third parties, regarding the performance of commercial contracts with customers, and to the Tax Authorities for VAT refunds; in addition, a guarantee has been given to Calyon S.A. regarding the correct performance of the securitization contract for the sale of trade receivables for Euro 9,976 thousand. The overall exposure of guarantees given to third parties amounts to Euro 80,360 thousand. No liabilities are expected to emerge.

32. INFORMATION ABOUT RELATED PARTIES

The following table summarises the transactions that took place with related parties during the year:

(in thousands of Euro)

PARENT COMPANY	Year	Revenues	Costs	Financial income	Financial charges	Trade and others receivables	Trade and others payables	Financial receivables	Financial payables
Manutencoop Soc. Coop.	2007	4,844	27,773	51	1,586	3,540	7,484	-	66,025
	2006	1,714	26,276	2	116	1,328	4,372	-	2,336
TOTAL OF THE	**2007**	**4,844**	**27,773**	**51**	**1,586**	**3,540**	**7,484**	**-**	**66,025**
PARENT COMPANY	**2006**	**1,714**	**26,276**	**2**	**116**	**1,328**	**4,372**	**-**	**2,336**

(in thousands of Euro)

SUBSIDIARIES	Year	Revenues	Costs income	Financial charges	Financial	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
Alisei S.r.l.	2007	8	27	-	-	3	13	-	-
	2006	3	23	-	-	-	15	-	-
B.S.M. S.r.l.	2007	-	-	-	-	-	-	-	-
	2006	42	45	-	-	-	-	-	-
M.C.B. S.p.A.	2007	163	4	-	-	159	4	-	-
	2006	84	-	-	-	24	2	-	-
CO.GE.IM.	2007	-	-	-	-	-	-	-	-
Soc. Cons. a r.l.	2006	18	5,506	19	-	27	1,735	617	-
Simagest 2	2007	11,150	12,419	-	-	10,809	4,927	-	-
Soc. Cons. a r.l.	2006	16,443	18,393	-	-	13,260	6,139	-	-
Simagest 3	2007	9,751	16,369	-	-	4,824	6,116	-	-
Soc. Cons. a r.l.	2006	12,591	18,800	-	-	5,675	8,012	-	-
Gymnasium	2007	-	5	-	-	1	16	7	-
Soc. Cons. a r.l.	2006	1	6	-	-	1	6	7	-
Gestlotto 6	2007	2	9	-	-	2	9	20	-
Soc. Cons. a r.l.	2006	6	15	-	-	7	15	258	-
Cons. Imolese	2007	32	81	-	-	35	77	36	-
Pulizie Soc. Cons. a r.l.	2006	34	67	-	-	13	35	36	-
Cons. Servizi Toscana	2007	57	71	-	-	63	46	-	-
Soc. Cons. a r.l.	2006	83	73	-	-	82	28	-	-
Servizi Marche	2007	25	316	-	-	10	67	12	-
Soc. Cons. a r.l.	2006	24	310	-	-	9	57	12	-
Cons. Igiene Ospedaliera	2007	2,361	2,204	-	-	1,034	1,347	665	-
Soc. Cons. a r.l.	2006	2,102	2,226	-	-	1,440	1,208	665	-
Co.Ge.F. Soc. Cons. a r.l.	2007	24	142	-	-	25	142	-	-
	2006	-	-	-	-	-	-	-	-
Servizi Ospedalieri	2007	726	41	177	-	420	56	17,800	-
S.p.A.	2006	-	-	-	-	-	-	-	-
Luigi Minati Service	2007	-	-	8	-	8	-	745	-
S.r.l.	2006	-	-	-	-	-	-	-	-
Omasa S.p.A.	2007	4	-	37	-	42	-	2,682	-
	2006	-	-	-	-	-	-	-	-
Servizi Brindisi	2007	163	1,994	-	-	163	1,495	-	-
Soc. Cons. a r.l.	2006	-	-	-	-	-	-	-	-
Teckal S.p.A.	2007	7	-	14	-	21	-	1,500	-
	2006	-	-	-	-	-	-	-	-
TOTAL SUBSIDIARIES	**2007**	**24,474**	**33,684**	**236**	**-**	**17,618**	**14,317**	**23,468**	**-**
	2006	**31,431**	**45,464**	**19**	**-**	**20,538**	**17,252**	**1,595**	**-**

(in thousands of Euro)

JOINT VENTURES	Year	Revenues	Costs income	Financial charges	Financial	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
MP Facility S.p.A.	2007	50,410	143	-	-	13,978	89	-	-
	2006	47,302	253	-	-	27,882	412	-	-
SO.GE.CA.	2007	4	-	-	-	-	(5)	-	-
Soc. Cons. a r.l.	2006	-	4	-	-	-	(2)	-	-
Legnago 2001	2007	791	1,137	-	-	440	512	-	-
Soc. Cons. a r.l.	2006	509	1,106	-	-	251	476	-	-
Global Maggiore	2007	3,158	4,255	-	-	2,421	2,630	-	-
Bellaria Soc. Cons. a r.l.	2006	3,081	3,876	-	-	3,052	3,536	250	-
Gest Park Pordenone	2007	-	-	-	-	-	-	-	-
Soc. Cons. a r.l.	2006	12	7	-	-	-	(1)	-	-
Consorzio Leader	2007	89	341	-	-	37	131	-	-
Soc. Cons. a r.l.	2006	218	256	-	-	62	63	-	-
Servizi e Manutenzioni	2007	5	5	-	-	37	5	-	-
Soc. Cons. a r.l.	2006	112	3	-	-	251	3	-	-
Cons. Pulizie Veneto	2007	761	371	-	-	444	220	20	-
Soc. Cons. a r.l.	2006	836	408	-	-	418	163	25	-
SCAM Soc. Cons. a r.l.	2007	289	3,018	-	-	86	1,040	-	-
	2006	280	2,815	-	-	104	1,136	-	-
TOTAL JOINT VENTURES	**2007**	**55,228**	**9,272**	**-**	**-**	**17,443**	**4,901**	**20**	**-**
	2006	**52,350**	**8,728**	**-**	**-**	**32,020**	**5,786**	**275**	**-**

(in thousands of Euro)

ASSOCIATES	Year	Revenues	Costs income	Financial charges	Financial	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
Newco DUC	2007	-	-	-	-	-	-	-	-
Bologna S.p.A.	2006	-	-	-	-	-	-	-	-
Gico Systems S.r.l.	2007	4	222	-	-	2	103	20	-
	2006	3	135	-	-	2	95	20	-
Consorzio Cooperativo	2007	44	-	36	-	22	2	-	-
Karabak Soc. Cons. a r.l.	2006	50	-	-	-	75	-	-	-
Se.Sa.Mo. S.p.A.	2007	4,457	8	46	-	6,990	2	606	-
	2006	3,816	12	43	-	5,342	12	606	-
Bologna Global	2007	-	5	-	-	257	5	-	-
Service Soc. Cons. a r.l.	2006	583	501	-	-	232	501	1,253	-
Global Provincia di RN	2007	392	1,402	-	-	479	727	170	-
Soc. Cons. a r.l.	2006	394	1,752	-	-	252	748	170	-
Consorzio Rizzoli	2007	-	-	-	-	-	-	-	-
Energia Soc. Cons. a r.l.	2006	99	-	-	-	78	-	-	-
Bologna Più	2007	6,651	577	-	-	1,507	323	193	-
Soc. Cons. a r.l.	2006	6,546	564	-	-	4,408	628	193	-
GE.IM.S. Soc. Cons. a r.l.	2007	-	-	-	-	-	-	-	-
	2006	67	-	-	-	-	-	-	-
Global Riviera	2007	1,092	4,085	-	-	2,448	4,750	-	-
Soc. Cons. a r.l.	2006	971	3,639	-	-	1,518	3,710	-	-
Como Energia	2007	23	741	-	-	-	371	-	-
Soc. Cons. a r.l.	2006	19	524	-	-	-	339	-	-
DUC Gestione Sede	2007	-	8	-	-	-	12	-	-
Unica Soc. Cons. a r.l.	2006	-	3	-	-	-	4	-	-
Cons. Energia Servizi	2007	308	-	-	-	197	-	-	-
Bologna	2006	2	-	-	-	2	-	-	-
P.B.S. S.c.r.l.	2007	-	2,624	-	-	-	1,504	-	-
	2006	20	2,697	-	-	-	1,059	-	134
Bologna Multiservizi	2007	1,113	3,638	-	-	1,139	2,817	-	-
Soc. Cons. a r.l.	2006	-	-	-	-	-	-	-	-
Roma Multiservizi	2007	1,088	3,646	-	-	827	3,159	-	-
S.p.A.	2006	1,049	3,225	-	-	366	2,133	-	-
Tower Soc. Cons. a r.l.	2007	46	111	-	-	46	111	-	-
	2006	-	-	-	-	-	-	-	-
TOTAL ASSOCIATES	**2007**	**15,219**	**17,068**	**83**	**-**	**13,914**	**13,888**	**989**	**-**
	2006	**13,619**	**13,052**	**43**	**-**	**12,275**	**9,229**	**2,242**	**134**

(in thousands of Euro)

SUBSIDIARIES OF MANUTENCOOP SOC. COOP.	Year	Revenues	Costs income	Financial charges	Financial	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
Manutencoop	2007	6,568	509	-	-	595	187	-	-
Immobiliare S.p.A.	2006	10,314	295	-	-	3,105	170	-	-
SIES S.r.l.	2007	2,398	-	-	-	2,487	-	-	-
	2006	-	-	-	-	-	-	-	-
Manutencoop	2007	971	376	-	-	807	186	-	-
Servizi Ambientali S.p.A.	2006	706	548	-	-	377	199	-	-
Servizi Ospedalieri S.p.A.	2007	-	-	-	-	-	-	-	-
	2006	319	51	-	-	149	4	-	-
Cerpac S.r.l.	2007	2	-	-	-	1	-	-	-
(in liquidation)	2006	2	-	-	-	-	-	-	-
Flor Company S.r.l.	2007	-	3	-	-	-	3	-	-
	2006	-	-	-	-	-	-	-	-
TOTAL SUBSIDIARIES OF MANUTENCOOP	**2007**	**9,938**	**887**	**-**	**-**	**3,890**	**375**	**-**	**-**
SOC. COOP.	**2006**	**11,341**	**894**	**-**	**-**	**3,631**	**373**	**-**	**-**

(in thousands of Euro)

ASSOCIATES OF MANUTENCOOP SOC. COOP. OR OTHER GROUP COMPANIES	Year	Revenues	Costs income	Financial charges	Financial	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables
Segesta S.r.l.	2007	-	-	-	-	-	-	-	-
	2006	4	-	-	-	-	-	-	-
Consorzio Segantini	2007	11	-	-	-	5	-	-	-
	2006	20	-	-	-	27	-	-	-
Bar.S.A. S.p.A.	2007	126	-	-	-	126	-	-	-
	2006	-	-	-	-	116	-	-	-
TOTAL ASSOCIATES OF MANUTENCOOP	**2007**	**137**	**-**	**-**	**-**	**131**	**-**	**-**	**-**
SOC. COOP. OR OTHER GROUP COMPANIES	**2006**	**24**	**-**	**-**	**-**	**143**	**-**	**-**	**-**
TOTAL RELATED	**2007**	**109,841**	**88,683**	**370**	**1,586**	**56,536**	**40,965**	**24,477**	**66,025**
PARTIES	**2006**	**110,479**	**94,414**	**64**	**116**	**69,935**	**37,012**	**4,112**	**2,470**

Terms and conditions applying to transactions with related parties

These transactions were carried out at arm's length conditions, i.e. the terms that would have been applied between independent parties. Market prices are applied for both commercial and financial transactions; interest-free loans are only made in the case of proportional lending by consortium members to their consortia, where any interest charges would only be charged back to the members by the consortia concerned. Such loans are stated at their present value in the financial statements. In addition to technical and productive services relating to its core businesses, the Company also provides administrative and IT services to certain Group companies. No guarantees have been given or received in relation to receivables and payables with related parties. The Company has not recorded any allowances for doubtful accounts regarding receivables from related parties for the years in question. The situation is reviewed at the end of each year by examining both the financial position of the related parties concerned and conditions in the markets in which they operate.

The main contracts existing with other Group companies are analysed below;

- An agreement has been signed between Manutencoop Società Cooperativa and Manutencoop Facility Management whereby Manutencoop Società Cooperativa enters into a commitment to supply Manutencoop Facility Management S.p.A. with social responsibility and communication activities services, which involve, among others, the following activities: management of the group press and communications department, promotion and corporate image activities, management and development of social and cooperative participation by means of coordination and staging of institutional events. The contract came into effect on 1 January 2006 and ceased to be valid on 30 November 2007 due to the emergence of new organisational needs of the Company. Manutencoop Facility Management paid Manutencoop Società Cooperativa Euro 810 thousand for 2007 for the provision of the foregoing services.
- An agreement has been signed between Manutencoop Facility Management and Manutencoop Società Cooperativa in which Manutencoop Facility Management undertakes to supply information system services to Manutencoop Società Cooperativa. The contract came into effect on 1 January 2005 and will terminate on 30 September 2008 or on the next date that coincides with the date of termination of the investment agreements between the shareholders of Manutencoop Facility Management entered into respectively on 23 December 2003 and 23 December 2004. Manutencoop Società Cooperativa will pay Manutencoop Facility Management Euro 231 thousand for the provision of the foregoing services in 2007.
- An agreement has been signed between Manutencoop Facility Management and MP Facility on the basis of which Manutencoop Facility Management undertakes to supply MP Facility with services of environmental hygiene, maintenance of green areas, materials handling management and maintenance of mechanical systems, electrical installations, fire-prevention systems, lifts, building works, furniture, equipment, and facilities in several properties (specified in an annex to the relative contract) owned by Telecom Italia S.p.A. and Emsa S.p.A. This contract will terminate on 31 October 2010. In recognition of the receipt of the foregoing services MP Facility will pay Manutencoop Facility Management an annual consideration determined on the basis of the reference volumes and the unit prices for each type of service, as specified in a price list attached to the contract.
- Manutencoop Società Cooperativa has sublet to Manutencoop Facility Management a portion of the building in Zola Predosa, via Poli 4 (BO) with total area of 5147 m2 for use as office space. The relative contract is valid from 1 January 2005 to 31 December 2010 and renewable automatically if neither of the parties informs the other party that it wishes to withdraw by means of a registered letter sent at least 12 months beforehand. The annual rental is Euro 856 thousand, to be paid in 12 monthly instalments.
- On 21 December 2006 Manutencoop Società Cooperativa and Manutencoop Facility Management entered into a work contract wherein Manutencoop Facility Management undertakes to execute works for the construction of an office building located in Via Poli no. 4, Zola Predosa, Bologna. This contract term is 24 months starting from 30 March 2006 so the presumed expiry date is 30 March 2008. In consideration of the execution of the works assigned and for the performance of all the obligations and assumption of the risks specified in the terms of the contract, Manutencoop Società Cooperativa will pay Manutencoop Facility Management the amounts due in compliance with the calculation criteria set down in the agreement; the amount due for the building works has been calculated at approximately Euro 8,750 thousand.
- On 6 July 2007 the Company entered into a master agreement with its parent company, Manutencoop Società Cooperativa, in order to regulate the essential contents of subsequent acts of secondment of labour from Manutencoop Società Cooperativa in favour of the Company pursuant to the provisions of Title III, Section I of Legislative Decree 276/2003. The contract term is five years and it will be automatically renewed unless either of the parties withdraws by sending a communication to this effect at least 18 months prior to the date of natural expiry of the first five-year term. Under the

effect of said contract, which is legally classified as a netting agreement that does not ascribe rights to third parties, the Company and the parent company Manutencoop Società Cooperativa - exercising activities of management and coordination over the former - specify the terms that regulate any future secondment agreements relating to the member employees of Manutencoop Società Cooperativa, and all the rules instrumental in the creation and cancellation of said contracts.

As already stated, the Company is subject to management and coordination by Manutencoop Società Cooperativa and, pursuant to para. 4 of art. 2497-(2) of the Italian Civil Code, the key information reported in that company's latest approved financial statements is presented below:

(in thousands of Euro)

MANUTENCOOP SOC. COOP. FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006	2006	2005
BALANCE SHEET		
ASSETS		
A) Unpaid capital due from shareholders	0	0
B) Fixed assets	222,803	192,193
C) Current assets	61,384	81,124
D) Accrued income and prepaid expenses	1,461	1,512
TOTAL ASSETS	285,648	274,829
LIABILITIES AND SHAREHOLDERS' EQUITY		
A) Shareholders' equity:		
Share capital	13,572	13,032
Reserves	195,971	112,296
Net profit (loss) for the year	9,077	87,507
B) Provisions for risks and charges	2,446	3,470
C) Employee severance indemnities	4,917	4,438
D) Payables	58,939	53,375
E) Accrued expenses and deferred income	726	711
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	285,648	274,829
MEMORANDUM ACCOUNTS	181,971	242,000
INCOME STATEMENT		
A) Value of production 34,655	30,415	
B) Cost of production	(37,118)	(35,673)
C) Financial income and charges	9,565	10,652
D) Adjustments to financial assets	102	(2,013)
E) Extraordinary income and expense	(293)	66,463
Income taxes for the year	2,166	17,663
Net profit (loss) for the year	9,077	87,507

Remuneration of parent company executives with strategic responsibilities and the Board of Statutory Auditors

The following table summarises the gross remuneration due for whatever reason and in any form to the Executives and Board of Statutory Auditors listed below:

(in thousands of Euro)	2007	2006
BOARD OF DIRECTORS		
Short-term benefits	1,046	1,264
Further benefits (employee severance indemnities)	17	35
TOTAL BOARD OF DIRECTORS	**1,063**	**1,299**
OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		
Short-term benefits	639	786
Further benefits (employee severance indemnities)	45	42
TOTAL OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**684**	**828**
BOARD OF STATUTORY AUDITORS		
Short-term benefits	118	106
TOTAL BOARD OF STATUTORY AUDITORS	**118**	**106**

33. MANAGEMENT OF FINANCIAL RISKS: OBJECTIVES AND CRITERIA

The management of financial requirements and risks (mainly interest-rate risk and liquidity risk) is centralised in the Group Treasury on the basis of guidelines approved by the Company Board of Directors and periodically reviewed. The main purpose of these guidelines is to guarantee the presence of a structure of liabilities that is balanced with the composition of assets in the financial statements in order to maintain a high level of equity and financial soundness.

The main financial instruments are:

- short-term loans and a revolving securitization operation that involves the sale of receivables without recourse in order to finance working capital;
- medium/long term loans with an amortisation plan extending over more than one year to cover expenditure in intangible fixed assets.

The Company also uses the trade payables deriving from operating activities as financial instruments.

It is Company policy not to trade in financial instruments. This policy was observed during the year described in the present report.

Interest-rate risk

Current Company policy does not envisage the use of fixed-rate loans to manage interest costs. The mix of long and short-term borrowing is 100%-weighted towards the latter as of 31 December 2007, ahead of listing on the screen-traded stock exchange, which was to take place next January. The Company deemed it was not necessary to take out interest rate hedges and it does not currently hold any fixed interest loans.

Liquidity risk

The Company's objective is to keep a balance between the maintenance of funding and flexibility through the use of overdrafts, bank loans and lease finance.

Risk of changes in the prices of raw materials

The Company's exposure to price risk solely relates to the purchase cost of oil products, which represent about 50% of the total purchase cost of raw materials and consumables. This commodity, which is a primary production factor in heat management contracts, is highly susceptible to price fluctuations due to political events and seasonal climatic trends.

The following table shows sensitivity in relation to costs for consumption of raw materials and consumables assuming identical consumption quantities in the relative period; it should anyway be noted that said fluctuations would have been largely absorbed by contracts in force with customers, because price revision is provided for both contractually and pursuant to Legislative Decree 12 April 2006 no.163 art.115, therefore, we consider that the effect on Company profit for the period would be of an insignificant amount

	percent increase/decrease	effect on the cost for consumption of raw materials in thousand of Euro including taxes
2007	+20%	4,480
2007	-5%	(1,120)
2006	-5%	(960)
2006	+20%	3,842

Credit risk

The Company's portfolio mainly comprises contracts with the Public Administration which, accordingly, are not subject to insolvency problems. They do however require continual contact with the customers concerned, in order to minimise bureaucratic delays and jointly resolve their related financial management issues. In this area, the Company deploys personnel and suitable procedures in order to monitor the situation continually and counter the tendency for collection times to be prolonged.

Fair value

The amount of the financial instruments recorded in the financial statements does not differ from their fair value, including those classified as assets held for sale, since all instruments are at floating interest rate, short and medium-term and at market rate.

Interest-rate risk

The carrying amount of the financial instruments exposed to interest-rate risk is analysed by maturity in the following table:

YEAR ENDED 31 DECEMBER 2007

FLOATING RATE

(in thousands of Euro)	< 1 anno	> 1 < 5	> 5	TOTAL
Demand deposits	16,695	-	-	16,695
Deposits with consortia	10,705	-	-	10,705
Treasury account - subsidiaries	5,668	17,800	-	23,468
Treasury account - Associates and joint ventures	20	-	-	20
Bank overdrafts	(96,268)	-	-	(96,268)
Treasury account - parent company	(66,025)	-	-	(66,025)
Deposits with consortia	(143)			(143)
Leasing liabilities	(491)	(900)	-	(1,391)
TOTAL	**(129,839)**	**16,900**	**-**	**112,939**

YEAR ENDED 31 DECEMBER 2006

FLOATING RATE

(in thousands of Euro)	< 1 anno	> 1 < 5	> 5	TOTAL
Demand deposits	6,762	-	-	6,762
Deposits with consortia	5,722	-	-	5,722
Treasury account - subsidiaries	979	-	-	979
Treasury account - associates	25	-	-	25
Bank overdrafts	(50,937)	-	-	(50,937)
Treasury account - parent company	(2,336)	-	-	(2,336)
Commercial paper and hot money	(7,000)	-	-	(7,000)
Unicredit loan	(3,433)	-	-	(3,433)
Leasing liabilities	(560)	(1,363)	-	(1,923)
TOTAL	**(50,778)**	**(1,363)**	**-**	**(52,141)**

Table of financial risks

The following table shows sensitivity of Company pretax profit in response to reasonably foreseeable variations in interest rates, provided that all the other variables remain unchanged. No impact on shareholders' equity of the Company.

	increase/decrease	effect on pretax profit in thousands of Euro
2007	+50 bps	(467)
2007	-30 bps	280
2006	+50 bps	(376)
2006	-30 bps	227

Management of capital

The main purpose of the share capital management of the Company is to ensure a solid credit rating and adequate levels of the capital indicators to support the activities and maximise value for shareholders. The Company manages the structure of capital and modifies it in relation to changes in economic conditions. To maintain or adjust its capital structure, the Company can adapt the dividends paid to shareholders, refund capital or issue new shares. The Company assesses its debt ratio by correlating net debt with total equity plus net debt. The Company aims to maintain this ratio below 65%. The Company includes the following within net debt: interest-bearing loans, trade and other payables, tax payables, employee severance indemnity provisions net of cash and cash equivalents. As of 31 December 2007 said ratio has not been achieved because it is affected by the acquisition of equity investments in the amount of Euro 134 million as an instrument for external growth; however, the stock market listing originally planned to take place in January 2008 would have mitigated said impact.

(in thousands of Euro)	31 December 2007	31 December 2006
Employee severance indemnities	16,454	17,342
Interest-bearing loans	163,827	65,630
Trade and other payables	191,342	166,809
Cash and cash equivalents	(27,446)	(12,532)
Net borrowing	**344,177**	**237,249**
Share capital	77,964	116,964
Retained earnings and reserves	17,982	(22,401)
Equity	**95,946**	**94,563**
Total equity+net borrowing	**440,123**	**331,812**
DEBT RATIO	**78.20%**	**71.50%**

34. SUBSEQUENT EVENTS

Suspension of the process of public offering and subscription

On 1 February 2008 the Company's Board of Directors, in agreement with Mediobanca -Banca di Credito finanziario S.p.A. and Morgan Stanley Co. in the role of Joint Global Coordinator, communicated its decision to suspend the public offering process aimed at obtaining listing on the screen-traded stock exchange (MTA) organised and managed by Borsa Italiana S.p.A. because of the unfavourable conditions of financial markets. This decision led to the transfer to the income statement of all the costs associated with the listing process, totalling Euro 4,050 thousand.

Absorption of Luigi Minati Service S.r.l.

On 15 February 2008 a merger deed was signed for the absorption by Manutencoop Facility Management S.p.A of MINATI S.r.l, with registered office in Assago (MI) fraz. Milanofiori - Strada Uno - Edificio F, with effect, per art. 2504(2) para. 3 of the Italian Civil Code, from 29 February 2008; due to the foregoing merger Manutencoop Facility Management has assumed, per art. 2504(2) para. 1 of the Italian Civil Code, all the rights and obligations of the wound-up company (Minati S.r.l).

The Chairman of the Board of Directors

Claudio Levorato

COPY OF THE ORIGINAL DOCUMENTS HELD BY THE COMPANY.