REPORT OF THE BOARD OF STATUTORY AUDITORS
on the financial statements as of 31 December 2007


Ospedale Maggiore "C. A. PIZZARDI"

Report of the Board of Statutory Auditors on the annual financial statements as of 31 December 2007

of "Manutencoop Facility Management S.p.A." pursuant to art. 2429 of the Italian civil code

Shareholders,

Pursuant to art. 2409-bis of the Italian Civil Code and the articles of association, the shareholders' meeting has appointed Reconta Ernst & Young S.p.a. as the independent auditors.. Accordingly, that auditing firm is responsible for expressing a professional opinion on whether or not the financial statements and the consolidated financial statements agree with the accounting records and results of the work performed, and comply with the regulations governing the preparation of such statements.
Pursuant to art. 2403 of the Italian Civil Code. – this Board is responsible for monitoring compliance with the law and the articles of association, as well as with the principles of proper administration, with specific reference to the adequacy and functioning of the organisational, administrative and accounting systems adopted by the Company.
The work performed by the Board of Statutory Auditors is reported below:
-we have performed the monitoring functions entrusted to us, properly performing our periodic checks during which we performed the inspections and checks deemed necessary and useful in order to verify compliance with the law;
-we attended the shareholders' and Board meetings held during the year, ensuring that the transactions decided were carried out in accordance with the articles of association, the law and other regulations applying to the Company, including those applicable to its management bodies;
-we obtained periodic information from the directors about the activities performed and the principal economic, financial and capital transactions carried out by the Company. No atypical and/or unusual transactions were identified and we can reasonably state that the transactions decided were carried out in accordance with the law and the articles of association, not being clearly imprudent, risky, subject to potential conflicts of interest, in contrast with shareholders' resolutions or likely to jeopardise the value of shareholders' equity;
-we obtained information about and monitored, to the extent of our responsibilities, the adequacy of the Company's organisational structure and compliance with the principles of proper administration. The Board also assessed and monitored - partly via an exchange of information with the managers of the various business functions involved and with the independent auditors - the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly presenting the results of operations. The above monitoring work did not identify any anomalies that should be mentioned in this report;
-we identified that a number of commercial and financial transactions were carried out with certain Group companies during the year. These transactions were deemed to be appropriate and in the interests of the Company;
-we met with the representatives of Reconta Ernst & Young S.p.A. during the year, obtaining information from them about matters relevant to them concerning the work performed. No significant matters or information emerged that should be mentioned in this report;
-we met with the representatives of Reconta Ernst & Young S.p.A., who confirmed that their examination of the annual financial statements, which were prepared in accordance with International Financial Reporting Standards (IFRS), did not identify any anomalies that should be mentioned in their auditors' report on the financial state-

ments; they further informed us that the Company has complied with the legal requirements governing the preparation and presentation of the financial statements and the report on operations; accordingly, we have no matters to raise in this report. In this context, the summary financial statements as of 31 December 2007 presented below comprise the balance sheet:

(in euro)	
Assets	468,855,571
Liabilities	372,909,148
Capital and reserves	81,696,983
Profit for year	14,249,440
TOTAL	**468,855,571**

The above results are confirmed by the following summary income statement:

Revenues	**411,945,945**
Operating costs	(377,501,410)
Operating profit	**34,444,535**
Profit/loss before taxation	**29,646,362**
Current and deferred taxation	(15,396,922)
Net profit for the year	**14,249,440**

In the explanatory notes, the Directors have provided detailed information regarding the option to report the disposal of the company division "Fidia" by Manutencoop Società Cooperativa according to the consistency method in place of the purchase method originally adopted.

We have checked the consistency of the information provided in the financial statements and, in particular, in the directors' report with the facts and information in our possession; we have no observations to make in this regard.

Based on the work performed, the Board of Statutory Auditors invites you to approve the 2007 financial statements as presented by the Board of Directors, and recommends approval of the allocation of net profit for the year proposed by the Board of Directors.

Zola Predosa, 1 April 2008

The Board of Statutory Auditors

Massimo Scarafuggi (Chairman)

Germano Camellini (Statutory Auditor)

Roberto Chiusoli (Statutory Auditor)

AUDITORS' REPORT
on the Consolidated Financial Statements as of 31 December 2007

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RELAZIONE DELLA SOCIETA' DI REVISIONE
ai sensi dell'art.2409-ter del Codice Civile

Agli Azionisti della
Manutencoop Facility Management S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio, costituito dallo stato patrimoniale, dal conto economico, dal prospetto dei movimenti del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della Manutencoop Facility Management S.p.A. chiuso al 31 dicembre 2007. La responsabilità della redazione del bilancio compete agli Amministratori della Manutencoop Facility Management S.p.A.. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo gli statuiti principi di revisione. In conformità ai predetti principi, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli Amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Il bilancio d'esercizio presenta a fini comparativi i dati corrispondenti dell'esercizio precedente. Come illustrato nelle note esplicative, gli Amministratori hanno modificato i dati comparativi relativi al bilancio dell'esercizio precedente, da noi assoggettato a revisione contabile e sul quale abbiamo emesso la relazione di revisione in data 8 maggio 2007. Tali modifiche hanno riguardato il criterio di contabilizzazione delle aggregazioni aziendali. Le modalità di rideterminazione dei dati corrispondenti dell'esercizio precedente e l'informativa presentata nelle note esplicative, per quanto riguarda le modifiche apportate ai suddetti dati, sono state da noi esaminate ai fini dell'espressione del giudizio sul bilancio d'esercizio chiuso al 31 dicembre 2007.

   La responsabilità dei lavori di revisione contabile dei bilanci chiusi al 31 dicembre 2007 di alcune società controllate e collegate, per quanto riguarda importi delle partecipazioni che rappresentano circa il 44% e il 14% rispettivamente della voce partecipazioni e del totale attivo, è di altri revisori.

3. A nostro giudizio, il bilancio d'esercizio della Manutencoop Facility Management S.p.A. al 31 dicembre 2007 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico, le variazioni del patrimonio netto ed i flussi di cassa della Manutencoop Facility Management S.p.A. per l'esercizio chiuso a tale data.

Reconta Ernst & Young S.p.A.
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Consob al progressivo n. 2 delibera n.10381 del 16/7/1997

4. Come descritto nelle note esplicative, la Manutencoop Facility Management S.p.A. ha effettuato operazioni di aggregazione aziendale che hanno coinvolto entità soggette a controllo comune. Nella redazione dei bilanci d'esercizio IFRS al 31 dicembre 2005 e 2006, predisposti in esercizio della facoltà prevista dal D.Lgs. 28 febbraio 2005 n. 38, la Manutencoop Facility Management S.p.A. aveva adottato, ai fini della contabilizzazione di tali aggregazioni, il metodo dell'acquisto. In data 20 marzo 2008 il Consiglio di Amministrazione della Manutencoop Facility Management S.p.A. ha approvato il bilancio d'esercizio al 31 dicembre 2007, optando, ai fini della contabilizzazione di tali aggregazioni, per il principio della continuità dei valori. Tale opzione è stata esercitata nell'ambito dei criteri generali previsti dallo IAS 8, paragrafo 10, per le situazioni di assenza di specifici principi IFRS o di interpretazioni e tenendo conto dell'evoluzione della prassi applicativa degli IFRS e degli orientamenti delle autorità regolatorie.

Bologna, 7 aprile 2008

RECONTA ERNST & YOUNG S.p.A.

Alberto Rosa
(Socio)

CONSOLIDATED FINANCIAL statements as of 31 December 2007


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MANUTENCOOP
FACILITY
MANAGEMENT SPA
Gente come noi

Consolidated balance sheet as of 31 December 2007

(in thousands of euro)	NOTES	31 DECEMBER 2007	31 DECEMBER 2006 UPDATED
ASSETS			
Non-current assets			
Property, plant and equipment	5	39,141	5,515
Leased property, plant and equipment	5	5,829	1,780
Goodwill	6-7	112,093	31,870
Other intangible assets	6	5,048	3,126
Investments measured using the equity method	9	14,303	12,275
Non-current financial assets	10	4,823	4,999
Deferred tax assets	30	4,412	2,802
Total non-current assets		**185,649**	**62,367**
Current assets			
Inventories	11	3,533	1,442
Trade receivables and advances to suppliers	12	350,868	301,700
Current tax credits		4,696	0
Other current receivables	12	8,126	6,914
Cash and cash equivalents	13	42,418	16,420
Total current assets		**409,641**	**326,476**
Non-current assets held for sale		0	0
Total non-current assets held for sale		**0**	**0**
TOTAL ASSETS		**595,290**	**388,843**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	14	77,964	116,964
Reserves	14	(42,545)	(39,162)
Retained earnings (losses)	14	8,970	5,572
Net Group profit (loss)		12,037	20,158
Group shareholders' equity		**56,426**	**103,532**
Minority interests	14	394	631
Net profit (loss) attributable to minority shareholders	14	685	471
Total minority interests		**1,079**	**1,102**
Total shareholders' equity		**57,505**	**104,634**
Non-current liabilities			
Employee severance indemnities - benefits	15	26,456	20,644
Provisions for risks and charges - long term	16	885	742
Loans - long term	17	27,997	1,363
Deferred tax liabilities	30	5,682	3,827
Total non-current liabilities		**61,020**	**26,576**
Current liabilities			
Provisions for risks and charges - short term	16	3,066	3,355
Loans - short term	17	187,960	64,872
Trade payables and advances from customers	18	198,835	138,565
Current income taxes		0	530
Other current payables	18	75,781	50,311
Altre passività finanziarie correnti	17	11,123	0
Total current liabilities		**476,765**	**257,633**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**595,290**	**388,843**

Consolidated income statement for the year ended 31 December 2007

(in thousands of euro)	NOTE	12 months ending on 31 DECEMBER 2007	12 months ending on 31 DECEMBER 2006
REVENUES			
Revenues from sales and services	20	604,799	452,647
Other operating revenues	21	1,005	544
TOTAL REVENUES		**605,804**	**453,191**
OPERATING COSTS			
Raw materials and consumables	22	(71,874)	(46,062)
Services, leases and rentals	23	(262,774)	(211,249)
Payroll costs	24	(192,909)	(148,731)
Other operating costs	25	(4,115)	(2,019)
Internal work capitalised		0	1
(Depreciation, amortisation, write-downs) - write-backs	26	(23,915)	(4,671)
Provisions for risks and charges, amounts released		(730)	(354)
TOTAL OPERATING COSTS		**(556,317)**	**(413,085)**
Operating profit		**49,487**	**40,106**
FINANCIAL INCOME AND CHARGES			
Results of investments measured using the equity method	9	2,627	3,267
Dividends, income and charges from disposal of equity investments	27	86	427
Other financial income	28	4,195	1,709
Financial charges	29	(19,782)	(2,317)
Pre-tax profit (loss) from continuing activities		**36,613**	**43,192**
Current and deferred taxation	30	(23,891)	(23,505)
Net profit from continuing activities		**12,722**	**19,687**
Results from discontinued activities		0	942
Net profit		**12,722**	**20,629**
Loss (profit) attributable to minority shareholders		(685)	(471)
NET GROUP PROFIT		**12,037**	**20,158**

(in euro)	NOTES	12 months to 31 DECEMBER 2007	12 months to 31 DECEMBER 2006
Basic earnings per share	31	0.106	0.172
Diluted earnings per share		0.106	0.172
Basic earnings per share from continuing operations	31	0.106	0.164
Diluted earnings per share from continuing activities		0.106	0.164

Consolidated cash flow statement for the year ended 31 December 2007

(in thousands of euro)	NOTES	31 DECEMBER 2007	31 DECEMBER 2006
Profit before taxation		36,613	43,192
Depreciation, amortisation, write-downs (write-backs)		23,915	4,671
Provisions for risks (amounts released)		730	2,370
Provision for employee severance indemnities		3,354	5,811
Charges (income) from investments in shareholders' equity net of dividends collected		10	(69)
Taxes paid during the year		(28,174)	(40,926)
Cash flow from current operations		**36,448**	**15,049**
Decrease (increase) in inventories		(204)	(258)
Decrease (increase) in trade receivables		66,592	(43,233)
Decrease (increase) in other current assets		(394)	(2,796)
Change in trade payables		24,816	10,744
Change in other current liabilities		2,470	841
Utilisation of employee severance indemnities		(5,337)	(4,809)
Utilisation of provisions for risks and charges		(1,891)	(1,305)
Change in operating assets and liabilities		**86,052**	**(40,816)**
Cash flow absorbed by operating activities		**122,500**	**(25,767)**
Purchase of intangible fixed assets		(3,188)	(2,061)
Purchases net of tangible fixed assets		(18,609)	(2,961)
Disposal of property, plant and equipment		339	35
Net purchases of equity investments		(1,570)	154
Decrease (increase) in other non-current financial assets		2,064	941
Financial effects of business combinations	4	(62,070)	0
Disposal of discontinued activities (equity investment in associate Archimede 1)		0	12,858
Cash flow generated (absorbed) by investing activities		**(83,034)**	**8,966**
Net loans acquired (repaid)		105	23,536
Distribution of dividends		(13,617)	(12,866)
Change in scope of consolidation		44	18
Cash flow generated by financing activities		**(13,468)**	**10,688**
Change in cash and cash equivalents		**25,998**	**(6,113)**
Cash and cash equivalents - start of year		16,420	22,533
Change in cash and cash equivalents		25,998	(6,113)
Cash and cash equivalents – end of year		**42,418**	**16,420**
Analysis of cash and cash equivalents			
Bank current accounts		42,418	16,420
Bank overdrafts			
TOTAL CASH AND CASH EQUIVALENTS		**42,418**	**16,420**

Other information:			
Interest paid		(19,013)	(2,139)
Interest received		4,195	1,660
Dividends received		2,723	3,625

Statement of changes in consolidated shareholders' equity for the year ended 31 December 2007

(in thousands of euro)	Share capital	Reserves	Accumulated profit (loss)	Net profit for year	TOTAL equity of Parent Company	Equity of minority interests	TOTAL equity
1 January 2006	**116,964**	**(43,970)**	**352**	**22,894**	**96,240**	**613**	**96,853**
Dividends				(12,866)	(12,866)		(12,866)
Allocation of prior yearprofit		4,808	5,220	(10,028)	-		-
Change in scope of consolidation					-	18	18
Net profit (loss) for the year				20,158	20,158	471	20,629
31 December 2006	**116,964**	**(39,162)**	**5,572**	**20,158**	**103,532**	**1,102**	**104,634**
Capital reduction	(39,000)	36,501	2,500	(1)	-		-
Distribution of dividends				(12,865)	(12,865)	(752)	(13,617)
Allocation of prior-year profit		6,394	898	(7,292)	-		-
Change in scope of consolidation		(46,278)			(46,278)	44	(46,234)
Result for year				12,037	12,037	685	12,722
31 December 2007	**77,964**	**(42,545)**	**8,970**	**12,037**	**56,426**	**1,079**	**57,505**

1. INFORMATION ABOUT THE GROUP

Publication of the consolidated financial statements of the Manutencoop Facility Management Group. (the Group or the MFM Group) for the year ended 31 December 2007 was authorised by the Board of Directors on 20 March 2008.
The Group is a 74.88% subsidiary of Manutencoop Società Cooperativa (based in Zola Predosa – Bologna), which manages and coordinates its activities.
The Group's main activities are described in note 19.

2. ACCOUNTING PRINCIPLES AND PREPARATION CRITERIA

The annual consolidated 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 (see paragraph 2.1 and note 3).
The consolidated financial statements as of 31 December 2007 have been prepared on an historical cost basis, except in relation to derivatives which are measured at their fair value.
The balance sheet is classified 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 Group'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 consolidated 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 consolidated financial statements, the Group is subject to the provisions of art. 2.f) of Decree No. 38 of 28 February 2005, which governs the excercise 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 Group has applied the IFRS 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 Group 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 Group has adopted IFRS 7 which calls for information that allows users of the financial statements to assess the significance of the Group'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 Group has implemented the amendment to IAS 1, which calls for the provision of a futher disclosure that allows users of the financial statements to assess the objectives, policies and procedures of the Group with regard to the management of capital. The new information is given in the paragraph 2.6 Financial risks management: objectives and criteria.

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

On 1 January 2005, the controlling company Manutencoop Soc. Coop. conferred to the Parent Company 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 conferral and remained under that company's control (75%) subsequently, via our Company.

In drafting the IFRS consolidated financial statements as of 31 December 2006, under the faculty provided by Legislative Decree No. 38 of 28 February 2005, 38, in conformity with the approach adopted in the first IFRS consolidated financial statements as of 31 December 2005, the MFM Group adopted the purchase method as the most appropriate accounting solution for such combinations. On 20 March 2008, the Board of Directors of Manutencoop Facility Management S.p.A. drafted the consolidated financial statements as of 31 December 2007, opting for recognition of such combinations 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 IFRS and the orientations of the supervisory authorities.

Consequently, in order to allow the comparability of historic data, the board of Directors prepared the consolidated financial statements of Manutencoop Facility Management S.p.A. for the year ended 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 consolidated financial statements as of 31 December 2006, which have been updated for the application of the consistency principle to the Fidia transaction.

It should be noted that accounting of the Fidia transaction with the purchase method led to the recognition in the Group's consolidated 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 60,533 thousand euro, of which 5,242 thousand euro were allocated to the connecting investment in Roma Multiservizi S.p.A. and 55,291 thousand euro has been recognised as 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 60,533 thousand euro with respect to the consolidated financial statements as of 31 December 2005 and 2006, previously prepared in application of the faculty envisaged by Legislative Decree No. 38 of 28 February 2005.

The adoption of the consistency principle did not lead to any adjustment to the consolidate income statements for the years ended 31 December 2006 and 2007, with the exception of an insignificant amount relating to deferred taxation.

We refer you to note 3 below which contains the tables of the consolidated 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 consolidated financial statements filed at the court registry office (in which the purchase 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 consolidated financial statements updated in application of the consistency principle to the "Fidia" operation.

2.3 Discretionary valuations and significant accounting estimates

In order to prepare the Group's 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 signficant adjustment to the carrying amounts of said assets and/or liabilities.

Discretionary valuations

The only significant decision made by the directors in applying the Group accounting principles based on discretionary assessments (except for those relative to accounting esimtates) having a significant effect on the values entered in the financial statments, 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 112,093 thousand euro (31 December 2006: 31,870 thousand euro). Further details are provided in note 7.

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 Consolidation principles

The consolidated financial statements comprise the financial statements of Manutencoop Facility Management S.p.A. and its subsidiaries, prepared as of 31 December. The financial statements of the subsidiaries are prepared at each period end using the accounting policies adopted by the parent company.
All intercompany transactions and balances, as well as any related unrealised profits and losses included in asset accounts, are eliminated in full.
Subsidiaries are consolidated on a line-by-line basis from the date of acquisition, or from the date on which the Group obtains control, and are deconsolidated when control is transferred outside of the Group.
With the exception of acquisitions deriving from business combinations between entities under common control, as explained earlier in this section, the acquisition of subsidiaries is recorded using the purchase method, which involves allocating the purchase cost of a company to the fair value of its assets, liabilities and contingent liabilities at the time of acquisition, and recognising the Group's interest in its results from the acquisition date to the end of the year.

Minority interests comprise the portion of profits or losses and net assets not held by the Group and are classified under a separate entry in the income statement, and under the components of shareholders' equity in the balance sheet, separately from the shareholders' equity of the Group.
The following table relating to subsidiaries, associates and joint ventures provides summary information as of 31 December 2007 about the names, locations, the Group's direct and indirect interests in their share capital and, if different, the percentage of voting rights exercisable at shareholders' meetings.

SUBSIDIARIES

(consolidated line by line, identifying separately the minority interests in their shareholders' equity and results)

Company name	*Location*	*% held*
Alisei S.r.l.	Zola Predosa (Bologna)	100%
Servizi Ospedalieri S.p.A.	Ferrara	100%
M.C.B. S.p.A.	Bologna	75%
Teckal S.p.A.	Reggio Emilia	100%
Omasa S.p.A.	Milan	100%
Luigi Minati Service S.r.l.	Assago (MI)	100%
Gymnasium Soc. Cons. a r.l.	Zola Predosa (Bologna)	68%
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	Zola Predosa (Bologna)	66.67%
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%
Simagest 3 Soc. Cons. a r.l.	Zola Predosa (Bologna)	89.99%
Gestlotto 6 Soc. Cons. a r.l.	Zola Predosa (Bologna)	55%
Servizi Brindisi Soc. Cons. a r.l.	Brindisi	52%
Co.Ge.F. Servizi Alberghieri Consip Soc. Cons. a r.l.	Zola Predosa (Bologna)	80%
CPSIS Consorzio Polo di Sterilizzazione	Padua	60%

JOINT VENTURES

(consolidated on a proportional basis)

Company name	*Location*	*% held*
MP Facility S.p.A.	Milan	50%
Legnago 2001 Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%
Global Maggiore Bellaria Soc. Cons. a r.l.	Bologna	50%
Consorzio Leader Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%
Servizi e Manutenzioni Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%
Consorzio Pulizie Veneto Soc. Cons. a r.l.	Marghera (Venice)	50%
SCAM Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%

ASSOCIATES
(MEASURED USING THE EQUITY METHOD)

Company name	*Location*	*% held*
ROMA Multiservizi S.p.A.	Rome	45.47%
Newco DUC Bologna S.p.A.	Bologna	24.9%
Se.Sa.Mo. S.p.A.	Carpi (Modena)	20.91%
Gico Systems S.r.l.	Lippo Calderara (Bologna)	20%
DUC Gestione Sede Unica Soc. Cons. a r.l.	Bologna	49%
Bologna Global Service Soc. Cons. a r.l.	Bologna	37.5%
Global Provincia di Rimini Soc. Cons. a r.l.	Zola Predosa (Bologna)	42.4%
Consorzio Rizzoli Energia Soc. Cons. a r.l.	Bologna	35%
Bologna Più Soc. Cons. a r.l.	Bologna	25.68%
PBS Soc. Cons. a r.l.	Milan	25%
Global Riviera Soc. Cons. a r.l.	Zola Predosa (Bologna)	30.66%
Como Energia Soc. Cons. a r.l.	Como	20%
Cons. Energia Servizi Bologna Soc. Cons. a r.l.	Bologna	24.25%
Bologna Multiservizi Soc. Cons. a r.l.	Bologna	39%
Terzatorre S.p.A.	Bologna	32%
Tower Soc. Cons. a r.l.	Bologna	20.167%
F.lli Bernard S.r.l.	Bari	20%
Ser.San. Servizi Sanitari S.p.A. (in liquidation)	Lamezia Terme (CZ)	20%
San Martino 2000 Soc. Cons. a r.l.	Calata Gadda (GE)	40%
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	Florence	20%
Co.S.I.S. Soc. Cons. a r.l.	Rome	26.33%
MCB Emirates LLC.	Dubai (Dubai)	49%

SUBSIDIARIES VALUED USING THE EQUITY METHOD

Company name	*Location*	*% held*
Fleur Bruzia S.r.l. (in liquidation)	Cosenza	100%
Palmanova Servizi Energetici Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%
Servizi L'Aquila Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%

The Group made the following major acquisitions in 2007:

- On 1 July 2007, Parent Company MFM S.p.A. acquired from its holding company Manutencoop Soc. Coop. 100% of the share capital of Servizi Ospedalieri S.p.A., a company operating in Italy in the Laundering/Sterilization sector, whose main activity is the rental and laundering of flat linen, garments and mattresses, and the sterilisation of laundry and surgical instruments. The transaction is described in note 3 below.
- On 3 August 2007, the Parent Company acquired 100% of the share capital of Luigi Minati Service S.r.l., a company operating in the facility management sector, with particular reference to technical services (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. This transaction is also described in note 3.
- On 14 September 2007, the Parent Company acquired 100% of the share capital of Omasa S.p.A., one of Italy's leading operators in the provision specialist sanitary services for hospital technologies (with particular reference to sterilisation). The company enjoys extensive geographical coverage and has large and small customers from both the public and private sectors (hospitals and clinics respectively). See note 3 for a description of the transaction.
- On 15 October 2007, the Parent Company acquired 100% of the capital of Teckal S.p.A., which operates in the technical services segment of facility management (with particular reference to heat management), and whose core business is global energy optimisation applied to heat management and the management chiefly of public sector users. The transaction is described in note 3 below.

Over the course of 2007, MFM Group also:

- subscribed 52% of the share capital of the company in the process of formation Servizi Brindisi Soc. Cons. a.r.l., a consortium whose object is to govern relations between temporary associations of businesses formed for the purpose of undertaking a facility management services contract in the Brindisi area;
- subscribed 80% of the share capital of the company in the process of formation Co.Ge.F. Servizi Alberghieri Consip Soc. Cons. a r.l., a consortium whose object is to govern relations between temporary associations of businesses formed for the purpose of managing part of a contract from Consip.

The Group also subscribed 60% of the share capital of a further 2 consortia for managing 2 other temporary associations of businesses formed for the purpose of undertaking new contracts: Palmanova Servizi Energia Soc. Cons. a r.l. and Servizi L'Aquila Soc. Cons. a r.l.. The two consortia, formed in December 2007, have not yet started trading and will prepare their first financial statements in 2008. The management saw fit to classify the 2 companies in the consolidated financial statements under associates measured using the equity method.

The acquisiton of Servizi Ospedalieri brought Fleur Bruzia S.r.l., which is in liquidation, into the portfolio of subsidiaries. The Company, which has long been inactive, is written down in full in the statutory financial statements of Servizi Ospedalieri. The management also saw fit to classify this company under associates measured using the equity method.

In 2007, Consorzio Gestione Immobili Soc. Cons. a r.l. was merged by incorporation into Manutencoop Facility Management S.p.A.. The merger had no effect on the consolidated financial statements because the absorbed company was wholly owned by the absorbing company before the merger.

With regard to associates, in 2007 the Group:

- subscribed 39% of Bologna Multiservizi Soc. Cons. a.r.l., a consortium in the process of formation, whose object is to govern relations between temporary associations of businesses formed for the purpose of undertaking a facility management services contract in the Bologna area;
- subscribed 49% of the share capital of MCB Emirates LLC, a company in the process of formation, which as at 31 December 2007 had not yet started trading;
- subscribed 41.25% of the share capital of Global Vicenza Soc. Cons. a r.l., a consortium in the process of formation, whose object is to govern relations between temporary associations of businesses formed for the purpose of undertaking a facility management services contract in the Vicenza area;
- subscribed 32% of the share capital of Terza Torre S.p.A., a project financing company formed for the purpose of building and managing the third tower of the headquarters of the Regione Emilia Romagna in Bologna's trade fair complex, and 20.17% of the consortium Tower Soc. Cons. a r.l., formed for the purpose of managing relations between temporary associations of businesses between the companies involved in the construction phase;

- acquired, as a consequence of the acquisiton of Servizi Ospedalieri S.p.A., 40% of the share capital of San Martino 2000 Soc. Cons. a r.l., 20% of the share capital of Sersan S.p.A. (in liquidation) and 20% of the capital of F.lli Bernard S.r.l. (industrial laundry in the Apulia region);
- acquired, as a consequence of the acquisiton of Omasa S.p.A., 26.33% of Co.Si.S. Consorzio Sterilizzazione in Service and 20% of Gestioni Sanitarie Toscane Soc. Cons. a r.l..

2.4 Summary of principal accounting criteria

Investments in joint ventures

The Group participates in numerous joint ventures that are classified as entities under joint control. A joint venture is a contractual agreement pursuant to which two or more parties undertake an economic activity under their joint control; a company under joint control is a joint venture that involves the formation of a separate company in which each participant holds an equity interest. The Group consolidates its investments in joint ventures using the proportional method, combining line by line its interest in the assets, liabilities, revenues and costs of the company under joint control with the respective captions reported in the consolidated financial statements. The joint venture prepares financial statements with the same accounting reference date as that of the Parent Company and adopts consistent accounting principles. Any inconsistencies in the accounting principles applied are corrected by making adjustments.

When the Group contributes or sells assets to the joint venture, the recognition of any resulting gains or losses reflects the nature of the transaction. When the Group purchases goods or services from the joint venture, its share of any resulting gains is not recognised until such goods or services have been re-sold to a third party.

The proportional consolidation of the joint venture terminates on the date when the Group ceases to exercise joint control over the company.

Translation of foreign currency items

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

The Group 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 retirement, or if no further economic benefits are expected from their use. 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:

TYPE OF PLANT AND MACHINERY	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
Laundry equipment	8 years
Linen	from 2.5 to 4 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 its final use (qualifying assets under the terms of IAS 23.

Goodwill

The goodwill arising from business combinations is initially measured at cost, being the difference between acquisition cost and the Group's interest in the net fair value of the related assets, liabilities and contingent 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 Group'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 was allocated:

- represents the lowest level, within the framework of the Group, 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 Group 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 Group has not recorded any intangible assets with an indefinite useful life except for goodwill.

The principles adopted by the Group 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**

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 associates

The Group's investments in associates are measured using the equity method. An associate is a company, not classifiable as a subsidiary or joint venture, over which the Group exercises significant influence.
In accordance with the equity method, investments in associates are initially recorded in the balance sheet at cost and subsequently adjusted to reflect post-acquisition changes in the Group's interest in their shareholders' equity. Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. Following application of the equity method, the Group determines if it is necessary to recognise any additional impairment losses with reference to the Group's interest in the associate. The Group's interest in the results for the year of the associate is reflected in the income statement. If associates make direct adjustments to their shareholders' equity, the Group recognises its interest and, where applicable, reports such adjustments in the statement of changes in shareholders' equity.
In the majority of cases, the accounting reference date used by associates is the same as that of the Group. Where this is not the case, the associates concerned prepare accounting statements as of the Group's financial year end.
The accounting principles adopted by associates are consistent with those applied by the Group in relation to events and transactions of the same type taking place in similar circumstances.

Impairment of assets

At each balance sheet date, the Group 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 Group 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 determining value in use, the Group 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 Group 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 financia instruments:

- financial assets at fair value with changes charg d 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 Group 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 Group 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 valuation criteria applied by the Group are as follows:

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.

Available-for-sale financial assets

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 Group 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 objects are to govern relations between temporary associations of businesses, formed to manage specific service contracts, are measured at cost which is represented by the capital subscribed.

Inventories

Inventories are measured at the lower of cost or their estimated realisable value.
The costs incurred to bring each asset to its present state and location are identified as follows:

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

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

Trade and other receivables

Trade receivables, generally 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 Group 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 comprise, in large part, public bodies and health authorities whose effective payment terms greatly exceed the contractual due dates.
For this reason, trade receivables 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 average collection date for the market in question to the estimated collection date (based on the weighted-average delay in collection from Group customers, determined using historical data).

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 Group 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 Group has not carried out, in the year ending 31 December 2007 or in prior years, financial asset transfer transactions that neither transferred nor 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 Group obtaining a new financial asset or assuming a new financial liability, the Group recognises the new financial asset, financial liability, or liability originating from the service at fair value (for specific information on the transaction set up in the year, see note 12).

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 Group 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 Group 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 is objective evidence of the impairment of an unlisted 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 shareholders' 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 Group records provisions for risks and charges to cover current obligations (legal or implicit) deriving from past events. 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 Group 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 Group is demonstrably committed to: (a) terminating the employment of an employee or a group of employees before the normal retirement date; or (b) paying benefits for the termination of employment following the offer of voluntary redundancy incentives. The Group is committed to terminating the employment 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 a 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 IFRIC of the 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, designaged 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.

For the year 2007, the Group has assimilated the effects of the changes introduced by the "Finance Act 2007" and subsequent decrees and regulations, relating to the allocation of portions of severance indemnity matured with effect from 1 January 2007.

In particular, for the purposes of applying IAS 19, the new standard changes, with effect from 1 January 2007, the nature of severance indemnity (TFR) from a defined benefits scheme to a defined contributions scheme. For IAS purposes, only the severance indemnity provision matured at 31 December 2006 is still considered a defined benefit plan.

The accounting treatment of the portions matured from 1 January 2007 is therefore brought into line with the procedure existing for other types of contribution payments, both in the case of ocupational pension funds and those assigned to the Italian pensions institution (INPS).

Pursuant to IAS 19, these changes also lead to curtailment of severance indemnity matured as at 31 December 2006; the curtailment (as defined in paragraph 109 of IAS 19) is based mainly on excluding future remuneration and relative expected increases from the actuarial calculation.

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.

The Group 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 Group 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 Group 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 Group 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 types of service provided by the Group, 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 amounts due from customers.
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 Group 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 which 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 year 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 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 Group 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, CALL options are arranged in relation to equity investments in subsidiaries and associates in order to enable the Group to increase its stake in strategic investments.

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 remeasured 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 Group does not hold any financial derivatives designated as hedging instruments.

Group Breakdown

In view of the fact that the risks and profitability of the Group are affected primarily by differences between the types of service provided, the primary breakdown of the group is by line of business.

The secondary breakdown of the Group is by geographical area, but as the Group currently operates on national territory only, the various sub-national areas in which the Group operates are not deemed subject to sufficient differences in risk and profitability to require separate analysis by area.

Breakdown by line of business

The lines of business making up the primary segment are the strategic areas in which the Group operates, which are as follows:

Facility management: this is the Company's core business and consists in the provision of logistical 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 Group are as follows:

- technical services consisting of a range of services pf management and maintenance 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, as is increasingly frequently the case, customers comprising mainly public authorities or large private groups, tend to enter into a single multi-annual outsourcing contract for the simultaneous provisions of several Facility Management services. Contracts of this type are known as integrated service or global service contracts.

Property management: consists 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 controlling 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).

Method of determination of costs allocated to segments:

The Group records direct and indirect production costs relative to the business segment within costs allocated to the segments.

It was decided that, with effect from the financial statements for the year ended 31 December 2007, trade costs and other overheads would be allocated to the lines of business on the basis of appropriate conventional drivers. The segment report appearing in the Interim Financial Statements as of 30 June 2007 did not reflect this allocation; as such, for 2006 and 2007 and for each segment, note 31 describes both the amounts determined using the previous criterion (allocation of direct and indirect production costs only), and those determined by allocating trade costs and other overheads.

Income and expenses from financial operations and current and deferred taxation, however, are not attributed to the business segments, while the results of equity investments measured using the equity method are 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, in note 31.

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 Group 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 interpration 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. No entity within the Group is an operator in the sector and therefore the foregoing interpretation will produce no effects on the Group.

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. No entity within the Group awards bonuses to customers and therefore the foregoing interpretation will produce no effects on the Group.

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

July 2007 saw the issue of IFRIC interpration 14 which will come into effect from the period starting 1 July 2008 or successive periods. The interpration provides indications on how to detemine the limit on the surplus of a defined benefit plan, which can be recorded as an asset in compliance with IAS 19 Employee benefits. This interpretation is not expected to produce any effect on the financial position or result of the Group.

IFRS 2 Share-based payment – Vesting Conditions and Cancellations

This amendment to IFRS 2 Share-based Payment was published in January 2008 adn 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 Group 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 statment 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 revnues 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 Group 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 requries 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 notes. The Group does not envisage that the foregoing amendments will impact on its financial statements.

3. EFFECTS DERIVING FROM CHANGING AN ACCOUNTING PRINCIPLE

Further to recent orientations that have emerged with regard to the application of IFRS 3, we considered it appropriate, in relation to the acquisiton by conferral from the controlling Company Manutencoop Soc. Coop. 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, to apply the consistency principle as already discussed in note 2.

The tables below highlight the changes that occurred in the financial statement captions due to the change in the accounting principle adopted, which resulted in retroactive application of the respective effects.

Specifically, the following actions were performed:

- reverse the entry of goodwill in 2005, in the amount of Euro 55,291 thousand;
- reverse the goodwill in the amount of 5,242 thousand euro recognised within the framework of the equity-method valuation of the equity investment in Roma Multiservizi S.p.A. (45.47%);
- cancel deferred taxation for 166 thousand euro recorded in 2006 on the higher book value of the equity investment in Roma Multiservizi S.p.A.;
- charge the amount of 60,533 thousand euro to equity in the caption Reserves as a matching entry for the adjustments described above.

CONSOLIDATED BALANCE SHEET

(in thousands of euro)	31-12-2006 PRESENTED	ADJUSTMENTS	31-12-2006 UPDATED
ASSETS			
Non-current assets			
Property, plant and equipment	5,515		5,515
Leased property, plant and equipment	1,780		1,780
Goodwill	87,161	(55,291)	31,870
Other intangible assets	3,126		3,126
Investments measured using the equity method	17,517	(5,242)	12,275
Non-current financial assets	4,999		4,999
Deferred tax assets	2,802		2,802
Total non-current assets	**122,900**	**(60,533)**	**62,367**
Current assets			
Inventories	1,442		1,442
Trade receivables and advances to suppliers	301,700		301,700
Other current receivables	6,914		6,914
Cash and cash equivalents	16,420		16,420
Total current assets	**326,476**		**326,476**
Non-current assets held for sale	0		0
Total non-current assets held for sale	0		0
TOTAL ASSETS	**449,376**	**(60,533)**	**388,843**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	116,964		116,964
Reserves	21,371	(60,533)	(39,162)
Retained earnings (losses)	5,572		5,572
Net Group profit (loss)	19,992	166	20,158
Grour shareholders' equity	**163,899**	**(60,367)**	**103,532**
Minority interests	631		631
Net profit (loss) attributable to minority shareholders	471		471
Total minority interests	**1,102**		**1,102**
Total shareholders' equity	**165,001**	**(60,367)**	**104,634**
Non-current liabilities			
Employee severance indemnities - benefits	20,644		20,644
Provisions for risks and charges - long term	742		742
Loans - long term	1,363		1,363
Deferred tax liabilities	3,993	(166)	3,827
Other non-current liabilities	0		0
Total non-current liabilities	**26,742**	**(166)**	**26,576**
Current liabilities			
Provisions for risks and charges - short term	3,355		3,355
Loans - short term	64,872		64,872
Trade payables and advances from customers	138,565		138,565
Current income taxes	530		530
Other current payables	50,311		50,311
Total current liabilities	**257,633**		**257,633**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**449,376**	**(60,533)**	**388,843**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	31-12-2006 PRESENTED	ADJUSTMENTS	31-12-2006 UPDATED
REVENUES			
Revenues from sales and services	452,647		452,647
Other operating revenues	544		544
TOTAL REVENUES	**453,191**		**453,191**
OPERATING COSTS			
Raw materials and consumables	(46,062)		(46,062)
Change in inventories of semi-finished and finished products	0		0
Services, leases and rentals	(211,249)		(211,249)
Payroll costs	(148,731)		(148,731)
Other operating costs	(2,019)		(2,019)
Internal work capitalised	1		1
Depreciation, amortisation, write-downs and write-backs	(4,671)		(4,671)
Provisions for risks and charges, amounts released	(354)		(354)
TOTAL OPERATING COSTS	**(413,085)**		**(413,085)**
Operating profit	**40,106**		**40,106**
FINANCIAL INCOME AND CHARGES			
Results of investments measured using the equity method	3,267		3,267
Dividends, income and charges from disposal of equity investments	427		427
Other financial income	1,709		1,709
Financial charges	(2,317)		(2,317)
Pre-tax profit (loss) from continuing activities	**43,192**		**43,192**
Current and deferred taxation	(23,671)	166	(23,505)
Net profit from continuing activities	**19,521**	**166**	**19,687**
Results from discontinued activities	942		942
Net profit for the year	**20,463**	**166**	**20,629**
Net profit (loss) attributable to minority shareholders	(471)		(471)
NET GROUP PROFIT	**19,992**	**166**	**20,158**

4. BUSINESS COMBINATIONS

4.1 Acquisition of Servizi Ospedalieri 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. ("SO"), a company operating in the Laundering/Sterilization sector whose main activity is (i) the rental and laundering of flat linen, garments, mattresses and bed accessories (linen rental and industrial laundry), (ii) sterilisation of linen and (iii) sterilisation of surgical instruments. The service is mainly supplied to public entities and private clinics.

The acquisition 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.

Financing of the acquisition

The acquisition was financed by means of a specific loan from the controlling company Manutencoop Società Cooperativa. The loan, which attracts interest at the Euribor 3 month rate plus a spread of 0.5%, matures on 31 December 2008, unless implicity renewed, and is repayable at any time prior to maturity.

Accounting effects of the acquisition

The acquisition was carried out for a total amount of 60,062 thousand euro, of which 62 thousand euro related to accessory charges accompanying the transaction (mainly represented by charges for the antitrust procedure and legal consultancy expenses), which are deemed to be part of the direct costs of the business combination.

On 1 July 2007, the Parent company MFM S.p.A., whose share capital was held at the time by Manutencoop Soc. Coop. (74.9%) and five private equity funds in their capacity as financial investors (holders of a total of 25.1%), acquired the entire share capital of SO from the sole shareholder Manutencoop Società Cooperativa.

As the transaction took place between entities controlled by the same party, MFM S.p.A.'s acquisition of the equity investment in SO, constitutes a transaction between entities under common control, i.e. a business combination in which all the participating companies are controlled by the same company, both before and after the combination, and such control is not temporary.

The accounting treatment of these transactions is not currently governed by IFRS standards, which do not yet include any explicit provisions applicable to the accounting treatment of business combination transactions of entities under common control.

As envisaged in IAS 8, in the absence of any principle or interpretation specifically applicable to a given transaction, the Management used its own judgement to develop and apply an accounting principle that provides a reliable, neutral, cautious and complete and useful tool in the process of economic decision-making, with reference to all relevant aspects and offering a fair and accurate representation of the economic substance of the transaction.

The Management decided that the most cautious, fair and accurate representation of the transaction was provided by applying the consistency principle.

Despite the expectation of a certain level of synergy between the two entities combined, the acquisition did not appear certain to exert a significant influence on the future cash flows of the net assets transferred. In such circumstances, as also stated in the document Preliminary Interpretation Orientations relating to IFRS No. 1 (Accounting treatment of business combinations of entities under common control in financial statements and consolidated financial statements), the consistency principle appears to provide the most fair and accurate representation of the economic substance of the transaction.

On the basis of the above criteria, these transactions are recognised in the financial statements of the company resulting from the combination, using the historic values from before the combination.

The consolidated data as of 31 December 2007 reflect the recognition of the acquisition according to the consistency principle. This principle envisages, inter alia, that unlike an acquisition from a third party, the accounting effects of the acquisition, insofar as they are determined using the consistency principle, take effect as from the beginning of the year in which the acquisition took place and, consequently, the value of the equity investment acquired on 1 July 2007 was charged against the shareholders' equity as of 1 January 2007 of SO, and the difference, amounting to 46,278 thousand euro, was charged against the shareholders' equity of the Group, with a consequent charge to a reserve.

From 1 January 2007 to 31 December 2007, the Company contributed to the revenues of the Group in the amount of 90,911 thousand euro and to the consolidated net result, through a net loss of 5,596 thousand euro.

A statement of the values of the assets and liabilities acquired in the transaction is provided below:

	CARRYING AMOUNTS
ASSETS	
Non-current assets	
Property, plant and equipment	32,614
Leased property, plant and equipment	5,787
Goodwill	5,685
Intangible assets	112
Equity investments 466	
Non-current financial assets	1,540
Deferred tax assets	4,580
Total non-current assets	50,784
Current assets	
Inventories	1,574
Trade receivables and advances to suppliers	72,613
Other current receivables	199
Cash and cash equivalents	5,199
Total current assets 79,585	
TOTAL ASSETS	130,369
LIABILITIES	
Non-current liabilities	
Employee severance indemnities	6,302
Provision for risks and charges - long term	593
Loans - long term	2,520
Deferred tax liabilities	2,258
Total non-current liabilities	11,673
Current liabilities	
Loans - short term	65,651
Trade payables and advances from customers	22,859
Current income taxes	240
Other current payables	16,162
Total current liabilities	104,912
TOTAL LIABILITIES	116,585
Carrying amount of net assets	**13,784**
Distribution of reserves to the controlling entity – seller	**46,278**
Total cost of combination	**60,062**
Total cost of combination:	
Due to seller	60,000
Ancillary acquisition charges	62
TOTAL COST OF COMBINATION	60,062
NET LIQUIDITY USED IN THE ACQUISITION:	
Cash and cash equivalents of the acquisition	5,199
Ancillary acquisition charges	(62)
Payments to seller	0
NET LIQUIDITY DERIVING FROM THE ACQUISITION	5,137

4.2 Acquisition of Luigi Minati Service S.r.l.

On 3 August 2007, the company acquired 100% of the share capital of Minati, a company operating in facility management, and specifically in technical services (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.

Financing of the acquisition

The transaction was financed by means of a short-term loan from Unipol Banca at the Euribor 3 month rate plus a spread of 0.3%.

Accounting effects of the acquisition

The operation takes the form of a business combination. As such, the Group applied the purchase method envisaged by IFRS 3 in its respective accounting.

The acquisition operation was carried out for an overall consideration of 760 thousand euro, of which 10 thousand euro of related costs (legal consultancy fees).

The amount was paid in full to the sellers on the date of acquisition.

The value on the date of acquisition of the assets and liabilities of the company acquired, the preliminary goodwill deriving from the transaction and the net liquidity used in the acquisition are shown in the table below:

	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Property, plant and equipment	66	66
Other intangible assets	3	3
Deferred tax assets	5	5
Total non-current assets	74	74
Current assets		
Inventories	4	4
Trade receivables and advances to suppliers	1,244	1,244
Other current receivables	136	136
Cash and cash equivalents	2	2
Total current assets	1,386	1,386
TOTAL ASSETS	1,460	1,460
LIABILITIES		
Non-current liabilities		
Employee severance indemnities - benefits	56	56
Total non-current liabilities	56	56
Current liabilities		
Loans - short term	218	218
Trade payables and advances from customers	936	936
Current income taxes	6	6
Other current payables	222	222
Total current liabilities	1,382	1,382
TOTAL LIABILITIES	1,438	1,438
Fair value of net assets	**22**	**22**
Goodwill deriving from combination	**738**	
Total cost of combination	**760**	
Total cost of combination:		
Payments to seller	750	
Ancillary charges to purhcase	10	
TOTAL COST OF COMBINATION	760	
NET LIQUIDITY USED IN ACQUISITION:		
Cash and cash equivalents of the acquired entity	2	
Ancillary charges to purchase	(10)	
Payments to seller	(750)	
NET LIQUIDITY USED IN THE ACQUISITION	(758)	

The fair value of assets and liabilities acquired by combination is 22 thousand euro, while the total cost of combination is 760 thousand euro.

The goodwill deriving from the operation amounts to 738 thousand euro, while the net liquidity used in the combination amounts to 758 thousand euro.

From the date of acquisition, the Company contributed to the revenues of the Group in the amount of 1,688 thousand euro, and to the consolidated net result, through a net loss of 185 thousand euro.

4.3 Acquisition of Omasa S.p.A.

On 14 September 2007, the MFM Group acquired 100% of the share capital of Omasa, one of Italy's leading operators in the provision specialist sanitary services for hospital technologies (with particular reference to sterilisation). 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 enjoys extensive geographical coverage and has large and small customers from both the public and private sectors (hospitals and clinics respectively).

Financing of the acquisition

The acquisition was financed by means of a specific loan from Banca di Roma. The loan, which attracted interest at the Euribor 3 month rate plus a spread of 0.35%, was paid back on 28 September 2007, by recourse to the liquidity obtained from the securitiesation of receivables concluded on 25 September 2007 (this was the third presentation made in the year, under a revolving long-term contract of securitisation of receivables agreed with Calyon S.A. Corporate & Investment Bank).

Accounting effects of the acquisition

The operation takes the form of a business combination. As such, the Group applied the purchase method envisaged by IFRS 3 in its respective accounting.

The acquisition operation was carried out for an overall consideration of 10,071 thousand euro, of which 306 thousand euro of related costs (legal expenses, financial consultancy and antitrust procedures).

The purchase contract also envisages that the seller also transfers to the purchaser, MFM, a financial receivable vis-a-vis Omasa in the amount of 2,235 thousand euro.

The consideration for the purchase of the equity holding, together with the sum due for taking over the receivable, in the total amount of 12,000 thousand euro, was paid to the sellers on the date of completion of the purchase.

The preliminary fair value of the assets and liabilities of the company acquired, the preliminary goodwill deriving from the transaction and the net liquidity used in the acquisition are shown in the table below:

	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Property, plant and equipment	1,159	1,159
Intangible assets	131	131
Non-current financial assets	205	205
Deferred tax assets	254	254
Total non-current assets	**1,749**	**1,749**
Current assets		
Inventories	48	48
Trade receivables and advances to suppliers	10,027	10,027
Current tax credits	7	7
Other current receivables	351	351
Cash and cash equivalents	291	291
Total current assets 10,724	**10,724**	
TOTAL ASSETS	12,473	12,473
LIABILITIES		
Non-current liabilities		
Employee severance indemnities - benefits	877	877
Provision for risks and charges - long term	422	422
Total non-current liabilities	**1,299**	**1,299**
Current liabilities		
Loans - short term	2,635	2,635
Trade payables and advances from customers	2,767	2,767
Current income taxes	124	124
Other current payables	2,218	2,218
Total current liabilities	**7,744**	**7,744**
TOTAL LIABILITIES	9,043	9,043
Fair value of net assets	**3,430**	**3,430**
Goodwill deriving from combination	**6,641**	
Total cost of combination	**10,071**	
Total cost of combination:		
Payments to seller	9,765	
Ancillary acquisition charges	306	
TOTAL COPST OF COMBINATION	10,071	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquired entity	291	
Ancillary acquisition charges	(306)	
Takeover of seller's receivable	(2,235)	
Payments to seller	(9,765)	
NET LIQUIDITY USED IN THE ACQUISITION	(12,015)	

The fair value of assets and liabilities acquired by combination amounts to 3,430 thousand euro, while the total cost of the combination is 10,071 thousand euro.

The goodwill deriving from the operation amounts to 6,641 thousand euro, while the net liquidity utilised in the combination, including the amount paid to take over the loan enjoyed by the seller, is 12,015 thousand euro.

From the date of acquisition, the Company contributed to the revenues of the Group in the amount of 2,842 thousand euro, and to the consolidated net result, through a net loss of 444 thousand euro.

4.4 Acquisition of Teckal S.p.A.

On 12 October 2007, the Group acquired 100% of the share capital of Teckal.

The main activity of the latter 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 heat management.

Financing of the acquisition

At the time of closing, the Company paid the sellers the sum of 61 million euro as the price of the purchase of the entire share capital of Teckal S.p.A., drawing upon funds made available by Unicredit Banca d'Impresa S.p.A. under two credit contracts – up to a maximum total limit of 61 million euro at the Euribor 1 month rate plus a spread of 0.45% – entered into on the same date and by virtue of which the lender was granted a proxy pledge, without voting rights, over 100% of the Teckal shares acquired by the Company.

At the same time, the Company became the transferee of the loan to Teckal S.p.A. from Messrs. Boschi and Prandi – for a total of 10 million euro plus interest accrued and accruing – the said loan was extinguished in full, also on 12 October 2007, by a payment from Teckal S.p.A. to the transferee of the entire capital and interest in question.

Also on 12 October, Teckal S.p.A. also paid back the loans it had in turn taken out with Unicredit Banca d'Impresa S.p.A. on 28 June and 20 December 2005. The repayment by Teckal of the loan originally enjoyed from Messrs. Boschi and Prandi and subsequently transferred to the Company, and the loans granted to Teckal by Unicredit was funded by recourse on the part of Teckal S.p.A. to bank credit in the amount of 25 million euro (a mortgage maturing in 2013).

Accounting effects of the acquisition

The operation takes the form of a business combination. As such, the Group applied the purchase method envisaged by IFRS 3 in its respective accounting.

The Group prepared a temporary decision regarding the allocation of the difference between the preliminary price of acquisition and the fair value of the net assets acquired, allocating the difference to goodwill on a preliminary basis.

The fair value of the net assets acquired was determined on the basis of the accounting situation available at the date nearest to the date of acquisition: 30 September 2007.

The temporary cost of the combination amounts to 61,463 thousand euro, divided as follows: 61,000 thousand euro for the amount defined in the purchase contract signed on 12 September 2007 and paid to the sellers on the date of conclusion of the transaction, 957 thousand euro for ancillary purchase costs, consisting chiefly of legal expenses and financial and anti-trust consulting, and 494 thousand euro less than the price preliminarily agred and communicated by the Purchaser to the Seller on 19 November 2007. This adjustment was explicitly envisaged in the purchase contract to settle the variationsin equity that occurred between 30 June 2007 and 30 September 2007.

The price was preliminarily determined on the basis of the commitments deriving from the signing by the purchasing Parent Company with the sellers, of a side letter to the contract fo rthe sale of shares dated 12 September 2007, with which the Company undertook to pay the Sellers an addition to the purchase price in the total amount of 3.7 million euro only and exclusively where Teckal S.p.A.: (i) enters, no later than 31 December 2008, into the Consip Lot 5 contract (Emilia Romagna – the Marches) for the supply of energy and related services for the public authorities and (ii) the signing of the said contract is made possible further to the definitive award, if applicable, of the contract directly as a consequence of the acceptance of the impugnment of the exclusion that Teckal S.p.A. has presented.

At the current date, it is not possible to estimate the probability of this event occurring, and it was not therefore taken into consideration in determining the cost of combination.

The fair value as of 30 September 2007 of the assets and liabilities of the company acquired, the preliminary goodwill deriving from the transaction and the net liquidity used in the acquisition are shown in the table below:

	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Property, plant and equipment	126	126
Other intangible assets	13	13
Non-current financial assets	143	143
Deferred tax assets	21	21
Total non-current assets	303	303
Current assets		
Inventories	261	261
Trade receivables and advances to suppliers	33,810	33,810
Current tax credits	0	0
Other current receivables	132	132
Cash and cash equivalents	7,029	7,029
Total current assets 41,232	41,232	
TOTAL ASSETS	41,535	41,535
LIABILITIES		
Non-current liabilities		
Provision for employee severance indemnities	560	560
Provison for risks and charges - long term	0	0
Loans - long term	883	883
Deferred tax liabilities	547	547
Total non-current liabilities	1,990	1,990
Current liabilities		
Loans - short term	31,073	31,073
Trade payables and advances from customers	8,892	8,892
Current income taxes	994	994
Other current payables	4,398	4,398
Total current liabilities	45,357	45,357
TOTALE PASSIVITÀ	47,347	47,347
Fair value of net assets	**(5,812)**	**(5,812)**
Goodwill deriving from combination	**67,275**	
Total cost of combination	**61,463**	
Total cost of combination:		
Payments to seller	61,000	
Curtailment	(494)	
Ancillary purchase charges	957	
TOTAL COST OF COMBINATION	61,463	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquired entity	7,029	
Payments to seller	(61,463)	
NET LIQUIDITY USED IN THE ACQUISITION	(54,434)	

The fair value of assets and liabilities acquired through the combination is negative and amounts to 5,812 thousand euro, whereas the total cost of combination is 61,463 thousand euro.

The preliminary goodwill deriving from the operation amounts to 67,275 thousand euro, while the net liquidity utilised in the combination amounts to 54,434 thousand euro.

The four business combinations previously described in this paragraph, involved outgoing financial flows, recorded under a separate caption in the cash flow statement, for a total of 62,070 thousand euro.

5. PROPERTY, PLANT AND EQUIPMENT

The table below highlights the movement in tangible fixed assets (both owned and held under finance lease) in the year ended 31 December 2007; the values of historical cost and provision for depreciation and amortisation at the beginning and end of the period are shown at the bottom of the table.

(in thousands of euro)	Plant and machinery	Leased plant and machinery	TOTAL
As of 1 January 2007, net of accumulated depreciation, amortisation and write-downs	**5,515**	**1,780**	**7,295**
Increases due to business combinations	33,963	5,786	39,749
Increases (additions)	17,571	1,038	18,609
Decreases	(353)	0	(353)
Other movements	1,095	(1,081)	14
Depreciation charge for the year	(18,650)	(1,694)	(20,344)
As of 31 December 2007 net of accumulated depreciation, amortisation and write-downs	**39,141**	**5,829**	**44,970**
As of 1 January 2007			
Cost	18,233	3,045	21,278
Accumulated depreciation and impairment	(12,718)	(1,265)	(13,983)
Net carrying amount	**5,515**	**1,780**	**7,295**
As of 31 December 2007			
Cost	124,631	12,410	137,041
Accumulated depreciation and impairment	(85,490)	(6,581)	(92,071)
Net carrying amount	**39,141**	**5,829**	**44,970**

The increases in tangible fixed assets owned due to business combinations in the amount of 33,963 thousand euro, relate to plant, machinery and equipment contributed by Servizi Ospedalieri S.p.A., Luigi Minati Service S.r.l., Omasa S.p.A. and Teckal S.p.A. (see note 4).

The amount includes 24,324 thousand euro of linen belonging to Servizi Ospedalieri S.p.A. and 5,974 thousand euro of specific plant and machinery used by Servizi Ospedalieri S.p.A. and Omasa S.p.A. in industrial processes involved in the laundry and rental and sterilisation business undertaken by the aforementioned newly acquired companies.

Under the acquisition of Servizi Ospedalieri, 5,786 thousand euro of leased plant and machinery was also acquired.

Increases in owned tangible fixed assets in 2007 amount to 17,571 thousand euro, of which: 13,835 thousand euro of linen used by Servizi Ospedalieri in its laundry and rental business, and 934 thousand euro of plant and machinery used by Servizi Ospedalieri and Omasa in the industrial processes of laundry and sterilisation. The remaining investments in owned tangible fixed assets relate chiefly to the Company's IT system.

The acquisition of machinery and equipment under leasing agreements in 2007 amount to 1,038 thousand euro, of which 892 thousand euro for plant and machinery used by Servizi Ospedalieri in the industrial processes of laundry and sterilisation, and 146 thousand euro for motor vehicles.

The decreases relate mainly to the withdrawal from service of linen that is no longer usable.

The table below highlights the movement in tangible fixed assets (both owned and held under finance lease) in the year ended 31 December 2006; the values of historical cost and provision for depreciation and amortisation at the beginning and end of the period are shown at the bottom of the table.

(in thousands of euro)	Plant, equipment and other goods	Plant and equipment under lease	TOTAL
As of 1 January 2006, net of accumulated depreciation and impairment	**5,032**	**1,524**	**6,556**
Increases (additions)	2,149	812	2,961
Decreases	(34)	(1)	(35)
Depreciation charge for the year	(1,632)	(555)	(2,187)
As of 31 December 2006, net of accumulated depreciation and impairment	**5,515**	**1,780**	**7,295**
As of 1 January 2006			
Cost	16,693	2,238	18,931
Accumulated depreciation and impairment	(11,661)	(714)	(12.37)
Net carrying amount	**5,032**	**1,524**	**6,556**
As of 31 December 2006			
Cost	18,233	3,045	21,278
Accumulated amortisation and impairment	(12,718)	(1,265)	(13,98)
Net carrying amount	**5,515**	**1,780**	**7,295**

6. INTANGIBLE ASSETS

The table below highlights the movement in intangible fixed assets in the year ended 31 December 2007; the values of historical cost and provision for depreciation and amortisation at the beginning and end of the period are shown at the bottom of the table.

amounts in thousands of euro	Concessions, licences, brands, software	Goodwill	TOTAL
Cost as of 1 January 2007, net of accumulated amortisation and impairment	**3,126**	**31,870**	**34,996**
Increases	3,188		3,188
Increases due to business combinations	257	80,339	80,596
Disposals			0
Impairment	(90)	(116)	(206)
Amortisation	(1,433)		(1,433)
Rounding to thousands of euro			0
As of 31 December 2007	**5,048**	**112,093**	**117,141**
As of 1 January 2007			
Cost (gross carrying amount) as shown above	6,451	31,980	38,431
Accumulated amortisation and impairment	(3,325)	(110)	(3,435)
Net carrying amount	**3,126**	**31,870**	**34,996**
As of 31 December 2007			
Cost (gross carrying amount)	9,792	112,319	122,111
Accumulated amortisation and impairment	(4,744)	(226)	(4,970)
Net carrying amount	**5,048**	**112,093**	**117,141**

The increase shown in Goodwill is attributable in the amount of 74,654 thousand euro to the greater cost incurred by the Company with respect to the current value of net assets at the time of acquisition of the companies Minati, Omasa and Teckal, as explained in note 4 above; while the remaining 5,685 thousand euro derive from the consolidation according to the consistency principle of the goodwill disclosed in the financial statements of Servizi Ospedalieri (see note 4.1 above).

Goodwill is subjected to impairment testing on an annual basis, as described in note 6 below.

An analysis of the recoverability of the goodwill for the subsidiary Simagest 3 Soc. Cons. a r.l. highlighted the need to enter a write-down in 2007 in the amount of 116 thousand euro.

The Group's other intangible assets almost entirely consist of software, which is amortised on a straight-line basis over its expected useful life of 5 years.

The increases in 2007 are entirely attributable to the purchase of software.

The table below highlights the movement in intangible fixed assets in the year ended 31 December 2006; the values of historical cost and provision for depreciation and amortisation at the beginning and end of the period are shown at the bottom of the table.

(in thousands of euro)	Concessions, licences, brands, software	Goodwill	TOTAL
Cost as of 1 January 2006, net of accumulated amortisation and impairment	**2,170**	**31,749**	**33,919**
Increases	2,061		2,061
Increase in controlling interest	217		217
Impairment		(96)	(96)
Amortisation	(1,105)		(1,105)
As of 31 December 2006	**3,126**	**31,870**	**34,996**
As of 1 January 2006			
Cost (gross carrying amount) as shown above	6,011	31,763	37,774
Accumulated amortisation and impairment	(3,841)	(14)	(3,855)
Net carrying amount 2,170	**31,749**	**33,919**	
As of 31 December 2006			
Cost (gross carrying amount)	6,451	31,980	38,431
Accumulated amortisation and impairment	(3,325)	(110)	(3,435)
Net carrying amount	**3,126**	**31,870**	**34,996**

7. IMPAIRMENT TESTING OF RECORDED GOODWILL

The carrying amounts of the goodwill recorded in the consolidated financial statements and the related allocations are listed below:

(in thousands of euro)

CARRYING AMOUNT OF CONSOLIDATED GOODWILL	2007	2006
Goodwill of Facility Management	23,845	23,845
Goodwill of Property Mangement	454	454
Good will of MP Facility (Facility Management)	2,295	2,295
Goodwill of MCB (Facility Management)	5,155	5,155
Goodwill of Teckal (Facility Management)	67,275	
Goodwill of Omasa (Laundering-Sterilization)	6,641	
Goodwill of S.O. (Laundering-Sterilization)	5,685	
Goodwill of Minati (Facility Management)	738	
Goodwill of Simagest3 (Facility Management)	5	121
TOTAL GOODWILL	**112,093**	**31,870**

Goodwill is subjected to impairment testing on an annual basis.

Impairment is tested by comparing value reported in the consolidated financial statements for the individual CGUs with the value of use of the latter, determined on the basis of discounting expected future cash flows deduced, for a reasonable time period (not exceeding four years), from the business plans prepared by top management and approved by the Board of Directors of the Parent Company.

The business plans used for the analyses described in this note were revised in September 2007.

Recourse was had to cautious estimates of constant growth (between 0% and 2.5%, and in any event lower than the growth rates expected by external observers and the average growth in the revenues from activities undertaken by the Group and recorded by the various Group companies in recent years) to determine the cash flows for periods after those for which exact estimates exist.

Goodwill of facility management CGU

The goodwill acquired through the business combination denominated 'Palladio', which took place on 29 December 2003. In this combination, the Group acquired control of the line of business relating to construction and energy. The recoverable value of the goodwill allocated to the facility management CGU was determined with reference to its value in use. The calculation was performing 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, equating to the WACC calculated for the CGU, is 7.8% (7.7% for 2006) and the cash flows with effect from the fourth year were extrapolated using a constant growth rate of 2%. This growth rate is deemed to be prudent, considering the much higher growth rates expected by external observers and the average growth in the revenues from facility management recorded in recent years, initially by the Manutencoop Group (to which the Manutencoop Facility Management Group belongs) and then by the Manutencoop Facility Management Group.

Goodwill of Property Management CGU

In 2006, BSM S.r.l., a company specialising in property management, was merged by incorporation into the controlling company Manutencoop Facility Management S.p.A. (which held a 100% stake). This company was acquired in December 2003, as part of the 'Palladio' business combination. The goodwill identified at that time (difference arising on consolidation), in the amount of 454 thousand euro, was allocated to the property management CGU (in the 2005 consolidated financial statements, the amount was allocated to BSM S.r.l. with which the property management CGU was identified).

This goodwill was also subjected to impairment testing by comparing its carrying amount with the recoverable value determined with reference to its value in use. The calculation was performing 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 nil growth rate. This valuation is deemed to be prudent, considering that the true potential of the property management sector is currently not reflected in the plan.

Goodwill of MP Facility S.p.A. CGU

In 2004, the Group subscribed 50% of the shares in MP Facility S.p.A., a joint

venture described in paragraph 20.1.1 regarding consolidation principles. As already indicated in

the same paragraph, also in 2004, MP Facility acquired a line of business and took over goodwill amounting to 2,295 thousand euro. The respective goodwill, which is also attributable to a medium-small CGU that manages the facility management needs of Telecom Group, was subjected to impairment testing on the following basis:

- Discounting of the cash flows contained in the financial plan approved by top management, covering a time period equal to the residual duration of the contract with the Telecom Group (expiring in 2013), without assuming renewal;
- Application of a discounting rate to the forecast cash flows of 7.8% (2006: 7.7%), equal to that applied to the facility management CGU and to the goodwill allocated to MCB S.p.A..

Goodwill of MCB S.p.A. CGU

The Group holds 75% of the shares in MCB S.p.A., a small-medium company, which undertakes facility management services in relation to the property holdings of companies with a network structure (banks, insurance companies, etc...). The acquisition of the company, which took place in successive steps between il 2003 and 2005, resulted in the takeover of consolidated goodwill for a total of 5,154 thousand euro.

The goodwill relating to MCB S.p.A., which is attributable to small-medium cash generating unit, was subjected to impairment testing on the basis of the same hypotheses, listed below:

- Discounting of the cash flow projection contained in the financial plan approved by top management, covering a time period of three years;
- Cash flows after three years extrapolated on the basis of a constant growth rate of 2%,
- Discounting rate applied to the forecast cash flows of 7.8% (7.7% for 2006.

Goodwill of CGU Simagest 3 Soc. Cons. a r.l.

As indicated in the notes to the consolidated financial statements as of 31 December 2006, over the course of 2006 the Group increased its equity investment in the subsidiary Simagest 3 Soc. Cons. a r.l. acquiring a further 34.99% to raise its interest in the quotaholders' equity of that company to 89.99%.

The Group recognised goodwill of 217 thousand euro to the seller, which, as of 31 December 2007, was therefore subjected to impairment testing again, using the following assumptions:

- Discounting of the cash flows expected from the Consip lot 3 contract, which the consortium was formed to manage, over its residual duration;
- Application of a discounting rate to the forecast cash flows equal to that applied to the facility management CGU;

This identified a loss in value of 116 thousand euro.

Goodwill of Servizi Ospedalieri CGU

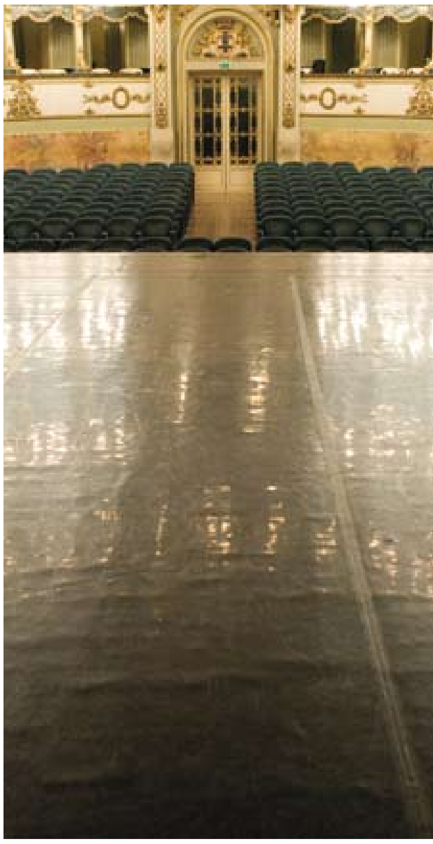
As described in note 4.1, in 2007 the Group acquired, from its controlling company Manutencoop Società Cooperativa, 100% of the share capital of Servizi Ospedalieri S.p.A. ("SO"), a company operating in the Laundering/Sterilization sector whose main activity is (i) the rental and laundering of flat linen, garments, mattresses and bed accessories (linen rental and industrial laundry), (ii) sterilisation of linen and (iii) sterilisation of surgical instruments. The service is mainly supplied to public entities and private clinics.

Since this was a business combination of entities under common control, the consistency method was applied, with the result that no goodwill derived from the allocation of the purchase price.

The Company's financial statements show, however, goodwill deriving from previous business combinations (acquisition of two lines of business) with third parties, for a total of 5,685 thousand euro.

The goodwill was subjected to impairment testing on the following basis:

- Discounting of the cash flow projection contained in the financial plan approved by top management, covering a time period of three years;
- Cash flows after three years extrapolated on the basis of a constant growth rate of 1%,
- Discounting rate of 6.7% applied to the forecast cash flows.



Goodwill of Minati CGU

As described in note 4.2, on 3 August 2007 the company acquired 100% of the share capital of Minati, a company operating in the facility management segment and specifically in technical services (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 gave rise to consolidated goodwill of 738 thousand euro, which was subjected to testing using the following assumptions:

- Discounting of the cash flow projection contained in the financial plan approved by top management, covering a time period of three years;
- Cash flows after three years extrapolated on the basis of a constant growth rate of 2%;
- Discounting rate of 7.8% applied to the forecast cash flows.

In February 2008, the Company was merged by incorporation into the controlling company MFM S.p.A..

Goodwill of Omasa CGU

On 14 September 2007, as described in note 4.3, the MFM Group acquired 100% of the share capital of Omasa, one of Italy's leading operators in the provision specialist sanitary services for hospital technologies (with particular reference to sterilisation). 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 enjoys extensive geographical coverage and has large and small customers from both the public and private sectors (hospitals and clinics respectively).

The acquisition gave rise to goodwill, attributable to the laundering-sterilization business, of 6,641 thousand euro, which was subjected to impairment testing using the following assumptions:

- Discounting of the cash flow projection contained in the financial plan approved by top management, covering a time period of three years;
- Cash flows after three years extrapolated on the basis of a constant growth rate of 2%;
- Discounting rate of 6.7% applied to the forecast cash flows.

Goodwill of Teckal CGU

On 12 October 2007, the Group acquired 100% of the share capital of Teckal.

The main activity of the latter 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 acquisition gave rise to goodwill, attributable to the facility management business, of 67,265 thousand euro, which was subjected to impairment testing using the following assumptions:

- Discounting of the cash flow projection contained in the financial plan approved by top management, covering a time period of three years;
- Cash flows after three years extrapolated on the basis of a constant growth rate of 2%;
- Discounting rate of 7.8% applied to the forecast cash flows.

Assumptions used to calculate the value in use of the Group's cash-generating units as of 31 December 2007

The principal assumptions underlying the cash flow projections used by the directors for impairment testing purposes are indicated below:

- Forecast operating profits: determined by projecting forward the current backlog of service contracts and making prudent assumptions about the acquisition of new work, considering the growth of the markets in which the Group operates.
- Changes in net working capital: estimated with reference to the target days for inventory rotation, the settlement of payables and the collection of receivables.

For all the CGUs analysed, with the exception of the points raised regarding the subsidiary Simagest 3 Soc. Cons. a r.l., analysis confirmed that the recoverable value of the foregoing units exceeds the relative carrying amount, thus obviating the need for write-downs.

The sole exception, as stated, was the impairment of the CGU relating to the subsidiary Simagest 3 Soc. Cons. a r.l., which resulted in a write-down of 116 thousand euro, reported in the income statment under Depreciation, amortisation, impairment and write-backs (also see note 25).

8. INVESTMENTS IN JOINT VENTURES

The Group holds 7 investments in joint ventures, which are listed in note 2 above, regarding consolidation principles.

Of these, 6 are consortia not listed on regulated markets whose objects are to govern the relations between temporary associations of businesses formed to provide certain facility management services under contract.

The combined values, for the share held by the Group for the year ended 31 December 2007, of the assets, liabilities, revenues and results included in the consolidated financial statements pertaining to the aforementioned consortia, compared with the same data for the year ended 31 December 2006, are set out below:

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Non-current assets	31	14
Current assets	5,204	5,899
	5,235	**5,913**
Non-current liabilities	0	1
Current liabilities	5,200	5,875
	5,200	**5,876**

	2007	2006
Revenues	9,170	8,651
Operating costs	(9,141)	(8,648)
OPERATING PROFIT	**29**	**3**
Results of financial management	(6)	(11)
PROFIT (LOSS) BEFORE TAXATION	**23**	**(8)**
Tax charge	(25)	2
NET RESULTS FOR THE YEAR	**(2)**	**(6)**

In addition, the Group holds a 50% interest in MP Facility S.p.A., formed during 2004 upon acquisition of the facility management line of business previously operated by the Telecom Italia Group, involving the signature of a long-term Global Service contract in relation to Telecom Itaia's portfolio of properties.

The values, for the share held by the Group for the year ended 31 December 2007, of the assets, liabilities, revenues, costs and results included in the consolidated financial statements pertaining to MP Facility S.p.A., compared with the same data for the year ended 31 December 2006, are set out below:

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Non-current assets	3,736	4,152
Current assets	31,310	27,616
	35,046	**31,768**
Non-current liabilities	4,953	3,227
Current liabilities	26,440	27,170
	31,393	**30,397**

	2007	2006
Revenues	65,339	60,443
Operating costs	(60,996)	(58,890)
OPERATING PROFIT	**4,343**	**1,553**
Results of financial management	(21)	8
PROFIT (LOSS) BEFORE TAXATION	**4,322**	**1,545**
Tax charge	(2,040)	(1,088)
NET RESULTS FOR THE YEAR	**2,282**	**457**

The Group holds certain investments in associates which, in the consolidated financial statements, are measured using the equity method. These companies are listed in note 2 above in the paragraph relating to consolidation principles.

The following tables, covering the years ended 31 December 2007 and 2006, summarise the Group's interest in the assets, liabilities, revenues and net results of the associates measured using the equity method. The right-hand columns report the carrying amounts of these equity investments in the consolidated financial statements.

(in thousands of Euro)

AS AT 31 DECEMBER 2007	% equity holding	Revenues	Net profit	Assets	Liabilities	Net Assets	Value of equity holding	Provision for risks	Net value in consolidated financial statements
Bologna Global Service Soc. Cons. a r.l.	37.50%	4	0	51	(47)	4	4	0	4
Global Provincia di Rimini Soc. Cons. a r.l.	42.40%	1,273	0	834	(830)	4	4	0	4
Bologna Più Soc. Cons. a r.l.	25.68%	6,720	(1)	2,130	(2,053)	77	77	0	77
Como Energia Soc. Cons. a r.l.	20.00%	584	5	757	(788)	(31)	0	(31)	(31)
Global Riviera Soc. Cons. a r.l.	30.66%	2,775	0	3,955	(3,946)	9	9	0	9
P.B.S. Soc. Cons. a r.l.	25.00%	2,600	0	1,777	(1,752)	25	25	0	25
DUC Gestione Sede Unica Soc. Cons. a r.l.	49.00%	4	0	13	(3)	10	10	0	10
Consorzio Energia Servizi BO	24.25%	12	6	120	(111)	9	9	0	9
Bologna Multiservizi Soc. Cons. a r.l.	39.00%	3,615	0	2,964	(2,960)	4	4	0	4
MCB Emirates LLC	49.00%	0	0	31	0	31	31	0	31
Tower Soc. Cons. a r.l.	20.17%	120	0	150	(130)	20	20	0	20
Ser.San. Servizi Sanitari S.p.A.	20.00%	2	0	86	(24)	62	62	0	62
San Martino 2000 Soc. Cons. a r.l.	40.00%	2,846	0	1,651	(1,647)	4	4	0	4
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	20.00%	0	(7)	20	(6)	14	14	0	14
Co.S.I.S. Soc. Cons. a r.l.	26.33%	3	0	18	(5)	13	13	0	13
Global Vicenza Soc. Cons. a r.l.	41.00%	0	0	4	0	4	4	0	4
GICO Systems S.r.l.	20.00%	298	(20)	263	(250)	13	13	0	13
Newco DUC Bologna S.p.A.	24.90%	9,632	(105)	16,927	(15,134)	1,793	1,793	0	1,793
SE.SA.MO. S.p.A.	20.91%	3,299	63	8,265	(7,514)	751	751	0	751
F.lli Bernard S.r.l.	20.00%	735	10	681	(271)	410	410	0	410
Terzatorre S.p.A.	32.00%	401	(3)	1,727	(258)	1,469	1,469	0	1,469
ROMA Multiservizi S.p.A.	45.47%	38,382	2,679	24,067	(14,508)	9,559	9,559	0	9,559
Fleur Bruzia S.r.l. (in liquidation)	100.00%	31	0	45	(45)	0	0	0	0
Palmanova Servizi Energetici Soc. Cons. a r.l.	60.00%	0	0	6	0	6	6	0	6
Servizi L'Aquila Soc. Cons. a r.l.	60.00%	0	0	12	0	12	12	0	12
		73,336	**2,627**	**66,554**	**(52,282)**	**14,272**	**14,303**	**(31)**	**14,272**

(in thousands of euro)

AS AT 31 DECEMBER 2007	% equity holding	Revenues	Net profit	Assets	Liabilities	Net Assets	Value of equity holding	Provision for risks	Net value in consolidated financial statements
Bologna Global Service Soc. Cons. a r.l.	37.50%	501	(7)	1,468	(1,464)	4	4	0	4
Consorzio Rizzoli Energia Soc. Cons. a r.l.	35.00%	107	0	64	(60)	4	4	0	4
Global Provincia di Rimini Soc. Cons. a r.l.	42.40%	1,640	0	812	(808)	4	4	0	4
Bologna Più Soc. Cons. a r.l.	25.68%	6,484	15	4,339	(4,257)	82	82	0	82
Como Energia Soc. Cons. a r.l.	20.00%	527	9	452	(488)	(36)	0	(36)	(36)
Global Riviera Soc. Cons. a r.l.	23.11%	2,153	0	2,767	(2,760)	7	7	0	7
P.B.S. Soc. Cons. a r.l.	25.00%	2,724	0	1,728	(1,703)	25	25	0	25
DUC Gestione Sede Unica Soc. Cons. a r.l.	49.00%	3	0	13	(3)	10	10	0	10
Consorzio Energia Servizi BO Soc. Cons. a r.l.	24.25%	9	0	138	(135)	3	3	0	3
GICO Systems S.r.l.	20.00%	298	(21)	376	(343)	33	33	0	33
Newco DUC Bologna S.p.A.	24.90%	3,003	(74)	7,744	(5,846)	1,898	1,898	0	1,898
SE.SA.MO. S.p.A.	20.91%	3,541	45	6,033	(5,345)	688	688	0	688
ROMA Multiservizi S.p.A.	45.47%	35,853	3,300	22,615	(13,098)	9,517	9,517	0	9,517
		56,843	**3,267**	**48,549**	**(36,310)**	**12,239**	**12,275**	**(36)**	**12,239**

10. NON-CURRENT FINANCIAL ASSETS

A breakdown of non-current financial assets as at 31 December 2007 and 31 December 2006 is provided below:

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Other equity investments	1,772	553
Non-current loans to associates	785	2,155
Other non-current amounts due from third parties	2,266	2,291
	4,823	**4,999**

The financial assets classified as Other equity investments comprise investments in companies that are not subsidiaries or associates, but which are held for strategic-productive reasons. These investments are associated with production sites and, occasionally, laundry terminals (small businesses undertaking industrial laundry work, which can operate as sub-contractors to Servizi Ospedalieri if needed).

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 contractual regulations and restrictions that effectively prevent their transfer.

The increase reported between 31 December 2006 and 31 December 2007 is almost entirely attributable to equity holdings, representing less than 20%, of Servizi Ospedalieri at the time of the latter's acquisition by the Group.

Certain loans to associates are interest-free, having been granted proportionately by each consortium member; accordingly, they have been discounted of the expected residual maturities, applying Eurirs for loans due beyond 12 months and Euribor for those due within 12 months, increased by 0.5%.

The decrease reported in 2007 was due to the repayment by the associate in liquidation Bologna Global Service Soc. Cons. a r.l., of a loan in the amount of 1,253 thousand euro, offset by an increase in discounting provision.

The discounted amounts have been reported. A breakdown in the changes in discounting provision for the year 2007 is provided below:

(in thousands of euro)	Balance as at 1 January 2007	Allocation	Utilisation	Balance as at 31 December 2007
Provision for discounting of financial receivables	**83**	**331**	**(44)**	**370**

Other non-current receivables mainly comprise security deposits relating to certain long-term production contracts, other interest-bearing loans granted to affiliates and the Group's share of an interest-bearing deposit, in the amount of 626 thousand euro at 31 December 2007 (at 31 December 2006: 718 thousand euro), with Telecom Italia Group to guarantee future payment of severance indemnities assumed at the time of acquisition of the line of business in 2004 by MP Facility S.p.A..

11. INVENTORIES

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Raw, ancillary and consumable materials	3,539	1,442
Provision for write-downs on raw, ancillary and consumable materials	(6)	
	3,533	**1,442**

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 Group.

The increase reported between 31 December 2006 and 31 December 2007 is chiefly attributable to the inventory levels of the newly acquired companies: Serivi Ospedalieri, Minati, Omasa and Teckal.

12. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

A breakdown of this caption as at 31 December 2007 and 31 December 2006 is provided below:

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Gross trade receivables	328,799	283,628
Provision for discounting of trade receivables	(1,011)	(1,303)
Allowance for doubtful accounts	(5,522)	(1,918)
Contract work in progress	12,643	7,020
Advances to suppliers	1,140	727
Third-party trade receivables	**336,049**	**288,154**
Trade receivables from associates	14,669	12,226
Trade receivables from controlling companies	150	1,320
Group trade receivables	**14,819**	**13,546**
Trade receivables and advances to suppliers	350,868	301,700
Loans to associates - short term	-	12
Other ST amounts due from MNTC Soc. Coop	**2**	**2**
Other Group receivables and loans - short term	2	14
Loans to other companies - short term	10	-
Due from employees	69	31
Due from social security institutions	184	147
Other amounts due from tax authorities	3,546	3,613
Other ST receivables	3,754	2,954
Other current receivables due from third parties	**7,563**	**6,745**
Other short-term accrued income	76	-
Short-term pre-paid interest	-	14
Other short-term pre-paid expenses	485	141
Short-term accrued income and prepaid expenses	**561**	**155**
Other current receivables	**8,126**	**6,914**

The terms and conditions applying to trade receivables from related parties are discussed in note 32.

Trade receivables do not earn interest and are generally contractually collectible within 30-90 days. Since the large majority of the Group's customers are public bodies, which are notoriously late in their payments, trade receivables have been discounted.
Changes in the provision for discounting of trade receivables over the course of 2007 are analysed below:

(in thousands of euro)	31 December 2006	Increases	Utilisation	Releases	31 December 2007
Provision for discounting of receivables	**1,303**	**2,186**	**(2,478)**	**-**	**1,011**

Receivables that may not be fully recoverable are covered by a specific allowance for doubtful accounts, in the amount of 5,522 thousand euro (1,918 thousand euro as at 31 December 2006), which is deemed adequate with respect to known disputes as of 31 December 2007.
Details of the movement of the allowance for doubtful accounts in the year ended 31 December 2007 are provided below:

(in thousands of euro)	31 December 2006	Increases	Utilisation	Releases	31 December 2007
Allowance for doubtful accounts	1,918	3,691	(50)	(37)	5,522

The significant increase is attributable both to the amount of 1,705 thousand euro held in the allowance for doubtful accounts of the newly acquired companies at the date of acquisition, and to the allocation of 1,986 thousand euro for the year.
Details of trade receivables which were overdue but not written down as at 31 December 2007 are analysed below:

(in thousands of euro)	TOTAL	Neither overdue nor written down	Overdue but not written down				
			< 30 days	*30-60 days*	*60-90 days*	*90-120 days*	*Beyond 120 days*
31 December 2007	323,277	230,475	10,140	10,725	19,949	8,165	43,822
31 December 2006	289,457	191,987	33,329	9,759	9,172	6,931	38,278

The balances shown are net of written down receivables but gross of the discounting referred to above.

In 2007 a financial transaction was completed concerning the securitisation of receivables originated by commercial transactions with Calyon S.A. Corporate & Investment Bank in order to release for use chiefly in the company's external growth operations. The contract entered into is of one-year term, renewable for 5 years, and envisages the securitisation 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 339,134 thousand euro. 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 1,085 thousand euro, costs relative to the credit discount for 1,123 thousand euro and the interest discount for 12,430 thousand euro, for a total amount of 14,638 thousand euro. On the basis of the historic trend of the receivables subject to securitisation, 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. As part of the transaction, the Group gave two guarantees for a nominal amount of 16,711 thousand euro; 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 estimated as 101 thousand euro, which the Group disclosed under Other Financial Liabilities, against a financial charge (see note 17).
Contract work in progress, which rose from 7,020 thousand euro to 12,643 thousand euro, relates mainly to construction or restructuring contracts, and to contracts for the upgrading of installations, which are increasingly included in the long-term contracts for the provision of integrated or global services.
Other current receivables include:

- Amounts due from the tax authorities, principally comprising the VAT recoverable by certain Group companies.
- Other receivables also include the current account balances in the amount of 2,117 thousand euro (2,088 thousand euro as at 31 December 2006) held with Banca di Roma and managed for and in the name of INPDAP, as envisaged in the property management contract signed with that entity. The accounts are currently frozen by the Court, following a dispute that arose with INPDAP. The classification of these amounts as "Other current receivables" is deemed to be fair, not least because they directly relate to the "Other amounts due to INPDAP" caption (see note 18).

13. CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS

Cash and cash equivalents

A breakdown of the balance as at 31 December 2007 and 31 December 2006 is provided below:

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Bank current accounts and deposits	31,629	10,645
Cheques	13	-
Cash	71	53
Deposits with consortia	10,705	5,722
CASH AND CASH EQUIVALENTS	**42,418**	**16,420**

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

The amounts deposited with Consorzio Cooperativo Finanziario per lo Sviluppo (C.C.F.S.), which make up the balance of Deposits with consortia, are readily available and earn interest.

The fair value of cash and cash equivalents is therefore 42,418 thousand euro (16,420 thousand euro as at 31 December 2006).

As at 31 December 2007, the Parent Company has unused lines of credit totalling 83,639 thousand euro (2006: 66,072 thousand euro).

14. SHARE CAPITAL AND RESERVES

(share capital in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Ordinary shares, par value 1 euro each	**77,964**	**116,964**

Ordinary shares have a par value of Euro 1.

The number of ordinary shares issued and fully paid was 77,964,000 as at 31 December 2007, as against 116,964,000 as at 31 December 2006.

On 5 December 2007, the extraordiary shareholders' meeting of MFM S.p.A. deliberated a reduction in share capital of 39,000 thousand euro by cancelling 39,000,000 shares, in proprotion to the previous percentage stakes held by shareholders.

The Parent Company does not hold any treasury shares.

Retained earnings (losses)

(in thousands of euro)	RESERVES				RETAINED EARNINGS (LOSSES)		
		Legal reserve	Share premium	Other reserves	Total retained earnings (losses) of the Parent Company	Consolidation reserve	Total retained earnings (losses)
1 January 2006	**132**	**-**	**(44,102)**	**(43,970)**	**-**	**352**	**352**
Allocation of 2005 result of Parent Company	4,808	-	-	**4,808**		5,220	**5,220**
31 December 2006	**4,940**	**-**	**(44,102)**	**(39,162)**	**-**	**5,572**	**5,572**
Allocation of result of Parent Company for 2006	6,394			**6,394**		898	**898**
Reduction in share capital			36,501	**36,501**		2,500	**2,500**
Change inscope of consolidation			(46,278)	**(46,278)**			-
31 December 2007	**11,334**	**-**	**(53,879)**	**(42,545)**	**-**	**8,970**	**8,970**

15. EMPLOYEE BENEFITS AND PENSION FUNDS

The Group has no defined benefit pension plans, in the strict sense.

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 described in the accounting policies.

During the year the Company recorded non-recurring income of 1,838 thousand euro 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 TFR in the balance sheet, including a specific entry for curtailment, i.e. the effect of the change in regulations on the provision for severance indemnity as at 1 January 2007.

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

(in thousands of euro) NET COST OF BENEFITS	Year ended 31 December 2007	Year ended 31 December 2006
Curtailment	(1,838)	0
Cost of benefits earned (service cost)	642	4,299
Financial charges on outstanding obligations	1,004	659
Actuarial (gains)/losses	3,546	853
NET COST OF BENEFITS	**3,354**	**5,811**

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) MOVEMENT OF SEVERANCE INDEMNITY PROVISION	Year ended 31 December 2007	Year ended 31 December 2006
Opening balance of provision for severance indemnity (current value)	**20,644**	**19,642**
Increase due to business combinations	7,801	
Benefits paid	(5,343)	(4,809)
Curtailment (past service cost)	(1,838)	
Cost of benefits earned (service cost)	4,299	
Financial charges on outstanding obligations	1,004	659
Actuarial (gains)/losses	4,188	853
Closing balance of provision for severance indemnity (current value)	**26,456**	**20,644**

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

(percentage values)	31 DECEMBER 2007	31 DECEMBER 2006
Discount rate	4.8%	4.1%
Inflation rate	2.5%	2.0%
Wage increase rate	N/A	3.0%
Estimated turnover	8% - 16%	5% - 20%

The estimated rate of turnover takes the form of a range of values, as it is variable from one Group company to another. The actuary appointed by us to to make the recalculations used different estimates for turnover for the individual companies.

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

	2007	2006
Executives	18	11
Clerical staff	793	644
Manual workers	7,856	6,300
Employees	**8,667**	**6,955**
Executives	16	17
Clerical staff	224	186
Manual workers	332	291
Seconded personnel	**572**	**494**

The above data fully (not proportionally) includes all the employees of the joint venture MP Facility S.p.A., averaging 289 for the year ended 31 December 2007 and 351 for the year ended 31 December 2006. MP Facility S.p.A. does not use seconded personnel.

16. PROVISIONS FOR RISKS AND CHARGES

Details of the breakdown and movement of provisions for risks and charges for the year ended 31 December 2007 are highlighted below:

(in thousands of euro)	Provision for share-holding risks	Provision for risks in relation to testing and work performed	Provision for legal disputes in progress	Provision for tax disputes	Supplementary customer indemnity fund	Provisions for restructuring	Employee bonuses fund	TOTAL
As of 1 January 2007	**36**	**611**	**453**			**2,616**	**381**	**4,097**
Increase due to business combinations	946	50	19			1,015		
Provisions		377	39		15		265	696
Utilisation	(5)	(386)	(340)	(28)		(587)	(293)	(1,639)
Reclassifications			(218)					(218)
As of 31 December 2007	**31**	**602**	**880**	**22**	**34**	**2,029**	**353**	**3,951**
Short term 31 December 2007	31	184	447	22		2,029	353	3,066
Medium/long term 31 December 2007		418	433		34			885
Short term 31 December 2006	36	194	128			2,616	381	3,355
Medium/long term 31 December 2006		417	325					742

Provision for risks in relation to testing and work performed

This provision covers risks relating to possible disputes with customers about the reporting of work performed, principally overtime, that must be approved by them before invoices are issued. During the year, the provision was utilised in the amount of 386 thousand euro and was increased by 377 thousand euro.

Provision for legal disputes in progress

The risk of having to make settlements in relation to the legal disputes in progress with customers, suppliers and employees is assessed when preparing the financial statements. Certain of these disputes relate to alleged defective work pursuant to art. 1669 of the Italian Civil Code. These risks and the related provisions were conferred to the Company on 30/12/2003. In relation to the employees transferred on conferral of the 'Palladio' and 'Fidia' lines of business, no provisions have been made in relation to the disputes that arose with them prior to the conferral dates. In particular, even though the Company is jointly liable together with Manutencoop Soc. Coop., current agreements establish that the latter will make any necessary settlements.

During the year, the provision increased in the amount of 946 thousand euro due to the acquisition of Servizi Ospedalieri, Minati, Teckal and Omasa, was utilised in the amount of 340 thousand euro and was allocated a further 39 thousand euro. The 218 thousand euro of reclassifications relate to Omasa, for which the Group, following the acquisition, reclassified certain amounts previously reported among provisions for risks, by way of direct deduction of the respective asset entries (with particular reference to equity investments and receivables).

Provision for employee termination benefits

The provision set aside over the course of previous years by JV MP Facility S.p.A. was utilised in the amount of 587 thousand euro (Group share) during the year 2007 in respect of payments made to personnel on termination of their work contracts. The residual liability represents the best estimate to date of benefits payable to employees (a) who received a proposal by 31 December 2007 to terminate their work contract further to payment of an incentive quantified ad personam; (b) who are likely to accept the offer and (c) who will terminate their work contract within a sufficiently short time as to make significant changes to the plan improbable.

Employee bonuses

Further to utilisation in the amount of 293 euro, the provision for employee bonuses was adjusted by an amount of 265 thousand euro, estimated on the basis of the management performance bonuses that are likely to be paid, although the exact amounts have not yet been determined.

17. LOANS, FINANCING AND OTHER FINANCIAL LIABILITIES

The item "Loans" comprises the current and non-current share of loans provided by credit and financial institutions and consortium members, and amounts due to other lenders reported in the consolidated financial statements on the basis of the financial method of disclosure of leasing operations. A breakdown of loans granted is provided below:

(in thousands of Euro) SHORT AND MEDIUM/ LONG TERM	Effective interest rate %	Maturity	31 DECEMBER 2007	of which long term	31 DECEMBER 2006	of which long term
Unicredit loan	3m-Euribor+0.75	30/09/2007	3,433			
Unicredit loan – 2	Euribor3m +0.75	31/12/2013	24,973	24,973		
"Investire partecipazioni"	mortgage 4	2010	474	283		
Bank loans and advances	Euribor3m +0.3/0.4	On demand	111,615		49,484	
Commercial paper	4.36	Jan-08	2,000		2,000	
Hot Money	3.98/4.05	Feb-07	0		6,500	
Loans from controlling company Manutencoop Soc. Coop.	Euribor3m +0.5	31/12/2008	66,025		2,336	
Finance lease obligations	Euribor3m +0.9	2008-2013	4,033	2,741	1,923	1,363
Loans from consortium members	0/Euribor3m +0.5	2008	370		559	
Financial accounts – consortia	4.5-6	On demand	143			
Loan from Calyon – securitisation of receivables	5.75	31/03/2008	5,441			
Factoring of trade receivables	Euribor3m +1.05	Due date of receivables	883			
Other current financial liabilities	5.75	31/03/2008	11,123			
			227,080	**27,997**	**66,235**	**1,363**

In order to illustrate the development of the Group's financial situation over the course of 2007, a breakdown of the changes in loans repayable, between 31 December 2006 and 31 December 2007, is provided below:

(in thousands of euro) SHORT AND MEDIUM/LONG TERM	31-12-2006	Increases deriving from business combinations	Loans taken out to finance business combinations	Loans taken out and repaid	31-12-2007
Unicredit loan - 1	3,433	0		(3,433)	0
Unicredit - Teckal loan pre-acquisition		18,437		(18,437)	0
Unicredit loan- 2		0		24,973	24,973
"Investire partecipazioni" mortgage		527		(53)	474
Bank loans and advances	49,484	63,980	74,591	(76,440)	111,615
Commercial paper	2,000	2,000		(2,000)	2,000
Hot money	6,500	0		(6,500)	0
Loans from controlling company	2,336	0	60,000	3,689	66,025
Manutencoop Soc. Coop.					
Finance lease obligations	1,923	1,775		335	4,033
Loans from members	559	0		(189)	370
Vendor loan - Teckal		11,438		(11,438)	0
Financial accounts - consortia		0		143	143
Loan from Calyon securitisation of receivables		0		5,441	5,441
Factoring of amounts due from customers		2,588		(1,705)	883
Other current financial liabilities		0		11,123	11,123
	66,235	100,745	134,591	(74,491)	227,080

Unicredit loan - 1

In September 2007, the loan previously existing with Unicredit was extinguished by the parent company MFM S.p.A..

Pre-acquisition Unicredit /Teckal loan – Teckal vendor loan – Unicredit loan - 2

During the acquisition of Teckal, the Group extinguished a previous loan of 18,437 thousand euro from Unicredit to the acquired company, and the vendor loan of 11,438 thousand euro previously existing, and took out a loan from Unicredit for the nominal amount of 25,000 thousand euro. The carrying amount of the latter as at 31 December 2007 is 24,973 euro.

"Investire Partecipazioni" mortgage

This is a mortgage granted to Servizi Ospedalieri S.p.A., to be repaid in half-yearly installments until its maturity in 2010.

Bank overdrafts

Bank overdrafts are not guaranteed; the change which occurred in 2007 is attributable to the combined effect of the inclusion of the financial liabilities of the newly acquired company, partially offset by the use of the resources freed up by the securitisation of receivables referred to in note 12.

Commercial paper

The operation in progress at 31 December 2006 was paid back on 30/1/2007.

As at 31 December 2007, a commercial paper transaction was in progress from Servizi Ospedalieri with maturity in January 2008, duly rembursed at maturity.

Hot Money

The hot money transactions in progress as at 31 December 2006 were paid back at maturity, in the opening months of 2007.

Manutencoop Group I/C accounts

This intercompany account is used to settle transactions with Manutencoop Società Cooperativa. As at 31 December 2007, a negative balance of 66,025 thousand euro exists, consisting chiefly of the loan granted by Manutencoop Soc. Coop. to the Parent Company at the time of acquisition by the latter of an equity holding in Servizi Ospedalieri S.p.A. (note 4.4).

The balance attracts interest at the Euribor 3 month rate + a spread of 0.50%, and is repayable on demand; the I/C account contract expires on 31 December 2008, unless tacitly renewed.

Finance lease obligations

The leasing contracts are unsecured, and relate to motor vehicles and plants and machinery used by Servizi Ospedalieri in the production processes of washing and sterilisation. The contracts relating to motor vehicles each have a duration of 5 years, whereas the duration of the contracts for plants and machinery varies (normally between 5 and 8 years). During 2007, new financial leasing contracts amounting to 1,038 thousand euro were signed and capital quotas repaid for a total of 1,375 thousand euro.

Loans from consortium members

These comprise loans from consortium members outside of the Group to consortia that have been consolidated since they are subsidiaries or 50% joint ventures. In some cases these are interest-free loans which are repayable on demand, while others have contractually-agreed repayment dates. Certain loans do not have a contractual repayment date (formally repayable on demand) but, in substance, will be repaid at the end of the long-term service contract underlying the reason for which the consortium was formed.

In relation to the loans repayable upon demand (both formally and in substance), the financial element is not deemed to be significant and they have not been discounted to present value.

On the other hand, loans with a fixed repayment date and those for which it is reasonable to assume repayment at the end of the service contract underlying the consortium, have been discounted over the residual estimated loan period using a market rate (Eurirs for loans with a residual duration of more than 12 months and Euribor for those with a residual duration of less than 12 months, both increased by a spread of 0.5%).

I/C accounts – Consortia

These are on-demand I/C accounts, which attract interest, and which are used chiefly to govern relations between Group companies and the consortia, namely Consorzio Nazionale Servizi (CNS) and Consorzio Cooperative Costruttori (CCC). The balance of these accounts is normally positive and they are reported under cash. As at 31 December 2007, they have a total negative balance of 143 thousand euro (at 31 December 2006 they had a positive balance of 498 thousand euro, reported under cash).

Loan from Calyon – securitisation of receivables

The pro-quota balance (amounting to 5,441 thousand euro) of trade receivables of the Parent Company vis-a-vis the joint-venture MP Facility S.p.A., which, as at 31 December 2007 had been disposed of as part of the securitisation of trade receivables to Calyon S.A. Corporate & Investment Bank, has been reported under this caption. The due date of the loan corresponds to the contractual maturity of the securitised receivables, i.e. 90 days from the date of the end-of-month invoice.

The financial cost relating to the transaction is represented by the total interest discount of the presentation made on 21 December 2007, amounting to 2.9134%.

Other current financial liabilities

Two different types of financial liability are disclosed under this caption:

- the debit balance vis-a-vis Calyon S.A. Corporate & Investment Bank, amounting to 11,022 thousand, relating to the receivables disposed of as part of the securitisation of receivables referred to in note 12, collected by the Group on behalf of the transferor and not yet paid up as at 31 December 2007;
- the valuation at fair value of the risk underlying the security granted to Calyon, described in note 12, for 101 thousand euro.

18. TRADE PAYABLES AND OTHER CURRENT PAYABLES

A breakdown of the caption as at 31 December 2007 and 31 December 2006 is provided below:

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Due to suppliers	173,769	123,609
Due to customers for work to be performed	2,611	2,377
Trade payables to third parties	**176,380**	**125,986**
Trade payables to associates	14,420	8,821
Trade payables to controlling companies	8,035	3,758
Trade payables - intercompany	**22,455**	**12,579**
TRADE PAYABLES AND ADVANCES FROM CUSTOMERS	**198,835**	**138,565**
Sundry short-term payables to associates	-	134
Other short-term intercompany payables	**-**	**134**
Due to employees	22,961	16,591
Due to social security institutions	5,059	3,078
Due to tax authorities	37,863	22,654
Collections for joint ventures	5,726	4,611
Property collections for customers	2,117	2,088
Capital payable to affiliates	1	53
Adjustment of receivables/payables in foreign currency	6	-
Other short-term payables	1,311	913
Other short-term payables to third parties	**75,044**	**49,988**
Accrued short-term interest payable	88	-
Other short-term accrued expenses	478	148
Other short-term deferred income	171	41
SHORT-TERM ACCRUED EXPENSES/DEFERRED INCOME	**737**	**189**
OTHER CURRENT PAYABLES	**75,781**	**50,311**

Terms and conditions relating to the above liabilities:

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

Trade receivables do not bear interest and are generally settled 90/120 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 amounts are collected from customers.

The increases reported with respect to 31 December 2006 are chiefly attributable to the trade and other payables of newly acquired companies (Servizi Ospedalieri, Minati, Omasa and Teckal: see note 4).

19. GROUP BREAKDOWN

In view of the fact that the risks and profitability of the Group are affected primarily by differences between the types of service provided, the primary breakdown of the group is by line of business.

The secondary breakdown of the Group is by geographical area, but as the Group currently operates on national territory only, the various sub-national areas in which the Group operates are not deemed subject to sufficient differences in risk and profitability to require separate analysis by area.

The primary breakdown for the years ended 31 December 2007 and 2006 is given below:

Breakdown by line of business for the years ended 31 December 2007 and 31 December 2006:

BREAKDOWN BY LINE OF BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2007

(in thousands of euro) 31 DECEMBER 2007	Facility Management	Laundering Sterilization	Property Manag.	Other	Cancellations	Consolidated
Revenues for the year ended 31 December 2007						
Sales to third parties	479,645	93,717	4,754	27,688		605,804
Inter-line sales	595	41		682	(1,318)	-
TOTAL REVENUES	480,240	93,758	4,754	28,370	(1,318)	605,804
Results for the year ended 31 December 2007						
Costs by line	(393,952)	(84,895)	(3,505)	(26,333)	1,129	(507,556)
Result by line	86,288	8,863	1,249	2,037	(189)	98,248
General costs	(41,875)	(6,643)	(38)	(394)	189	(48,761)
Operating profit	44,413	2,220	1,211	1,643	-	49,487
Profit (Loss) from associates measured using the equity method	2,624	3				2,627
Net financial income (expenses)						(15,501)
Result before taxation						36,613
Income taxes						(23,891)
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2007						12,722

CAPITAL BREAKDOWN BY LINE OF BUSINESS AS AT 31 DECEMBER 2007

(in thousands of euro) 31 DECEMBER 2007	Facility Management	Laundering Sterilization	Property Manag.	Other	Cancellations	Consolidated
Assets and liabilities as at 31 December 2007						
Direct operating assets by line	398,698	92,755	8,118	10,086	(533)	509,124
Assets indirectly attributed to lines	12,772	6,866	59	324	-	20,021
Equity investments measured using the equity method	13,775	503	25	-	-	14,303
Financial and current tax assets						51,842
TOTAL ASSETS	**425,245**	**100,124**	**8,202**	**10,410**	**(533)**	**595,290**
Operating liabilities by line	221,012	44,090	5,146	9,120	(533)	278,835
Liabilities indirectly attributed to lines	28,014	5,541	26	269	-	33,850
Financial and current tax liabilities						225,100
TOTAL LIABILITIES	**249,026**	**49,631**	**5,172**	**9,389**	**(533)**	**537,785**

OTHER INFORMATION BY LINE OF BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2007

(in thousands of euro) 31 DECEMBER 2007	Facility Management	Laundering Sterilization	Property Manag.	Other	Cancellations	Consolidated
Other information by line of business as at 31 December 2007						
Investments in activities by line	4,722	17,039		36	21,797	
Amortisation, depreciation and write-downs of activities by line	(3,653)	(18,190)	(3)	(21)	(21,867)	

INFORMATION BY LINE OF BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands of euro) 31 DECEMBER 2006	Facility Management	Property	Other	Cancellations	Consolidated
Revenues for the year ended 31 December 2006					
Sales to third parties	419,282	5,516	28,393		453,191
Inter-line sales			480	(480)	-
TOTAL REVENUES	**419,282**	**5,516**	**28,873**	**(480)**	**453,191**
Results for the year ended 31 December 2006					
Costs by line	(348,775)	(4,483)	(26,516)	353	(379,421)
Result by line	**70,507**	**1,033**	**2,357**	**(127)**	**73,770**
General costs	(33,402)	(37)	(353)	127	(33,664)
Operating profit	**37,106**	**996**	**2,004**		**40,106**
Profit (Loss) from associates measured using the equity method	3,267				3,267
Net financial income (charges)					(181)
Results before taxation					43,192
Income taxes					(23,505)
Results from discontinued activities					942
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2006					**20,629**

CAPITAL BREAKDOWN BY LINE OF BUSINESS AS AT 31 DECEMBER 2006

(in thousands of euro) 31 DECEMBER 2006	Facility Management	Property	Other	Cancellations	Consolidated
Assets and liabilities as at 31 December 2006					
Direct operating assets by line	330,684	8,389	9,291	(583)	347,783
Assets indirectly attributed to lines	6,016	7	58		6,081
Equity investments measured using the equity method	12,250	25			12,275
Financial and current tax assets					22,704
TOTAL ASSETS	**348,950**	**8,422**	**9,349**	**(583)**	**388,843**
Operating liabilities by line	181,178	5,048	6,611	(776)	192,061
Liabilities indirectly attributed to lines	21,287	24	247		21,558
Financial and current tax assets					70,590
TOTAL LIABILITIES	**202,465**	**5,072**	**6,858**	**(776)**	**284,209**

OTHER INFORMATION BY LINE OF BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousandsof euro) 31 DECEMBER 2006	Facility Management	Property Management	Other	Consolidated
Other information by line of business as at 31 December 2006				
Direct investments in activities by line	2,256		50	2,306
Investments allocated to line	2,859		73	2,933
TOTAL INVESTMENTS IN LINE	5,115	0	123	5,239
Direct amortisation, depreciation and write-downs by line	(1,354)		(13)	(1,367)
Amortisation, depreciation and write-downs allocated to line	(2,008)	(2)	(11)	(2,021)
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS BY LINE	(3,362)	(2)	(24)	(3,388)

20. REVENUES FROM SALES AND SERVICES

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Provision of services	545,072	406,140
Construction of buildings and installations	59,727	46,507
	604,799	452,647

The year 2007 showed an increase in Revenues from sales and services, of 152,152 thousand euro with respect to 2006, as a result of the contribution of revenues from new acquisitions (Servizi Ospedalieri, Minati, Teckal and Omasa, amounting to a total of 108,917 thousand euro), the acquisition of new facility management contracts and an increase in building activity (for a total of 43,235 thousand euro).

21. OTHER REVENUES AND INCOME

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Grants	46	142
Capital gains on tangible fixed assets	197	31
Recovery of cost of seconded personnel	233	266
Recovery of other costs and services	2	-
Loss reimbursements	189	85
Revenues from rentals and leases	1	-
Other operating revenues	337	20
	1,005	544

In the year ended 31 December 2007, Other Revenues and Income showed an increase of 461 thousand euro with respect to the previous year, due chiefly to the extension of the scope of consolidation referred to in notes 2 and 4.

The increase in capital gains on tangible fixed assets is chiefly attributable to capital gains made by Servizi Ospedalieri from the sale of linen that can no longer be rented within the framework of laundry and rental activity.

22. RAW MATERIALS AND CONSUMABLES

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	**2007**	**2006**
Changes in inventories of fuel and raw materials	220	258
Purchase of fuel	(32,586)	(24,026)
Purchase of raw materials	(25,908)	(17,286)
Purchase of ancillary and consumable materials	(9,348)	(3,027)
Packaging	(1,611)	-
Other purchases	(2,641)	(1,981)
	(71,874)	**(46,062)**

The caption Raw Materials and Consumables rose by 25,812 thousand euro due to the inclusion of newly acquired companies in the scope of consolidation, in the amount of 16,120 thousand euro, combined with a residual increase of costs for materials of 9,692 thousand euro, as a result of a rise in revenues generated by the acquisition of new contracts, as reported in note 20.

23. SERVICES, LEASES AND RENTALS

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Services received	(197,726)	(166,844)
Consortium services	(6,695)	(3,876)
Maintenance and repair of equipment	(3,940)	(2,243)
Professional services	(21,987)	(16,270)
Transport	(6,528)	(3,665)
Advertising and promotion	(1,631)	(259)
Rebates and commissions	(320)	(8)
Insurance and guarantees	(1,887)	(1,587)
Banking services	(149)	(87)
Utilities	(6,108)	(4,971)
Emoluments of directors and statutory auditors	(1,267)	(1,108)
Travel and expense reimbursements	(2,038)	(1,474)
Personnel services	(3,676)	(2,272)
Other services	(593)	(1,616)
Cost of services	**(254,545)**	**(206,280)**
Rental expense	(7,463)	(4,113)
Hire and other charges	(766)	(856)
LEASES AND RENTALS	**(8,229)**	**(4,969)**
	(262,774)	**(211,249)**

In the year ended 31 December 2007, total leases and rentals amounted to 262,774 thousand euro, representing an increase of 51,525 thousand euro on the previous year.
The increase is again attributable to:

- services, leases and rentals incurred by the companies acquired in the period, amounting to 36,393 thousand euro;
- the disclosure of 3,977 thousand euro (plus 73 thousand euro reported under Payroll Costs, for a total of 4,050 thousand euro) of costs relating to the process of flotation embarked upon in 2007 and then interrupted on 1 February 2008 in light of unfavourable conditions in the financial markets (see note 35 on subsequent events);
- the increase of 11,155 thousand euro, in line with revenue disclosures.

Specifically, the main increases related to cost captions such as Services Received (30,882 thousand euro), Consortium Services (2,819 thousand euro), Transport (2,863 thousand euro, relating chiefly to laundry and hire activity) and Professional Services (5,717 thousand euro).
The increase of leases and rentals, totalling 3,260 thousand euro, is entirely attributable to the caption Rental Expense.

24. PAYROLL COSTS

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Wages and salaries	(115,951)	(90,265)
Social security charges	(36,715)	(27,873)
Secondment costs	(29,760)	(21,255)
Severance indemnity contributions to INPS and complementary funds	(6,260)	
Other payroll costs	(256)	(832)
Current benefits	**(188,942)**	**(140,225)**
Severance indemnity provision	(3,354)	(5,811)
Supplementary pension funds		(78)
Future benefits	**(3,354)**	**(5,889)**
Termination benefits	(613)	(2,617)
Termination benefits	**(613)**	**(2,617)**
	(192,909)	**(148,731)**

The year ended 31 December 2007 shows a total increase in payroll costs of 44,178 thousand euro compared with the previous year, from 148,731 to 192,909 euro.

Of this increase, 31,865 thousand euro are accounted for by payroll costs of newly acquired companies, while the remaining 12,313 thousand euro represent the increase in payroll costs pertaining to the increase in revenues described in note 20.

Specifically:

- under current benefits, there were rises of 25,686 thousand euro in wages and salaries, 8,842 thousand euro in social security charges and 8,505 thousand euro in secondment costs; with respect to 2006, following the entry into force of the Employee Severance Indemnity Institute, there is also an additional amount of 6,260 thousand euro of costs, measured using the statutory method of calculating employee severance indemnity, but paid to INPS or complementary social security funds;
- subsequent benefits include a significant reduction in Severance Indemnity Provision (of 2,457 thousand euro) for the reasons given above;
- The reduction in termination benefits is attributable to the fact that in 2007, the amounts allocated to the provisions for corporate restructuring in 2006 by MP Facility S.p.A. ceased to exit (see note 16).

25. OTHER OPERATING COSTS

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Credit discount securitisation	(1,123)	
Losses on receivables	(3)	(17)
Capital losses on tangible fixed assets	(30)	(25)
Other taxes	(316)	(192)
Fines and penalties	(575)	(289)
Other operating charges	(2,068)	(1,496)
TOTAL OTHER OPERATING COSTS	**(4,115)**	**(2.019)**

For the year ended 31 December 2007, other operating costs amount to 4,115 thousand euro, representing a rise of 2,096 thousand euro on the previous year.
This increase is chiefly attributable to the disclosure of 1,123 thousand euro of costs relating to the credit discount paid to Calyon S.A. Corporate & Investment Bank on the securitisation of receivables described in note 12, and to the other operating costs reported by newly acquired companies (562 thousand euro, net of the credit discount quota pertaining to the receivables disposed of by Servizi Ospedalieri).
The credit discount is the portion of the total cost of securitisation of receivables quantified on the basis of the risk of insolvency of the debtors in question.

26. DEPRECIATION, AMORTISATION AND WRITE-BACKS

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Depreciation of property, plant and equipment	(18,650)	(1,630)
Depreciation of leased property, plant and equipment	(1,694)	(555)
Depreciation of property, plant and equipment	**(20,344)**	**(2,185)**
Amortisation of other intangible assets	(1,433)	(1,107)
Amortisation of intangible assets	**(1,433)**	**(1,107)**
Impairment of goodwill	(116)	(96)
Write-downs of receivables	(1,949)	(1,283)
Amortisation of other intangible assets	(90)	-
Write-downs of equity investments	(28)	-
Impairment of assets	**(2,183)**	**(1,379)**
Release from allowance for doubtful accounts	15	-
Other asset write-backs	30	-
Asset write-backs	**45**	**-**
TOTAL DEPRECIATION, AMORTISATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS	**(23,915)**	**(4,671Z)**

The caption Depreciation, amortisation, write-downs and write-backs of assets rose from 4,671 thousand euro for the year ended 31 December 2006 to 23,915 thousand euro for the year ended 31 December 2007, representing a total increase of 19,244 thousand euro.
Of this amount, 18,505 thousand euro relates to depreciation and amortisation, and is attributable to Servizi Ospedalieri, which was consolidated with effect from 1 January 2007, for 17,705 thousand euro (of which 14,307 thousand euro pertaining to linen).

27. DIVIDENDS, INCOME AND CHARGES FROM EQUITY INVESTMENTS

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Dividends	86	301
Gains on disposal of equity investments		130
Losses on disposal of equity investments		(4)
TOTALE DIVIDENDS, INCOME AND CHARGES FROM EQUITY INVESTMENTS	**86**	**427**

28. FINANCIAL INCOME

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Interest on bank and postal current accounts	181	115
Interest on I/C and settlement accounts	325	220
Interest on trade receivables	746	124
Income from discounting	2,897	1,201
Other financial income	46	49
TOTAL FINANCIAL INCOME	**4,195**	**1,709**

In the first half of 2007, financial income rose by 2,486 thousand euro on the same period the previous year. The most significant increases related to income deriving from the discounting of revenues, in the amount of 1,696 thousand euro, and interest on trade receivables, in the amount of 622 thousand euro.

29. FINANCIAL CHARGES

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
Interest on bank loans and overdrafts	(3,203)	(1,745)
Interest on other loans	(1,278)	(214)
Financial charges on Group treasury accounts	(1,846)	(116)
Financial charges on leasing	(209)	(78)
Interest on trade receivables	(2)	-
Charge from valuation at fair value of the risk on the financial guarantee to Calyon	(101)	-
Interest discount on securitisation of receivables	(12,430)	
Other financial charges	(713)	(164)
TOTAL FINANCIAL CHARGES	**(19,782)**	**(2,317)**

Financial charges in 2007 amounted to 19,782 thousand euro, representing a rise of 17,465 thousand euro on the previous year. The increase is chiefly attributable, in the amount of 12,430 thousand euro, to the disclosure of the interest discount on the securitisation of receivables referred to in note 12. The remainder of the increase is attributable, in varying degrees, to:

- the financial charges incurred by the companies acquired in 2007 (2,841 thousand euro net of the interest discount quota relating to the securitisation of receivables by Servizi Ospedalieri);
- the financial charges incurred as a result of the cash requirement generated by the acquisitions made in the year;
- the increase in interest rates on the financial markets with respect to the average for 2006.

30. TAXATION

A breakdown of this caption for the years ended 31 December 2007 and 2006 is provided below:

	YEAR ENDED 31 DECEMBER	
(in thousands of euro)	2007	2006
IRAP	(8,846)	(8,301)
IRES	(13,960)	(14,822)
Tax group income and charges	1,293	6
Adjustments to current taxation in relation to prior years	(57)	(42)
Current taxation	**(21,570)**	**(23,159)**
Changes in deferred tax assets and liabilities	(2,321)	(346)
Changes in deferred tax assets and liabilities	**(2,321)**	**(346)**
TOTAL CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES	**(23,891)**	**(23,505)**

In 2007, the Group reported taxation amounting to a total of 23,891 thousand euro, an increase of 386 thousand euro on 2006.

The main changes are as follows:

- An increase of 545 thousand euro in IRAP;
- A reduction of 862 thousand euro in IRES;

- An increase of 1,287 thousand euro in tax group income, deriving almost entirely from the fiscal loss for IRES purposes reported by Servizi Ospedalieri
- A net increase of 1,975 thousand euro in deferred tax assets and liabilities, which refers, in the amount of 2,183 thousand euro, to the write-down by Servizi Ospedalieri, of the fiscal losses relating to previous years, which are no longer recoverable.
  It must be emphasised that, with the entry into force of the Finance Act 2007, the rates applicable to temporary differences between taxable income and pre-tax profit are reduced as follows:
- IRES falls from 33% to 27.5%
- IRAP falls from a base rate of 4.25% to 3.9%
  This has led to a commensurate reduction in the amounts previously disclosed under deferred tax assets and deferred tax liabilities with a net positive effect of 202 thousand euro.
  The reconciliation between the current income taxes disclosed and the theoretical taxes deriving from the application of the IRES rate in force to the pre-tax profit for the years ended 31 December 2007 and 2006 is as follows:

	YEAR ENDED 31 DECEMBER 2007		2006	
	(in thousands of euro)	%	*(in thousands of euro)*	%
Pre-tax profit from continuing activities	36,613		43,192	
Pre-tax profit from discontinued activities			971	
TOTAL PRE-TAX PROFIT	**36,613**		**44,163**	
Ordinary IRES rate		33		33
Temporary differences	(3,568)	(9.7)	(136)	(0.11)
Permanent differences	5,340	14.6	977	2.21
IRES TAXABLE INCOME	**38,385**		**45,004**	
Current IRES calculated for the year	**12,667**	**34.6**	**14,851**	**33.63**
Current IRES on profit from discontinued activities	**0**		**29**	
Current IRES on profit from continuing activities	**12,667**		**14,822**	

The table above reconciles, for the year ended 31 December 2007, an IRES value of 12,667 thousand euro, comprising the IRES reported in the breakdown of taxation (13,960 thousand euro) net of the tax group income recognised by the Parent Company Manutencoop Soc. Coop. (1,293 thousand euro).

The reconciliation between the actual and theoretical rates of IRAP are as follows:

	YEAR ENDED 31 DECEMBER 2007		2006	
	(in thousands of euro)	%	*(in thousands of euro)*	%
Pre-tax profit from continuing activities	36,613		43,192	
Pre-tax profit from discontinued activities			971	
TOTAL PRE-TAX PROFIT	**36,613**		**44,163**	
Ordinary IRAP rate		**4.15**		**4.15**
		5.15		**5.15**
Charges (income) from financial management	15,587	42.6	-3,086	-6.99
Payroll costs	192,909	526.9	148,731	336,78
Temporary differences	3,995	10.9	433	1
Permanent differences	(48,326)	(132)	3,775	8.55
IRAP TAXABLE INCOME	**200,778**		**194,016**	
Inc:				
Taxable at 4.15%	169,527		188,486	
Taxable at 5.15%	31,251		5,530	
CURRENT IRAP CALCULATED FOR THE YEAR	**8,846**	**24.2**	**8,301**	**18.8**

The permanent differences reported for the year ended 31 December 2007 include the deduction relating to the tax wedge, which amount to over 46 million euro for the Group, and resulted in a saving in IRAP of slightly over 2 million euro.

Deferred taxes

A breakdown of deferred tax assets and liabilities is provided below:

	BALANCE SHEET		INCOME STATEMENT	
(in thousands of Euro)	2007	2006	2007	2006
DEFERRED TAX LIABILITIES				
Depreciation	(2,222)	(1,789)	(260)	(613)
Valuation of work in progress on cost-to-cost basis	(602)	(408)	364	41
Leasing	(1,743)	(5)	198	0
Allocation of write-downs on receivables for tax purposes	(366)	(311)	(59)	(31)
Discounting of employee severance indemnity	(547)	(986)	565	(40)
Deferral of capital gains	(8)	0		
Discounting of interest-free financial payables	0	0	0	10
Difference between carrying amount and fiscal value of equity investments	(202)	(320)	118	(320)
Other deferred liabilities	0	0	(53)	0
	(5,682)	**(3,827)**	**873**	**(953)**

(in thousands of Euro)	BALANCE SHEET 2007	2006	INCOME STATEMENT 2007	2006
DEFERRED TAX ASSETS				
Fiscally recognised depreciation	593	503	(372)	(308)
Leasing	1,350		(245)	
Discounting of receivables	382	456	(464)	379
Disallowed equipment maintenance and repairs	123	180	(56)	20
Entertaining expenses	95	82	(8)	31
Provisions for risks and charges	1,594	1,330	347	442
Losses on receivables	32	8	(6)	(83)
Engineering workers' "one-off" bonus		0		(38)
Directors' remuneration	52	21	26	11
Utilization of tax losses carried forward	41	0	(2,213)	(9)
Settlement with customer		0		(52)
Costs relating to employees (mobility, bonuses)	133		19	
Consolidation adjustments	7	53	(45)	53
Other deferred tax assets	10	169	(177)	161
	4,412	**2,802**	**(3,194)**	**607**

Deferred tax assets have been recognised in full since they are likely to be recoverable in future years. The amounts reported reflect the application of IRES at 27.5% and IRAP at 3.9%.

31. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the consolidated net profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.
The diluted earnings per share of the Manutencoop Facility Management Group are equal to the basic earnings per share, since the parent company has not issued any convertible bonds or stock options.
The profits and share information used to calculate the consolidated basic earnings per share are provided below:

	YEAR ENDED 31 DECEMBER 2007	2006
Net profit attributable to shareholders *(in thousands of euro)*	12,037	20,158
Number of ordinary shares (excluding treasury shares) used to calculate basic earnings per share	114,079,068	116,964,000
Basic earnings per share *(in euro)*	**0.106**	**0.172**

	YEAR ENDED 31 DECEMBER 2007	2006
Net profit deriving from continuing activities *(in thousands of euro)*	12,722	19,687
Net loss (profit) deriving from continuing activities relating to third parties *(in thousands of euro)*	(685)	(471)
Net profit deriving from continuing activities of the Group *in thousands of euro*	12,037	19,216
Number of ordinary shares used to calculate basic earnings per share	114,079,068	116,964,000
Basic earnings per share from continuing operations *(in euro)*	**0.106**	**0.164**

There were no transactions in ordinary shares or potential ordinary shares between the accounting reference date and the time of preparing the financial statements.

DIVIDENDS	2007	2006
Proposed to the shareholders' meeting for approval *(not recorded as a liability as of 31 December)*		
Dividends on ordinary shares *(in thousands of euro):*	936	12,866
Dividend per share *(in eurocents)***:**	**1.2**	**11.0**

32. COMMITMENTS AND CONTINGENCIES

Finance leases

The Group has entered into finance leases for plants and machinery used in the production processes of ASA Laundering/ Sterilization and for motor vehicles. The finance lease commitments are detailed in the following table together with the present value of the future instalments:

	DECEMBER 31 2007		31 DECEMBER 2006	
(in thousands of euro)	Instalments of instalments	Current value	Instalments	Current value of instalments
Within one year	1,385	1,292	616	560
Beyond one year, but within five years	2,470	2,288	1,432	1,363
Beyond five years	475	452	0	0
Total leasing instalments	**4,330**	**4,032**	**2,048**	**1,923**
Financial charges	-298	0	-125	0
Current value of lease instalments	4,032	4,032	1,923	1,923

Guarantees given

As of 31 December 2007, the Group has given sureties to third parties as follows:

- guarantees in favour of associates (10,470 thousand euro);
- other sureties given to third parties: i) guaranteeing correct performance of commercial contracts with customers; ii) in lieu of deposits due for the activation of users or the signing of rental contracts, and for VAT rebates from the Tax Authorities (90,863 thousand euro);
- in favour of Calyon S.A. Corporate & Investment Bank guaranteeing correct performance of contract governing the securitisation of trade receivables (16,711 thousand euro),

for a maximum total of 118,044 thousand euro (as at 31 December 2006: 63,607 thousand euro).

The sureties issued to Calyon cover risk of a financial nature. The risk was therefore calculated at fair value and disclosed as a financial liability for 101 thousand euro against a financial charge of the same amount (see notes 12 and 17).

To guarantee the loan, for a nominal amount of 25,000 thousand euro, from Unicredit to Teckal (see note 17), a proxy pledge was made, i.e. with no voting rights over the company's shares.

33. RELATIONS WITH ASSOCIATES

The tables below provide a breakdown of the balances of transactions of the Parent Company with associates:

(in thousands of euro)

PARENT COMPANY	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Manutencoop Soc. Coop.	2007	4,845	28,926	51	1,846	744	4,027	8,036	66,025
	2006	1,723	26,276	2	116	1,326	2	3,943	2,766

(in thousands of euro)

ASSOCIATE	Year	Revenue	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Roma Multiservizi	2007	1,088	3,699			827		3,213	
S.p.A.	2006	1,049	3,331			366		2,177	
Ge.Im.S.	2007								
Soc. Cons. a r.l.	2006	67							
Gico Systems S.r.l.	2007	4	252			2	20	109	
	2006	3	170			2	20	117	
Se.Sa.Mo. S.p.A.	2007	4,457	8	46		6,990	606	2	
	2006	3,816	12	43		5,342		12	
Bologna Global	2007		5			257		5	
Service Soc. Cons. a r.l.	2006	583	501			232	1,253	501	
Global Provincia	2007	392	1,402			479	170	727	
di RN Soc. Cons. a r.l.	2006	395	1,752			252		748	
Consorzio Rizzoli	2007								
Energia Soc. Cons. a r.l.	2006	99				78			
Bologna Più 2007	6,651	577				1,507	193	323	
Soc. Cons. a r.l.	2006	6,546	564			4,408	193	628	
Global Riviera		2007	1,092	4,248		2,448		4,840	
Soc. Cons. a r.l.	2006	971	3,639			1,518		3,711	
Como Energia	2007	23	741					371	
Soc. Cons. a r.l.	2006	19	524					339	
DUC Gestione Sede Unica	2007		8					12	
Soc. Cons. a r.l.	2006		3					4	
Cons.Energia Servizi	2007	308				197			
Bologna Soc. Cons. a r.l.	2006	2				2			
P.B.S. Soc. Cons. a r.l.	2007		2,624			0		1,504	
	2006	20	2,697			0		1,059	134
Tower Soc. Cons. a r.l.	2007	46	111			46		111	
	2006								
Gestioni Sanitarie	2007								32
Toscane Soc. Cons. a r.l.	2006								
Bologna Multiservizi	2007	1,113	3,638			1,139		2,817	
Soc. Cons. a r.l.	2006								

(in thousands of euro)

SUBSIDIARIES OF MANUTENCOOP SOC. COOP.	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Manutencoop	2007	6,840	1,471			602		187	
Immobiliare S.p.A.	2006	10,314	295			3,263		170	
Manutencoop	2007	987	423			807		192	
Servizi Ambientali S.p.A.	2006	708	651			377		294	
Servizi Ospedalieri S.p.A.	2007								
	2006	319	51			149		4	
Sies S.r.l.	2007	2,398				2,487			
	2006								
Cerpac S.r.l.	2007	2				1			
(in liquidation)	2006	2							

(in thousands of euro)

SUBSIDIARIES OF MANUTENCOOP SOC. COOP. OR OTHER GROUP COMPANIES	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Segesta S.r.l.	2007								
	2006	4							
Consorzio Cooperativo	2007	44		36		22		2	1
Karabak Soc. Cons. a r.l.	2006	50				75			
Consorzio Segantini	2007	11				5			
	2006	20				27			
Bar.S.A. S.p.A.	2007	126				126			
	2006	116				116			
Codiser Società	2007	72	197			86		152	
Cooperativa	2006		2						
Flor Company S.r.l.	2007		3					3	
	2006								
San Martino 2000	2007	1,577	2,826			780		671	
Soc. Cons. a r.l.	2006								
GENERAL TOTAL									
Transactions	2007	32,076	51,159	133	1,846	19,552	5,016	23,277	66,058
with related parties	2006	26,826	40,468	45	116	17,533	1,468	13,707	2,900

Terms and conditions applying to transactions with related parties

These transactions were carried out on normal market terms i.e. those 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 of the parent company MFM S.p.A.. In addition to technical and productive services relating to its core businesses, the Parent Company also provides administrative and IT services to certain Group companies. No guarantees have been given or received in relation to the amounts due to or from related parties. The Group has not recorded any allowances for doubtful accounts regarding amounts due 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 companies belonging to Gruppo Manutencoop, controlled by Manutencoop Società Cooperativa are analysed below:

- Manutencoop Società Cooperativa and MFM S.p.A. have signed an agreement under which Manutencoop Società Cooperativa undertakes to supply Manutencoop Facility Management S.p.A. with the social responsibility and communication activities service which involves, 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 30/11/2007 due to the emergence of new organisational needs of the Company. Manutencoop Facility Management paid Manutencoop Società Cooperativa 810 thousand euro for 2007 for the provision of the foregoing services.
- MFM S.p.A. and Manutencoop Società Cooperativa have signed an agreement under which Manutencoop Società Cooperativa undertakes to supply information system services. 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 Facility Management will pay Manutencoop Società Cooperativa 231 thousand euro for the provision of the foregoing services in 2007.
- Manutencoop Società Cooperativa has sub-let to MFM S.p.A. 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 mothly instalments.
- On 21 December 2006, Manutencoop Società Cooperativa and MFM S.p.A. 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, MFM S.p.A. 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-bis 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.VA – FINANCIAL STATEMENTS AS OF 31/12/2006	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		
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	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 the Board of Directors, other executives with strategic responsibilities and the Board of Statutory Auditors

The remuneration paid to members of the Parent Company's adminstrative and control bodies, and executives with strategic responsibilities, including for any roles played in other Group companies, is set out below:

(in thousands of euro)	2007	2006
Boardof Directors		
Short-term benefits	1,053	1,264
Further benefits (employee severance indemnities)	17	35
TOTAL BOARD OF DIRECTORS	1,070	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	147	128
TOTAL BOARD OF STATUTORY AUDITORS	147	128

34. MANAGEMENT OF FINANCIAL RISKS: OBJECTIVES AND CRITERIA

The Group's principal non-derivative financial instruments comprise short and medium-term bank loans, finance leases and on-demand bank deposits. The main purpose of these instruments is to finance operating activities. The Group also uses the trade payables deriving from operating activities as financial instruments.

It is Group policy not to trade in financial instruments. This policy was adhered to during the year just ended.

The principal financial risks generated by the above financial instruments are interest-rate risk and liquidity risk. The Board of Directors reviews and agrees the policies adopted for the management of these risks.

Interest-rate risk

Current Group policy does not envisage the use of fixed-rate loans to manage interest costs, and the mix of short and medium/long-term borrowing is 88%-weighted towards the former; at 31 December 2006, the mix between short and medium/long-term borrowing amounted to 98%.

Liquidity risk

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

Risk of changes in the prices of raw materials

The Group'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 the sensitivity of costs for fuel consumption (amounts preceded by a plus sign indicate potential cost increases and vice versa), assuming identical consumption quantities in the period in question, with respect to the reasonably foreseeable changes in price of the fuels themselves. It should be noted, in any event, that fluctuations are largely absorbed by contracts in force with customers, because price revision is provided for both contractually and pursuant to art. 115 of Legislative Decree 163 of 12 April 2006; as such, we consider that the effect on Group profit for the period would have been largely insignificant and in any event, considerably less than the extent indicated in the table.

	Percentage increase/decrease	Effect on fuel consumption/ in thousands of euro
31 DECEMBER 2007		
Euro	+20%	6,517
Euro	-5%	(1,629)
31 DECEMBER 2006		
Euro	+5%	1,201
Euro	-20%	(4,805)

Credit risk

The Group'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 resolve the related financial management issues. In this area, the Group deploys personnel and suitable procedures in order to monitor the situation continually and counter the tendency for collection times to extend.

Fair value

The amount of the financial instruments recorded in the consolidated financial statements does not differ from their fair value, including those classified as assets held for sale.

A comparison of carrying amount and fair value of the main financial assets and liabilities is set out below:

	CARRYING AMOUNT		FAIR VALUE	
(in thousands of euro)	31/12/2007	31/12/2006	31/12/2007	31/12/2006
FINANCIAL ASSETS				
Cash and cash equivalents	42,418	16,420	42,418	16,420
Other current financial assets	0	0	0	0
Other minority equity investments	1,772	553	1,772	553
Other financial assets (long-term)	3,051	4,446	3,051	4,446
FINANCIAL LIABILITIES				
Loans:				
Variable rate loans	215,957	66,235	215,957	66,235
Fixed rate loans	0	0	0	0
Other current financial liabilities	11,123	0	11,123	0

Interest-rate risk

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

AS AT 31 DECEMBER 2007	<1 year	>1<5	> 5	TOTAL
Demand deposits	31,629			31,629
Deposits with consortia	10,705			10,705
Unicredit loan	0	(19,407)	(5,566)	(24,973)
"Investire partecipazioni" mortgage	(191)	(283)		(474)
Bank loans and advances	(111,615)	0		(111,615)
Commercial paper	(2,000)	0		(2,000)
Hot money	0	0		0
Loans from Parent Company Manutencoop Soc. Coop.	(66,025)	0		(66,025)
Finance lease obligations	(1,292)	(2,289)	(452)	(4,033)
Loans from consortium members	(370)	0		(370)
Financial accounts - CNS/CCC	(143)	0		(143)
Loan from Calyon – securitisation of receivables	(5,441)	0		(5,441)
Factoring of trade receivables	(883)	0		(883)
Other current financial liabilities	(11,123)	0		(11,123)
	(156,749)	**(21,979)**	**(6,018)**	**(184,746)**

YEAR ENDED 31 DECEMBER 2006

VARIABLE RATE	<1 year	>1<5	> 5	TOTAL
Demand deposits	10,645			10,645
Bank overdrafts, advances and loans	(49,484)			(49,484)
Treasury accounts	5,722			5,722
Commercial paper	(2,000)			(2,000)
Hot money	(6,500)			(6,500)
MNTC Group treasury accounts	(2,366)			(2,366)
Unicredit loan	(3,433)			(3,433)
Leasing liabilities	(560)	(1,363)	(1,923)	
	(47,976)	**(1,363)**	**0**	**(49,339)**

Table of interest rate risk

The table below shows the sensitivity of the result for the period, further to reasonably foreseeable variations in interest rates, considering that all the other variables remain unchanged.

	Increase/decrease	Effect on pre-tax profit *(in thousands of euro)*
Year ended 31 December 2007	+50 bps	(1,663)
	-30 bps	996
Year ended 31 December 2006	+50 bps	(266)
	-30 bps	159

Management of capital

The main objective of the Group's capital management is to ensure a solid debt ratio and adequate levels of capital indicators to support activities and maximise value for quotaholders. The Group manages the structure of capital and modifies it in relation to changes in economic conditions. To maintain or adjust its capital structure, the Group can adapt the dividends paid to quotaholders, refund capital or issue new shares. The Company assesses its debt ratio by correlating net debt with total equity plus net debt.

(in thousands of euro)	31 DECEMBER 2007	31 DECEMBER 2006
Interest-bearing loans	215,957	66,235
Due to suppliers and advances from customers	198,835	138,565
Other current payables	75,781	50,311
Other current financial liabilities	11,123	0
Cash and cash equivalents	(42,418)	(16,420)
Net debt	459,278	238,691
Group shareholders' equity	56,461	103,532
Undistributed net profit	(12,072)	(20,158)
Total capital	44,389	83,374
CAPITAL AND NET DEBT	503,667	322,065
Debt Ratio/(Capital and net debt)	**91%**	**74%**

Net debt includes: interest-bearing loans, trade payables and other payables, tax payables, employee severance indemnity provisions net of cash and cash equivalents. As of 31/12/2007, this ratio - at 91% - was undoubtedly above the Group's medium-term objective, because it was affected by the acquisition of equity investments in the amount of 134 million euro as an instrument for external growth; however, the stock market listing originally planned for January 2008 would have mitigated said impact.

35. 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 already incurred in respect of the listing process, totalling 4,050 thousand euro.

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 ex art. 2504(2) para. 3 of the Italian Civil Code from 29 February 2008; due to the foregoing merger Manutencoop Facility Management has assumed, ex 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.

REPORT OF THE BOARD OF AUDITORS
on the consolidated financial statements as of 31 December 2007

Report of the Board of Statutory Auditors on the consolidated financial statements as of 31 December 2007

of "Manutencoop Facility Management S.p.A." pursuant to art. 2429 of the Italian civil code

Shareholders,

Pursuant to art. 2409-bis of the Italian Civil Code, the Board wishes to inform you that the shareholders' meeting has appointed Reconta Ernst & Young S.p.a. as the Group's independent auditors. Accordingly, that auditing firm is responsible for expressing a professional opinion on whether or not the 2007 consolidated financial statements agree with the accounting records and the checks performed, and comply with the regulations governing the preparation of such statements.

As part of this Board's duties pursuant to art. 41 of Legislative Decree 127/91, and taking account of the contents of the preceding paragraph, our considerations are presented below.

The Board has verified that:

- proper methodology was used to identify the scope of consolidation;
- the flow of information and the consolidation procedures adopted by the parent company are suitably organised;
- the valuation criteria adopted in the preparation of the consolidated financial statements, which were drafted in accordance with International Financial Reporting Standards (IFRS), comply with current regulations and accounting principles;
- the income and expenses, receivables and payables arising between consolidated companies have been eliminated in accordance with the consolidation principles;
- the Report on operations complies with the requirements of art. 40 of Legislative Decree 127 dated 9 April 1991. Based on the checks performed, the Board of Statutory Auditors believes that the Report on operations is correct and consistent with the consolidated financial statements.

In the explanatory notes, the Directors have provided detailed information regarding the option to report the conferral of the "Fidia" line of business by Manutencoop Società Cooperativa according to the consistency method in place of the purchase method originally adopted.

The Board also met with the representatives of Reconta Ernst & Young S.p.a., who confirmed that their examination of the consolidated financial statements did not identify any anomalies that should be mentioned in their auditors' report on the consolidated financial statements. The independent auditors also informed us that the Group has complied with the legal requirements governing the preparation and presentation of the consolidated financial statements and the report on operations; accordingly, we have no matters to raise in this report.

Zola Predosa, 1 April 2008

The Board of Statutory Auditors
Massimo Scarafuggi (Chairman)
Germano Camellini (Statutory Auditor)
Roberto Chiusoli (Statutory Auditor)

AUDITORS' REPORT
on the consolidated financial statements as of 31 December 2007

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RELAZIONE DELLA SOCIETA' DI REVISIONE
ai sensi dell'art. 2409-ter del Codice Civile

Agli Azionisti della
Manutencoop Facility Management S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio consolidato, costituito dallo stato patrimoniale, dal conto economico, dal prospetto dei movimenti del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della Manutencoop Facility Management S.p.A. e sue controllate ("Gruppo Manutencoop Facility Management") chiuso al 31 dicembre 2007. La responsabilità della redazione del bilancio compete agli Amministratori della Manutencoop Facility Management S.p.A. E' nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.

2. Il nostro esame è stato condotto secondo gli statuiti principi di revisione. In conformità ai predetti principi, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nei bilanci, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli Amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

   Il bilancio consolidato presenta a fini comparativi i dati corrispondenti dell'esercizio precedente. Come illustrato nelle note esplicative, gli Amministratori hanno modificato i dati comparativi relativi al bilancio dell'esercizio precedente, da noi assoggettato a revisione contabile e sul quale abbiamo emesso la relazione di revisione in data 8 maggio 2007. Tali modifiche hanno riguardato il criterio di contabilizzazione delle aggregazioni aziendali. Le modalità di rideterminazione dei dati corrispondenti dell'esercizio precedente e l'informativa presentata nelle note esplicative, per quanto riguarda le modifiche apportate ai suddetti dati, sono state da noi esaminate ai fini dell'espressione del giudizio sul bilancio consolidato chiuso al 31 dicembre 2007.

   La responsabilità dei lavori di revisione contabile del bilancio della controllata Teckal S.p.A., consolidata con il metodo integrale, che rappresenta circa il 13% dell'attivo consolidato e circa il 2% dei ricavi consolidati, e del bilancio della collegata Roma Multiservizi S.p.A., valutata con il metodo del patrimonio netto, che rappresenta circa l'1% dell'attivo consolidato e la cui quota di provento rappresenta circa il 22% del risultato netto di Gruppo, è di altri revisori.

3. A nostro giudizio, il bilancio consolidato della Manutencoop Facility Management S.p.A. al 31 dicembre 2007 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il

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risultato economico, le variazioni del patrimonio netto ed i flussi di cassa del Gruppo Manutencoop Facility Management per l'esercizio chiuso al 31 dicembre 2007.

4. Come descritto nelle note esplicative, il Gruppo Manutencoop Facility Management ha effettuato operazioni di aggregazione aziendale che hanno coinvolto entità soggette a controllo comune. Nella redazione dei bilanci consolidati IFRS al 31 dicembre 2005 e 2006, predisposti in esercizio della facoltà prevista dal D.Lgs. 28 febbraio 2005 n. 38, il Gruppo Manutencoop Facility Management aveva adottato, ai fini della contabilizzazione di tali aggregazioni, il metodo dell'acquisto. In data 20 marzo 2008 il Consiglio di Amministrazione della Manutencoop Facility Management S.p.A. ha approvato il bilancio consolidato al 31 dicembre 2007, optando, ai fini della contabilizzazione di tali aggregazioni, per il principio della continuità dei valori. Tale opzione è stata esercitata nell'ambito dei criteri generali previsti dallo IAS 8, paragrafo 10, per le situazioni di assenza di specifici principi IFRS o di interpretazioni e tenendo conto dell'evoluzione della prassi applicativa degli IFRS e degli orientamenti delle autorità regolatorie.

Bologna, 7 aprile 2008

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