The photographs accompanying this Annual Report were taken at the new headquarters of the Municipality of Bologna, designed by Mario Cucinella Architects and inaugurated in October 2008. Manutencoop Facility Management S.p.A. has an equity interest in the concession holder that built the new premises on a project financing basis, and manages all the maintenance activities for the complex.

Thanks are given to the Municipality of Bologna and to all the workers featured in the photographs.

MANUTENCOOP FACILITY MANAGEMENT SPA

Manutencoop Facility Management S.p.A.
Via U. Poli 4 - 40069 Zola Predosa (Bologna)
Tax Code, VAT no. - Bologna Companies Register no. 02402671206
share capital € 77,964,000.00 fully paid.
"Company managed and coordinated by
Manutencoop Società Cooperativa – Zola Predosa (Bologna)"

CONTENTS

REGISTERED OFFICES

Via U. Poli 4
Zola Predosa (Bologna)

MANAGEMENT BOARD

Appointed by the Supervisory Board on 23.12.2008

Chairman and Managing Director

Claudio Levorato

Managing Director

Mauro Casagrande

Directors

Mauro Masi
Giuliano Di Bernardo
Benito Benati
Massimo Ferlini
Marco Canale
Marco Monis
Leonardo Bruzzichesi
Marco Bulgarelli
Elena Mortarotti

SUPERVISORY BOARD

Appointed at the Shareholders' Meeting held on 23.12.2008

Chairman

Fabio Carpanelli

Deputy Chairman

Antonio Rizzi

Directors

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

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

MINUTES OF THE MEETING OF THE SUPERVISORY BOARD

held on 15 April 2009

The Supervisory Board of Manutencoop Facility Management S.p.A. met at 9.30 am on 15 April 2009.
The following persons were present at the company's headquarters, Messrs.:

- Fabio Carpanelli (Chairman)
- Antonio Rizzi (Deputy Chairman)
- Massimiliano Marzo
- Massimo Scarafuggi
- Giovanni Toniolo
- Guido Giuseppe Maria Corbetta

The following persons were linked by audio conference, Messrs.: Stefano Caselli, Roberto Chiusoli and Pierluigi Stefanini, Directors.
The Board approved attendance at the meeting by Mr. Claudio Levorato, Chairman of the Management Board.
In compliance with the Articles of Association, the meeting is chaired by Mr. Fabio Carpanelli, who, noting those present and having checked the identity of the persons in attendance via audio conference, declares the meeting to be validly convened and quorate to adopt resolutions on the matters on the agenda.

AGENDA

1) Separate and consolidated financial statements as of 31.12.2008: related and consequent resolutions;
2) Report of the Internal Control Committee;
3) Any other business.

All participants at the meeting confirm the matters set down in the articles of association concerning audio conferencing links.
Mr. Antonio Rizzi is called on to act as Secretary.

COMBINED DISCUSSION OF:

ITEM 1) - Separate and consolidated financial statements as of 31.12.2008: related and consequent resolutions

ITEM 2) - Report of the Internal Control Committee

The Supervisory Board, on a proposal from the Chairman, agrees to discuss together the first and second items on the Agenda.
The Chairman, Mr. Fabio Carpanelli, reminds the Supervisory Board that the separate and consolidated financial statements as of 31.12.2008, prepared under International Financial Reporting Standards (IFRS), were approved by the Management Board on 31.03.2009, and delivered on that date to the Supervisory Board by Mr. Massimo Scarafuggi, in his role as Chairman of the Internal Control Committee, together with the Report on operations.
Accordingly, pursuant to art. 2409 – terdecies of the Italian Civil Code and art. 52.a) of the Articles of Association, the Supervisory Board is called upon to examine and approve these documents at today's meeting. In this regard, it is noted that in establishing the schedule for its meetings, the Supervisory Board waived the 30 days' notice provided for in art. 2429 of the Italian Civil Code for receipt of the financial statements from the Management Board (see minutes of the Supervisory Board meeting held on 05.02.09).
The Chairman, Mr. Fabio Carpanelli, gives the floor to Mr. Claudio Levorato, Chairman of the Management Board, in order to illustrate the contents of the financial statements.
Mr. Claudio Levorato therefore illustrates to the Supervisory Board the contents of:

- the separate financial statements as of 31.12.2008 and the report on operations;
- the consolidated financial statements as of 31.12.2008 and the related report on operations prepared together with the report on operations attached to the separate financial statements.

Following this presentation, Mr. Claudio Levorato reads the allocation of net profit for the year to be proposed to the Shareholders' Meeting.
At 10.15 am, Mr. Stefano Caselli, director, leaves the audio conference.
At the end, the Chairman, Mr. Fabio Carpanelli, gives the floor to Mr. Massimo Scarafuggi, Chairman of the Internal Control Committee, who describes in detail the results of the work performed, summarised in the report prepared by the Internal Control Committee, a copy of which has been given to all participants at the meeting and kept on file by the company.
Since Reconta Ernst & Young S.p.A., auditors, are responsible for performing the accounting checks, the Chairman of the Internal Control Committee also notes the auditing firm's reports dated 14 April 2009 on the separate and consolidated financial statements as of 31 December 2008, prepared pursuant to art. 2409 – ter of the Italian Civil Code, which are unqualified.
The Chairman of the Internal Control Committee, Mr. Massimo Scarafuggi, therefore invites the Supervisory Board to approve the separate and consolidated financial statements for 2008 as presented by the Management Board.
He also invites the Supervisory Board to express a favourable opinion (for the benefit of the Shareholders' Meeting) on the allocation of net profit for the year proposed by the Management Board.
The Supervisory Board, noting the documentation and information available, on the completion of its checks unanimously resolves to approve, pursuant to current legislation and the articles of association, the separate and consolidated financial statements as of 31.12.2008, accompanied by the reports of the Management Board and the related attachments.
The Supervisory Board concurs with the proposed allocation of net profit for the year to be presented to the Shareholders' Meeting.
The Chairman of the Supervisory Board, Mr. Fabio Carpanelli, reminds the Supervisory Board that a report must be prepared for the Shareholders' Meeting pursuant to art. 52.h) of the articles of association.
He therefore invites the Chairman of the Internal Control Committee, Mr. Massimo Scarafuggi, to illustrate the contents of the document prepared, a copy of which has been given to all participants at the meeting.
Having noted the documentation and the information provided, the Supervisory Board unanimously resolves to approve the Report of the Supervisory Board to the Shareholders' Meeting, a copy of which is kept on file by the company.
At the end, the Chairman of the Supervisory Board, Mr. Fabio Carpanelli, acting on behalf of the entire Board, thanks the Internal Control Committee for the work performed and expresses sincere appreciation to the Chairman of the Management Board, Mr. Claudio Levorato, for the work performed by the Management Board.

ITEM 3 - Any other business

The Chairman, Mr. Fabio Carpanelli, informs the Board that he will be unable to chair the Shareholders' Meeting called for 30 April 2009 at 1 pm; accordingly, pursuant to art. 16 of the Articles of Association, that Meeting will be chaired by the Deputy Chairman of the Supervisory Board, Mr. Antonio Rizzi.
Having completed discussion of the items on the agenda, there being no other matters to discuss and no-one requesting to take the floor again, the Chairman declares the meeting closed at 11 am following the preparation and approval of these minutes.

The Secretary

Antonio Rizzi

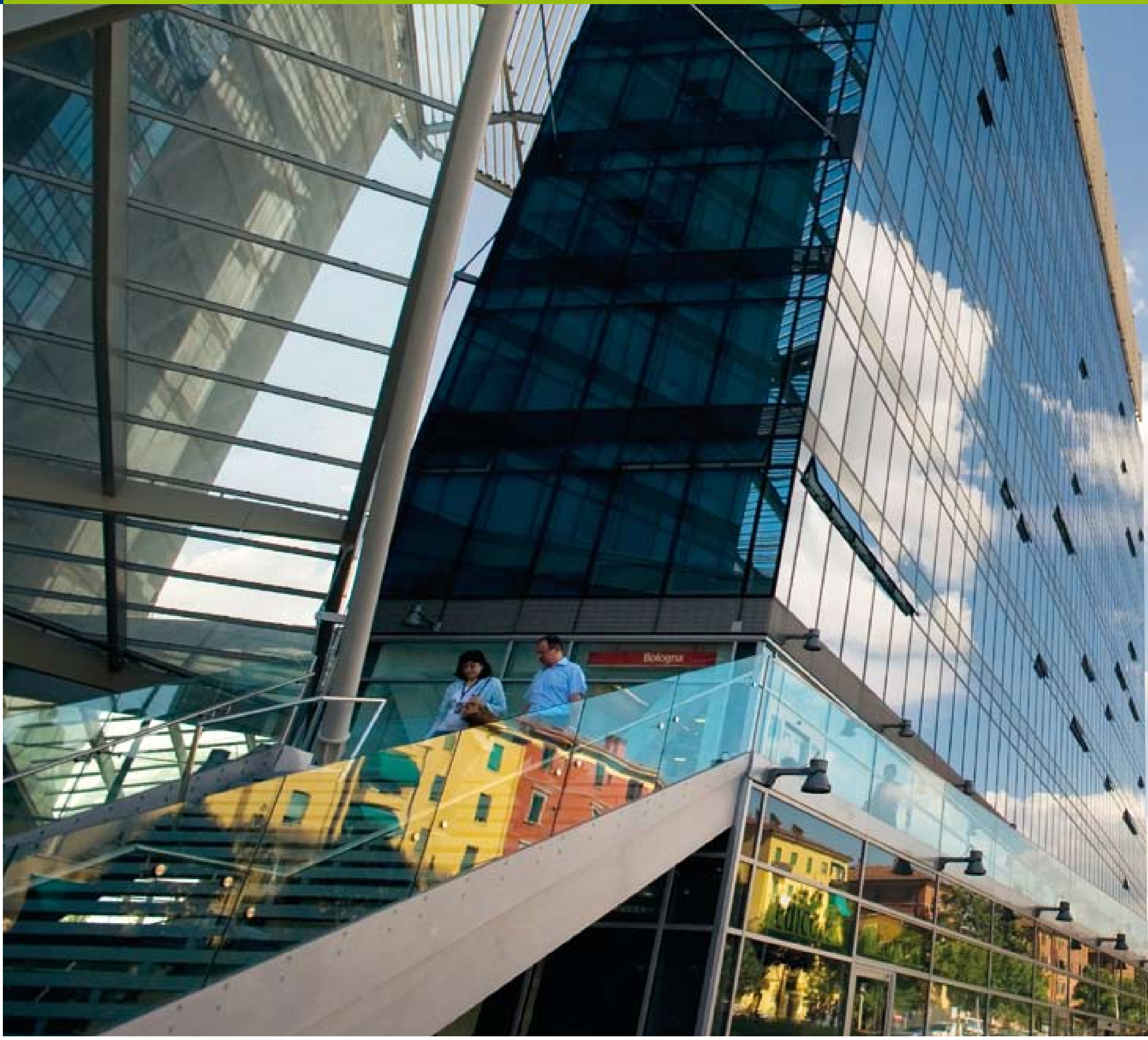
The Chairman

Fabio Carpanelli

MANUTENCOOP FACILITY MANAGEMENT

REPORT
ON OPERATIONS DURING THE YEAR
ended 31 December 2008


Bologna



Introduction

2008 was an extremely significant year for the Manutencoop Facility Management Group (the Group or the MFM Group): after 12 months of major acquisitions and special financing transactions, the Group is now the outright leader in the Italian market for Integrated Facility Management services, with a strong position at European level.

1. MACROECONOMIC CONDITIONS

The economic crisis, barely noticed in 2007, unfolded in the most dramatic fashion during the year just ended.

Italian GDP fell by 1% in 2008, which was the largest drop since 1975 (-2.1%) (source: ISTAT, note issued on 12 March 2009).

In particular, GDP dropped by 1.9% in the fourth quarter of 2008 with respect to the third, and by 2.9% in comparison with the final quarter of 2007.

Considering the overall formation of GDP, the value added by the service sector eased 0.2%, while that of industry (as narrowly defined) fell by 3.2% and that of construction declined by 1.2%.

Only the value added by the agricultural sector managed an increase, up by 2.4 % (source: ISTAT, note issued on 2 March 2009).

Despite these conditions, the Italian Integrated Facility Management market has continued to demonstrate growth. Just in the public sector, 19,654 calls for bids were published in the first 10 months of the year, 14,591 of which were known to be worth Euro 24,795 million. Compared with the same period in 2007, this represents growth of 4% in the amount potentially invested and of 28% in the number of opportunities presented (source: National Observatory of Facility Management, processed by CRESME for AeT Ambiente e Territorio – Report dated October 2008).

2. SIGNIFICANT EVENTS IN 2008

Acquisition of the Altair Group and the Sicura Group

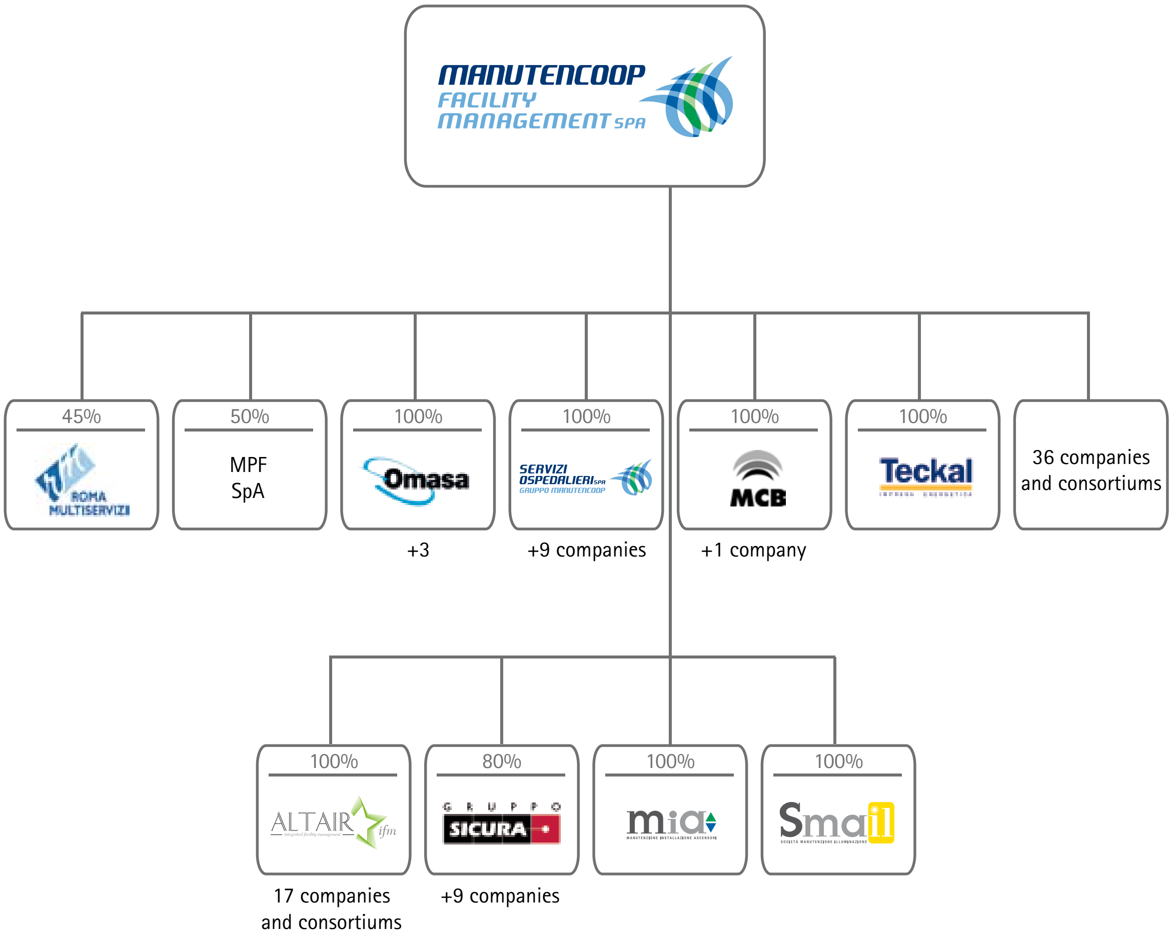
The Group made a number of significant acquisitions during the last part of 2008. As mentioned in the introduction, these have resulted in obtaining outright leadership of the Italian market for Integrated Facility Management services.

The principal acquisitions made immediately prior to 31 December 2008 comprised the purchase of:

- the entire equity interest in Integra IFM BV (formerly Pirelli & C. RE IFM BV), a Netherlands company that controls a group (the Altair group) of 18 companies and consortiums active in the Facility Management and Project Management sectors. These companies mainly operate in Italy under contract to major industrial groups. The Altair group is one of the largest operators active in the Italian market, with 2008 revenues (not consolidated by the MFM Group) of Euro 548.4 million.
- 80% of the quota capital of Gruppo Sicura S.r.l., a company based in Vicenza that controls a group (the Sicura group) of 10 small companies. These companies create and supply services, products and systems for protection against fire and for the safety of persons and assets, mainly serving the retail market (SMEs). The Sicura group generated 2008 revenues of Euro 24.5 million (also not consolidated by the MFM Group).

Note 4 to the consolidated financial statements contains a detailed description of the above acquisitions.

The principal companies comprising the MFM Group as of 31 December 2008 are presented in the following chart:



Increase in capital for cash by MFM S.p.A., with the entry of new shareholders

On 23 December 2008, at the time of acquiring the Altair group, the Shareholders' Meeting authorised an increase in capital for cash via the issue of shares with a total nominal value of Euro 31,186 thousand, at a premium of Euro 148,814 thousand. These shares were subscribed for by private equity funds and, as a consequence, the net proceeds after issue-related expenses totalled Euro 174,871 thousand, representing additional equity for the Group.

3. COMMERCIAL DEVELOPMENT

From a commercial standpoint, Manutencoop Facility Management S.p.A., in particular, benefited from the further expansion of the customer portfolio during 2008.
The Parent Company consolidated its market presence by winning major contracts throughout Italy, including the islands.
In particular, following the growth seen over the past two years, MFM is now able to provide a full range of services in Sicily.
The planning skills brought to bear by Manutencoop Facility Management have proved decisive, at a time when principals are subject to ever more stringent economic constraints: the company's ability to re-engineer the product range means that the needs of its customers, especially those in the public sector, can be met. These customers must continue to provide a high standard of service to their users, while also focusing more on cost control.
The company continues to give preference to tenders subject to qualitative analysis, since this highlights and rewards the distinctive skills and professionalism that underpin the company's activities.

In terms of market penetration, the Group's presence in the Triveneto area and the regions of Central Italy has been further consolidated. This has been accompanied by a significant increase in business in Piedmont, with contracts for hygiene and sanitation services from both Hospital S. Anna in Turin and Local Health Authority TO 1, and in Sicily, with contracts for cleaning services from Local Health Authority 6 and Hospital Villa Sofia – CTO in Palermo.

The principal contracts (in terms of value awarded) obtained during the year in the various sectors of activity are indicated below.

In total, the Group's share of the long-term contracts awarded during 2008 amounts to Euro 512,283 thousand.

In the **Facility Management** sector, where the Group is principally present via Manutencoop Facility Management S.p.A., Teckal S.p.A. and MCB S.p.A., the most significant new contracts included:

- the provision of energy services and work designed to save energy for Ancona's Ospedali Riuniti. The total value of this six-year contract (renewable for a further three), awarded to MFM in temporary association with Teckal S.p.A., is about Euro 51.6 million;
- the provision of cleaning services for the hospital premises and administrative offices of Hospital Villa Sofia – CTO in Palermo. The total value of this four-year contract (renewable for a further four), awarded to MFM alone, is about Euro 13.6 million;
- the provision of cleaning, sanitation, waste transportation and bedding services for Hospital S. Anna in Turin. The total value of this three-year contract, awarded to MFM alone, is about Euro 7.2 million;
- management and maintenance on a Global Service basis of the property and installations at the various operational locations of Hera S.p.A.. The total value of this contract, with a duration of 4 years and 7 months, is about Euro 20 million;
- operational management on a Global Service basis of the new property complex housing the offices of the Municipality of Bologna (developed on a project financing basis together with MFM). The total value to MFM of this 27-year contract, awarded to Duc Gestione sede unica Soc. Consortile, in which MFM S.p.A. has a 49% interest, is Euro 57.8 million.

Contracts renewed following a new tendering process include:

- ordinary and special maintenance services for the green areas owned by the Municipality of Bologna. The total value to MFM of this five-year contract (renewable for a further two), awarded to MFM as the leader of a temporary business association in which a 58% interest is held, is about Euro 20 million.

Among the new contracts awarded to subsidiaries active in the facility management sector, Teckal S.p.A. will provide heat management services for properties owned by the Municipality of Rome (Lot 3 – Low-cost housing). The total value to Teckal of this five-year contract is about Euro 7.5 million. Teckal has also obtained renewal of the contract for the provision of technological services on a global basis for properties owned by Fondazione Enasarco. The total value to Teckal of this three-year contract (renewable for a further two) is about Euro 30.2 million.

MCB S.p.A., the MFM group company that provides facility management services to companies with a "network" structure, consolidated its customer portfolio in 2008 by, in particular, strengthening its presence in the banking sector. Significant new contracts included the provision of cleaning and maintenance of the technological installations at the branches of Manpower S.p.A., an employment agency, and the management on a Global Service basis of 34 branches of Italease Gestione Beni S.p.A., a company in the Banca Italease group.

Turning to the **Laundering & Sterilisation** segment, Servizi Ospedalieri S.p.A. was awarded the contract to provide laundering, cloakroom and T.n.t supply services to the Chieti Local Health Authority. The total value of this contract, with a duration of 5 years, is about Euro 8.4 million; Servizi Ospedalieri also obtained renewal of the contract for the provision of laundering services to Bologna's Sant'Orsola – Malpighi University Hospital. The total value of this six-year contract (renewable for a further three) is about Euro 12.2 million;

Commercial activity in early 2009

The principal new contracts won during the first half of the year included the provision of operational, technological maintenance and building services for properties used by Poste Italiane S.p.A. in Sicily (Lot 2, provinces of Catania, Enna, Messina, Ragusa and Siracusa), and the provision of cleaning and sanitation services for the offices and hospitals under the responsibility of the Local Health Authorities in northwest Tuscany.

4. ANALYSIS OF THE GROUP'S PERFORMANCE AND FINANCIAL POSITION IN 2008

4.1 Consolidated results

The table below presents key operating data for the years ended 31 December 2008 and 2007, prepared under the IFRS endorsed by the European Union.

(in thousands of Euro)	Year ended 31 December 2008	2007	Diff. Euro/000	Diff. %
Revenues	690,596	605,804	84,792	+14.0%
Cost of production	(610,226)	(527,929)	(82,297)	+15.6%
EBITDA[1]	**80,370**	**77,875**	**2,495**	**+3.2%**
EBITDA %	***11.6%***	***12.9%***	***2.9%***	***-1.3%***
Depreciation, amortisation, write-downs	(23,836)	(23,915)	79	-0.3%
and write-backs of assets provisions for risks and charges, amounts released	(3,274)	(730)	(2,544)	+348.5%
Operating profit	**53,260**	**53,230**	**30**	**+0.1%**
Operating profit %	***7.7%***	***8.8%***	***0.0%***	***-1.1%***
Revaluations/(write-downs) of associates measured using the equity method	2,942	3,143	(201)	-6.4%
Net financial charges	(17,547)	(15,501)	(2,046)	+13.2%
Results before taxation	**38,655**	**40,872**	**(2,217)**	**-5.4%**
Results before taxation %	***5.6%***	***6.7%***	***-2.6%***	***-1.1%***
Income taxes	(17,756)	(24,854)	7,098	-28.6%
NET RESULTS	**20,899**	**16,018**	**4,881**	**+30.5%**
NET RESULTS %	***3.0%***	***2.6%***	***5.8%***	***+0.4%***

[1] EBITDA comprises the operating profit before provisions for risks and charges, amounts released, depreciation and amortisation, write-downs and write-backs of assets. EBITDA, as defined above, is a parameter used by Company management to monitor and assess performance. It is not identified as an accounting parameter by the IFRS and, accordingly, should not used as a basis for evaluating the results of the Group. Since the composition of EBITDA is not governed by the reference accounting standards, the criterion applied by the Group might not be consistent with that utilised by other enterprises and, therefore, might not be comparable with theirs.

Revenues

The revenues of the MFM Group amounted to Euro 690,569 thousand in the year ended 31 December 2008, up by Euro 84,792 thousand (+14%) with respect to the prior year.

Euro 42,559 thousand of this increase comprises the additional revenues contributed to the Group in 2008 by Omasa and Teckal, which were acquired in the third and fourth quarters of 2007 respectively and therefore only made a partial contribution to Group revenues in 2007, as well as the contributions made by the 2008 acquisitions with an economic effect on the income statement (the AMG joint venture and SMAIL, a wholly-owned subsidiary, whose acquisitions are described in the explanatory notes to the consolidated financial statements). Accordingly, these represent the effect on 2008 revenues of the Group's policy of external growth that was implemented from 2007.

The balance of the increase, Euro 42,233 thousand, representing a rise of 7%, reflects the internal growth achieved by the MFM Group despite the difficult market conditions.

EBITDA and Operating Profit

The Group's gross operating profit (EBITDA) for 2008 was Euro 80,370 thousand (11.6% of revenues), up by Euro 2,495 thousand (+3.2%) from Euro 77,875 thousand (12.9% of revenues) in 2007.

The companies acquired in the last part of 2007 (Omasa and Teckal) contributed additional EBITDA, with respect to the post-acquisition amount contributed to the 2007 consolidated EBITDA, as did the companies acquired in the second half of 2008 (AMG and SMAIL). Excluding this combined effect of Euro 6,944 thousand, 2008 EBITDA would have been Euro 73,426 thousand (11.3% of revenues).

The 2008 operating profit, Euro 53,260 thousand (7.7% of revenues), was essentially unchanged in absolute terms with respect to 2007 (Euro 53,230 thousand, equal to 8.8% of revenues).

The analysis of profitability confirms a reduction in margins that reflects the long-term market trend, with a generalised fall due to increased competition.

Results before taxation

The operating profit was adjusted by adding the net revaluation of companies measured using the equity method, Euro 2,942 thousand (2007: Euro 3,143 thousand), and deducting Euro 17,547 thousand of net financial charges. As a consequence, the 2008 results before taxation totalled Euro 38,655 thousand, down by Euro 2,217 thousand (-5.4%) with respect to the prior year.

Analysis of the results of financial management shows that net financial charges rose from Euro 15,501 thousand in 2007 to Euro 17,547 thousand in 2008, a net increase of Euro 2,046 thousand.

This rise was due to the combined effect of the following principal factors:

- The differential contribution made by the companies acquired in the second half of 2007 (Omasa and Teckal) and the companies acquired during 2008 (SMAIL and AMG), Euro 870 thousand;
- the increase in average net borrowing between 2007 and 2008 due, in particular, to the cash requirements deriving from the acquisitions made in the second half of 2007 and during 2008;
- the increase in the average interest rates, which raised the cost of borrowing.

The consolidated financial charges for 2007 also contained a non-recurring item of about Euro 3.6 million relating to the financial cost of factoring trade receivables with Calyon (described in the explanatory notes to the 2007 and 2008 financial statements).

Net profit for the year

The 2008 profit before taxation was adjusted by deducting taxation of Euro 17,756 thousand, reflecting a consolidated effective tax rate of 45.9%, leaving consolidated net profit for the year of Euro 20,899 thousand. This was Euro 4,881 thousand more (+30.5%) than the Euro 16,018 thousand reported for 2007, when the income tax charge of Euro 24,854 thousand represented an effective tax rate of 60.8%.

The reduction in the tax rate was mainly due to:

- the introduction of new rates for IRES (from 33% to 27.5%) and IRAP (4.25% to 3.9%) commencing from 2008;
- the full effect of the tax wedge in 2008, compared with a partial effect in 2007;
- the use by Servizi Ospedalieri of carried-forward tax losses, amounting to Euro 2,366 thousand, which had been written off in 2007 as no longer recoverable;
- the franking of the difference between the values for tangible and intangible fixed assets recognised for statutory and fiscal purposes pursuant to the 2008 Finance Law. These differences arose due to the off-book adjustments made in the years up to 31 December 2007, giving rise to a net tax saving of Euro 607 thousand.

4.2 Analysis by business segment

The next two tables analyse the Group's revenues and operating results for 2008 and 2007 by business segment.

The business segments were identified with reference to the provisions of IAS 14 and correspond to the following principal areas of activity: Facility Management, Laundering-Sterilisation and Complementary Activities.

(in thousands of Euro) REVENUES BY SEGMENT

BUSINESS SEGMENT	2008	Total revenues %	2007	Total revenues %
Facility Management	550,980	*79.8%*	484,994	*80.1%*
Laundering & Sterilisation	111,331	*16.1%*	93,758	*15.5%*
Complementary Activities	29,518	*4.3%*	28,370	*4.7%*
Eliminations	(1,233)		(1,318)	
TOTAL	**690,596**	*100%*	**605,804**	*100%*

(in thousands of Euro) OPERATING RESULTS BY SEGMENT

BUSINESS SEGMENT	2008	Segment revenues %	2007	Segment revenues %
Facility Management	49,234	*8.9%*	48,709	*10.0%*
Laundering & Sterilisation	2,655	*2.4%*	2,878	*3.1%*
Complementary Activities	1,372	*4.6%*	1,643	*5.8%*
TOTAL	**53,261**	*7.7%*	**53,230**	*8.8%*

The revenues generated by each segment as a percentage of the total did not change significantly in 2008 with respect to 2007. Facility management remains the Group's core business.

The revenues of the facility management segment have increased by Euro 65,986 thousand (+13.6%), of which Euro 36,437 thousand is attributable to the additional contribution to revenues made in 2008, with respect to 2007, by Teckal (heat management company based in Reggio Emilia, acquired in the second half of 2007) and SMAIL (newly acquired), while Euro 29,549 thousand (+6.1%) is attributable to the organic growth of segment revenues.

The laundering-sterilisation segment, comprising Servizi Ospedalieri, Omasa and AMG, generated 2008 revenues of Euro 111,331 thousand, representing 16.1% of total Group revenues, up by Euro 17,573 thousand with respect to 2007. This increase includes Euro 6,122 thousand attributable to the additional contributions made by Omasa and AMG with respect to 2007, while the remaining Euro 11,451 thousand (+12.2%) is attributable to the organic growth of segment revenues.

The complementary activities, consisting of construction and non-productive (general) services, represent a residual segment of low strategic interest to the Group. These activities do however support the principal segments and sometimes (construction in particular) generate synergies with them, especially with facility management. The complementary activities segment only makes a marginal quantitative contribution to the Group: revenues amounted to 4.3% of the total (2008: Euro 29,518 thousand), with a 2008 operating margin of 4.6% of revenues.

The operating results of the various segments were essentially stable in absolute terms, but have declined as a percentage of revenues, as discussed in relation to the consolidated operating results.

4.3 Analysis of the financial position as of 31 December 2008 and 31 December 2007

The principal changes in the consolidated balance sheet between 31 December 2007 and 31 December 2008 are discussed below.

(in thousands of Euro)

APPLICATIONS	31 December 2008	31 December 2007	Change
Trade receivables	634,777	350,868	283,909
Inventories	8,448	3,533	4,915
Trade payables	(490,049)	(198,835)	(291,214)
Other working capital items, net	(99,407)	(66,025)	(33,382)
Net working capital	***53,769***	***89,541***	***(35,772)***
Tangible fixed assets	62,674	44,970	17,704
Intangible assets	389,221	117,141	272,080
Investments carried at equity	19,265	14,303	4,962
Other non-current assets	18,537	9,235	9,302
Fixed assets	***489,697***	***185,649***	***304,048***
Long-term liabilities	(50,152)	(33,023)	(17,129)
NET CAPITAL INVESTED	493,314	242,167	251,147
SOURCES			
Minority interests	1,056	1,079	(23)
Group shareholders' equity	251,166	56,426	194,740
Shareholders' equity	***252,222***	***57,505***	***194,717***
Net borrowing	241,092	184,662	56,430
TOTAL SOURCES OF FINANCE	493,314	242,167	251,147

Net working capital

Net working capital, comprising trade receivables and inventories net of trade payables, amounts to Euro 153,176 thousand as of 31 December 2008, compared with Euro 155,566 thousand as of 31 December 2007. The contribution made to net working capital as of 31 December 2008 by the newly-acquired companies and groups (Altair group, Sicura group, SMAIL, AMG) totals Euro 7,333 thousand. In addition, the change from proportional consolidation to the line-by-line consolidation of MP Facility S.p.A. (considering the 50% interest held via Altair) resulted in greater intercompany eliminations totalling Euro 18,434 thousand. Ignoring these effects, the change in net working capital would have been Euro 8,711 thousand, consistent with the organic growth in revenues identified earlier.

Analysis of the other working capital items reveals a rise in net payables from Euro 66,025 thousand in 31 December 2007 to Euro 99,407 thousand in 31 December 2008. This increase of Euro 33,382 thousand includes Euro 23,751 thousand relating to the effect of new acquisitions.

Net borrowing

Net borrowing in analysed below as of 31 December 2008 and 31 December 2007.

(in thousands of Euro)	31 December 2008	31 December 2007	Change
A. Cash	669	84	585
B. Bank current accounts, deposits and consortium accounts	97,258	42,334	54,924
C. Securities held for trading			
D. Liquidity (A) + (B) + (C)	97,927	42,418	55,509
E. Current financial receivables	1,220	0	1,220
F. Current bank borrowing	(81,454)	(186,477)	105,023
G. Current portion of non-current borrowing	(9,917)	(1,483)	(8,434)
H. Other current financial payables	(19,160)	(11,123)	(8,037)
I. Current borrowing (F)+(G)+(H)	(110,531)	(199,083)	88,552
J. Current borrowing, net (I) – (E) – (D)	(11,384)	(156,665)	145,281
K. Non-current bank borrowing	(229,708)	(27,997)	(201,711)
N. Non-current borrowing, net (K)	(229,708)	(27,997)	(201,711)
O. NET BORROWING (J) + (N)	(241,092)	(184,662)	(56,430)

Net borrowing increased by Euro 56,430 thousand in 2008, from Euro 184,662 thousand as of 31 December 2007 to Euro 241,092 thousand as of 31 December 2008.
The net borrowing of the newly-acquired companies amounts to Euro 93,804 thousand as of 31 December 2008. Net of this amount, net borrowing would have fallen by Euro 37,374 thousand during 2008, mainly due to the cash flow generated from operations.

Capital investment

Investment in tangible and intangible fixed assets during 2008 amounted to Euro 23,453 thousand, of which Euro 3,597 thousand was allocated to intangible assets and Euro 19,856 thousand to property, plant and equipment; this last amount mainly relates to the Laundering and Sterilisation segment.
By comparison, investment in 2007 amounted to Euro 21,797 thousand, comprising intangible assets of Euro 3,188 thousand and property, plant and equipment of Euro 18,609 thousand.
Overall, capital investment in 2008 was Euro 1,656 thousand greater than in the prior year.

4.4 Financial indices

The principal financial indices determined from the consolidated financial statements as of 31 December 2008 and 2007 are discussed below.

PROFITABILITY	2008	2008 ADJ	2007
ROE	8.9%	37.0%	37.3%
ROI	4.2%	8.5%	8.9%
ROS	7.7%		8.8%

ROE (return on equity) represents a summary measure of the return earned on the capital invested by shareholders. This amounts to 8.9% on 2008, compared with 37.3% in 2007.
In this regard, the MFM Group made a capital increase for cash, totalling Euro 174,871 thousand, at the end of 2008 in order to complete the major acquisitions discussed earlier (the Altair group and the Sicura group in particular) without raising the level of borrowing. As mentioned, these acquisitions did not however contribute to the consolidated results for the year, thus making the balance sheet denominator inconsistent with the income statement numerator.
The effect of the capital increase at year end has therefore been eliminated for the sake of consistency. The resulting adjusted ROE for 2008, 37.0%, is in line with that calculated for 2007.
ROI (return on investment) represents a summary measure of the operational return on the capital invested in the business. The considerations made in relation to ROE also apply to this parameter. The index has declined from 8.9% in 2007 to 4.2% in 2008 but, while the amount of the capital invested used for the denominator reflects the new acquisitions referred to above, the operating results did not benefit. Accordingly, once again, the capital invested in relation to the two newly-acquired groups has been eliminated from the denominator, so that the 2008 ROI is comparable with that for the prior year. The resulting adjusted 2008 ROI of 8.5% is slightly lower than that calculated for 2007.
ROS (return on sales) represents a summary measure of the Group's ability to convert revenues into operating results. The return achieved in 2008 of 7.7% compares with 8.8% in 2007. This parameter is discussed in the section of this report dealing with the results for the year.

Liquidity

	2008	2007
General liquidity index	105.7%	85.9%

This index, also known as the current ratio, is calculated by dividing current assets by current liabilities.
The Group's liquidity at the end of 2008 is excellent, following an improvement since the end of 2007.
This improvement was due to the work carried out during 2008 to restructure the profile of borrowing, as discussed in the explanatory notes to the consolidated financial statements. As a result, the mix of short-term and long-term borrowing has been re-balanced in favour of the latter.

Other balance sheet indices

	2008	2007
Rigidity index	39.0%	31.2%
Total liquidity index	59.8%	68.2%
Borrowing index	0.79	0.92
M/L-term borrowing index	22.3%	10.3%

The **Rigidity index**, reflecting the percentage of long-term applications of funds with respect to total applications, has increased at a consolidated level from 31.2% in 2007 to 39.0% in 2008. The increased incidence of fixed assets with respect to the total applications of funds is mainly explained by the substantial value of the goodwill paid for the recent acquisitions described earlier (Altair group, Sicura group). In particular, the total goodwill recognised for the two acquisitions amounted to Euro 225,105 thousand.

The **Total liquidity index** represents the elasticity of the business in terms of the ratio of immediate and deferred liquidity (current assets excluding inventory) to the total applications of funds. This amounts to 59.8% at the end of 2008, down from 68.2% in 2007. This index still reflects a good level of elasticity in absolute terms, but has declined for the reasons given in relation to the change in the rigidity index.

The **Borrowing index** represents the ratio of shareholders' equity to net borrowing plus shareholders' equity, as defined in the section on financial risks included in the explanatory notes to the consolidated financial statements. This index, 0.79, has decreased from 0.92 in 2007 due, in particular, to the capital increase made in 2008.

The **M/L-term borrowing index**, representing the ratio of consolidated liabilities to total sources of funds, has more than doubled between 2007 and 2008, from 10.3% to 22.3%. This was due, in particular, to the consolidation of the Group's borrowing during 2008, as discussed earlier.

Productivity indices

Productivity is summarised by the average sales per employee, stated in thousands of Euro.

	2008	2007
Sales per employee	67.7	65.6

For the sake of consistent comparison between the two years, the employees of the newly-acquired groups (Altair group and Sicura group) have been eliminated from the denominator since, as mentioned, they did not contributed to consolidated sales during the year.

This comparison highlights a 3.2% increase in productivity per employee, before considering the effects on inflation on revenues.

Commercial indices (Group prior to the acquisition of the Altair group and the Sicura group)

ANALYSIS OF SALES	2008	2007
Public	69%	70%
Private	31%	30%
Total	100%	100%

These indices confirm that public sector customers predominate among the Group's customers. These proportions are likely to be rebalanced subsequent to 31 December 2008 as a result of the new acquisitions.

Backlog as of 31 December, in millions of Euro:

(in millions of Euro)		2008 2007
	1,533	1,511
Total	1,533	1,511

The backlog represents the amount of revenues to be invoiced over the residual lives of the contracts already obtained as of year end.

The value of the contracts obtained as of 31 December 2008 confirms the performance highlighted in 2007, indicating the good level of long-term future revenues already assured.

5. RECONCILIATION OF THE PARENT COMPANY'S SHAREHOLDERS' EQUITY AND RESULTS FOR THE YEAR WITH THE CORRESPONDING CONSOLIDATED AMOUNTS

The following schedule reconciles the results and shareholders' equity of the Parent Company with those of the Group:

(in thousands of Euro)	31 December 2008		31 December 2007 restated	
	RESULTS	SHAREHOLDERS' EQUITY	RESULTS	SHAREHOLDERS' EQUITY
RESULTS AND SHAREHOLDERS' EQUITY REPORTED IN THE PARENT COMPANY'S FINANCIAL STATEMENTS	14,995	283,345	16,732	95,946
• Elimination of consolidated equity investments		(320,748)		(138,120)
• Recognition of SE in place of eliminated amounts		49,591		50,842
• Allocation to consolidation difference		223,289	30	41,337
• Allocation to tangible fixed assets		942		
• Merger difference on absorption of Minati	185			
• Intercompany dividends paid	(6,809)		(4,887)	
• Profits of consolidated companies	9,257	9,257	750	750
• Measurement at equity of non-consolidated companies	2,942	5,762	2,627	5,887
• Deferred taxation on retained earnings of subsidiaries and associates	(112)	(272)	15	65
• Reversal of write-downs	116			
• Other consolidation adjustments	21		(49)	(281)
TOTAL CONSOLIDATION ADJUSTMENTS	5,600	(32,179)	(1,414)	(39,520)
RESULTS AND SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	20,595	251,166	15,318	56,426
Results and shareholders' equity attributable to minority shareholders	304	1,056	700	1,079
RESULTS AND SHAREHOLDERS' EQUITY AS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS	20,899	252,222	16,018	57,505

6. RISK FACTORS

In the current environment, marked by the deepening world crisis that began in the second half of 2007, risk factors - although an integral part of all entrepreneurial activities - become much more significant, even though the MFM Group operates in a counter-cyclical sector.

The following paragraphs identify the principal risks associated with the market in which the Group operates (market risks) and the activities performed by Group companies (operational risks), as well as the financial risks involved.

Competition risks

The market in which the Group operates is becoming increasingly competitive due to the aggregation of operators that are already well organised in the reference markets; the intensification of competition in the sector where the Group is active could, in future, affect the complexity of operations.

Risks associated with major payment delays by public customers

The Group's customers mainly comprise public bodies and relations are marked by long delays in collecting payment for the services provided.

This factor exposes the Group to the need to finance its working capital by recourse to bank borrowing and/or the factoring of receivables.

The generalise economic crisis might amplify this aspect, affecting the scale and cost of the financing required by operations.

Financial risks

The financial risks (rate risk, liquidity risk, credit risk, interest-rate risk, exchange-rate risk, price risk) faced by the Group and their management are described in note 35 to the consolidated financial statements.

7. HUMAN RESOURCES AND ORGANISATION

Human resources

The Manutencoop Facility Management Group, including the newly-acquired companies, has 11,834 employees as of 31 December 2008 (28% more than in 2007). This figure also includes the persons seconded to Group companies from Manutencoop Società Cooperativa.

	2008	2007
Executives	53	18
Clerical staff	1,610	793
Manual workers	9,539	7,856
Total employees	**11,202**	**8,667**
Executives	22	16
Clerical staff	260	224
Manual workers	350	332
Persons seconded from MFM soc. Coop.	**632**	**572**
GRAND TOTAL	11,834	9,239

The increase in the number of employees since 31 December 2007 includes those employed by the newly-acquired companies. All the employees of MPF have been counted, both as of 31 December 2007 and at 31 December 2008 (see note 2.4 to the consolidated financial statements).

No complaints about mobbing were made by employees or former employees during 2008.

Prevention and protection

No accidents at work during 2008 gave rise to serious or extremely serious injuries for which the Group has been held definitively responsible. Similarly, no claims for professional illnesses have been advanced by employees or former employees.

The Group has not been held definitively responsible for any work-related deaths of employees.

Pursuant to Decree 81/08 regarding health and safety at work, the various management systems have been updated with particular reference to assessment of the specific risks faced by the workers at each Group company.

Training

The training and professional development of personnel continued during 2008.

Manutencoop Facility Management S.p.A. promoted and organised 420 courses that provided a total of 30,501 hours of training (including 119 courses that delivered a total of 19,096 hours dedicated to safety topics). The total number of participants was 5,189, 71% of whom were manual workers.

Special attention was dedicated to the topic of safety at work during 2008, with campaigns to provide information and training courses for all employees.

SA8000:2001 Certification

Manutencoop Facility Management S.p.A. obtained SA8000:2001 certification for its Social Responsibility Management System in 2008.

The SA8000:2001 international standard is a system designed to safeguard all workers directly or indirectly involved in the production chain, from employees to suppliers and external collaborators that contribute to the activities of the certified business.

8. ENVIRONMENT AND QUALITY

During 2008, the Group maintained all the certificates obtained in prior years. In particular, Manutencoop Facility Management, renewed the certification of its environmental management system to UNI EN ISO 14001:2004 standard, respecting the commitments set out in its policy on the environment.

Furthermore, no damage was caused to the environment in 2008 for which the company has been held definitively responsible, and no definitive fines or penalties have been levied against the company for environmental damage or crimes.

Relations with customers

There are currently no disputes in the civil courts with public or private customers regarding alleged failures to meet contractual obligations.

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

Relations with related parties

With regard to the disclosures required by art. 2428 of the Italian Civil Code regarding the transactions of Group companies with related parties, it is confirmed that all such transactions, including those between the Parent Company and its subsidiaries, and between subsidiaries, are made in the ordinary course of business and are settled on arms'-length terms. Full details of their effects on the balance sheet and income statement as of and for the year ended 31 December 2008 are provided in the explanatory notes.

9. SHARE CAPITAL

The MFM Group has 109,149,600 issued and fully-paid ordinary shares as of 31 December 2008, compared with 77,964,000 as of 31 December 2007. The ordinary shares have a par value of Euro 1. In particular, the Shareholders' Meeting held on 23 December 2008 authorised a capital increase of Euro 31,186 thousand with a share premium of Euro 148,814 thousand.

The Parent Company does not hold any treasury shares.

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

The MFM Group did not capitalise any research and development costs in 2008.

11. OTHER INFORMATION REQUIRED BY ART. 2428 OF THE ITALIAN CIVIL CODE

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

Furthermore, during 2008, the Company did not purchase and sell any treasury shares or shares or quotas in parent companies, whether directly or via trust companies or other intermediaries.

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

Manutencoop Facility Management S.p.A. is managed and coordinated by Manutencoop Società Cooperativa. Details about relations with the party responsible for the management and coordination of MFM's activities and with the other companies in the same position, are provided in the explanatory notes to the consolidated financial statements and to the separate financial statements of Manutencoop Facility Management S.p.A..

13. PRIVACY – INFORMATION REQUIRED BY DECREE 196/2003

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

14. ORGANISATIONAL MODEL - DECREE 231/2001

On 13 June 2008, the Management Board of Manutencoop Facility Management S.p.A. adopted the organisational, management and control model required by Decree 231/2001, and appointed the related Supervisory Body. This Body has full autonomy and supervisory powers and is tasked with monitoring the functioning of the model and the related compliance.

As part of the identification and monitoring of risks deriving from crimes defined in Decree 231/2001, a system of internal controls has been implemented by the principal Group companies in order to guarantee operational continuity via the performance of a risk assessment and the definition of a business continuity plan.

15. SECONDARY OFFICES

The Group does not have any secondary offices.

16. TAX GROUP

A number of companies within the MFM Group have elected to join a tax group, together with other companies belonging to the group controlled by Manutencoop Società Cooperativa, for the application of IRES taxation on the consolidated basis envisaged in arts. 117-129 of Decree 917/1986. The consolidating company is Manutencoop Società Cooperativa.

For 2008, the tax group organised by Manutencoop Società Cooperativa comprises the following MFM Group companies:

- Manutencoop Facility Management S.p.A.;
- Servizi Ospedalieri S.p.A.;
- Alisei S.r.l. in liquidation;
- SI.MA.GEST 3 Soc. Cons. a r.l.;
- MCB S.p.A.;
- OMASA S.p.A.;

together with the following subsidiaries of Manutencoop Società Cooperativa that are not part of the MFM Group:

- Manutencoop Immobiliare S.p.A.;
- Sies S.r.l.;
- Manutencoop Servizi Ambientali S.p.A.;
- Segesta S.r.l.;
- Cerpac S.r.l. in liquidation.

17. SUBSEQUENT EVENTS

The MFM Group made a number of significant acquisitions towards the end of 2008 (the most important being the purchase of the Altair group – formerly Pirelli & C. FM BV - in December 2008).
As a consequence, there is a need to reorganise the corporate structure of the Group, in a manner that is compatible with its objectives, having regard for its increased complexity.
The project relating to the reorganisation process and the integration of the new acquisitions, entrusted to a leading firm of consultants, is still in progress and should be completed by the end of 2009.

On 15 January 2009, MIA S.p.A., a newly-formed subsidiary of the MFM Group, acquired COFAM S.p.A., a medium/small-sized company that maintains lifts and lifting equipment. This acquisition is part of the project launched with the formation of MIA S.p.A. to develop the maintenance of lifting equipment as a Group service, thereby extending the range of integrated facility management services available to customers.

On 17 February 2009, the Board of Directors of Servizi Ospedalieri S.p.A. approved the start of work leading to the absorption of Omasa S.p.A., which is wholly owned by Manutencoop Facility Management S.p.A.. This merger will concentrate within one company the management of sterilisation units for surgical instruments, being the sector in which principally Omasa is active (but also Servizi Ospedalieri), thus completing the process of integration that began with the acquisition of Omasa by the Manutencoop group. The merger is scheduled for completion by the end of June 2009.

18. OUTLOOK FOR OPERATIONS

In view of the scale of the acquisitions made over the past 18 months, the principal objective established by Group management for 2009 is to completed the important process of organisational and corporate integration.
This integration will result in full release of the synergies deriving from the aggregation of businesses with significant and complementary experiences, enabling the challenges set by a complex and continually evolving market to be met.
The Group will also continue to increase its presence in the provision of specialist services linked with the more traditional facility management activities, partly via the acquisition of small and medium-sized operators in local areas.
In addition, as frequently stated, the Group will also seek to expand its sphere of influence outside of Italy; in this context, the latest acquisitions provide an opportunity to accelerate this process, partly by strengthening the foreign operations of these companies.

19. ALLOCATION OF NET PROFIT FOR THE YEAR

In concluding the report on operations in 2008, the directors invite you to approve the financial statements as of 31 December 2008 and to allocate the net profit for the year of Euro 14,994,652.89 as follows:

- Euro 749,732,65 to the legal reserve;
- Euro 10,206,385.05 to the extraordinary reserve;
- Euro 4,038,535.20 as a dividend to the shareholders, on the basis of Euro 0.037 per share.

Zola Predosa, 31 March 2009

The Chairman of the Management Board
Claudio Levorato

"COPY OF THE ORIGINAL DOCUMENTS HELD BY THE COMPANY"

MANUTENCOOP FACILITY MANAGEMENT

FINANCIAL STATEMENTS
as of 31 December 2008

(in thousands of Euro)	NOTES	31 December 2008	31 December 2007 (*)
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,921,623	4,657,736
Leased property, plant and equipment	5	954,818	1,298,620
Goodwill	6, 7	25,773,340	25,034,552
Other intangible assets	6	8,853,873	4,772,454
Investments in subsidiaries, joint ventures, associates	8	330,366,562	145,949,571
Other equity investments	9	1,093,780	476,063
Non-current financial receivables and other securities	10	964,695	19,111,888
Other non-current receivables and assets	11	753,453	595,900
Deferred tax assets	34	1,474,836	1,774,205
Total non-current assets		**376,156,980**	**203,670,989**
Current assets			
Inventories	12	1,262,413	1,510,844
Trade receivables and advances to suppliers	13	256,456,873	223,397,135
Current tax receivables	34	3,869,163	3,086,503
Other current receivables	14	3,469,621	4,056,299
Other current financial assets	15	66,630,910	5,687,930
Cash and cash equivalents	16	20,461,781	27,445,871
Total current assets		**352,150,761**	**265,184,582**
Non-current assets held for sale	-	0	0
Total non-current assets held for sale		**0**	**0**
TOTAL ASSETS		**728,307,741**	**468,855,571**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	17	109,149,600	77,964,000
Share premium reserve	17	143,685,365	0
Reserves	17	11,706,230	(75,997)
Retained earnings (losses)	17	3,808,981	1,325,951
Net profit (loss) for the year	17	14,994,651	16,732,469
Total shareholders' equity		**283,344,827**	**95,946,423**
Non-current liabilities			
Employee severance indemnities - benefits	18	13,455,363	16,453,878
Provisions for risks and charges - long term	19	1,474,837	749,837
Loans - long term	20	104,354,663	899,857
Deferred tax liabilities	34	1,401,444	2,327,578
Total non-current liabilities		**120,686,307**	**20,431,150**
Current liabilities			
Provisions for risks and charges - short term	19	307,585	536,177
Trade payables and advances from customers	22	159,188,267	130,862,127
Current income taxes	34	0	0
Other current payables	22	58,596,791	49,355,651
Loans - short term	20	92,918,282	162,926,979
Other current financial liabilities	21	13,265,682	8,797,064
Total current liabilities		**324,276,607**	**352,477,998**
Liabilities attributable to assets held for sale	-	0	0
Total liabilities attributable to assets held for sale		**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**728,307,741**	**468,855,571**

(*) The comparative column shows the amounts for the prior year, as restated to reflect the change in accounting policy for the treatment of gains and losses arising on the actuarial valuation of employee severance indemnities.

(in thousands of Euro)	NOTES	31 December 2008	31 December 2007 (*)
REVENUES			
Revenues from sales and services	24	428,717,732	411,549,542
Other operating revenues	25	595,282	396,403
Total revenues		429,313,014	411,945,945
OPERATING COSTS			
Raw materials and consumables	26	(60,643,748)	(48,701,900)
Cost of services	27	(167,748,191)	(172,776,221)
Payroll costs	28	(159,986,801)	(144,090,530)
Other operating costs	29	(3,981,129)	(3,018,070)
Internal work capitalised	-	0	0
(Depreciation, amortisation, write-downs) - write-backs	30	(4,209,342)	(5,179,339)
(Provisions for risks and charges) - amounts released	19	(984,077)	(460,616)
Total operating costs		(397,553,288)	(374,226,676)
OPERATING PROFIT		31,759,726	37,719,269
FINANCIAL INCOME AND CHARGES			
Dividends, income and charges from disposal of equity investments	31	6,959,088	4,890,006
Financial income	32	3,140,146	2,722,855
Financial charges	33	(15,130,691)	(12,411,034)
PROFIT (LOSS) BEFORE TAXATION		26,728,269	32,921,096
Current and deferred taxation	34	(11,733,617)	(16,188,627)
RESULTS FROM CONTINUING ACTIVITIES		14,994,652	16,732,469
Results from discontinued activities	-	0	0
NET PROFIT (LOSS) FOR THE YEAR		14,994,652	16,732,469

(*) The comparative column shows the amounts for the prior year, as restated to reflect the change in accounting policy for the treatment of gains and losses arising on the actuarial valuation of employee severance indemnities.

(in thousands of Euro)	31 December 2008	31 December 2007 (*)
Net profit for the year	14,995	16,732
Depreciation of property, plant and equipment	2,145	2,047
Amortisation of intangible assets	2,016	1,340
Write-down of financial fixed assets	65	116
Provision for employee severance indemnities	712	(362)
Provision for risks and charges	984	460
Provision for doubtful accounts	77	1,502
Cash flow from current operations	20,994	21,835
Change in inventories	294	(147)
Change in trade receivables	(30,347)	49,478
Change in other short-term assets	(83)	(2,914)
Change in trade payables	27,588	15,910
Change in current income tax payables/receivables	(96)	(622)
Change in deferred tax assets/liabilities	(618)	(665)
Change in other current payables	7,967	941
Utilisation of employee severance indemnities	(5,116)	(526)
Utilisation of provision for risks and charges	(1,606)	(715)
Change in operating assets and liabilities	(2,017)	60,740
CASH FLOW GENERATED BY OPERATING ACTIVITIES	18,977	82,575
Capitalisation of intangible assets	(6,072)	(3,118)
Purchase of property, plant and equipment	(2,812)	(1,333)
Purchase of equity investments	(184,477)	(133,875)
Change in financial receivables and other securities	(158)	(15,199)
Change in other equity investments	(618)	0
Change in other non-current receivables and assets	18,147	0
Net book value of property, plant and equipment sold	46	90
Financial effect of absorbing Minati S.r.l	(45)	434
Financial effect of acquiring SEC line of business	155	0
Financial effect of acquiring Astrocoop line of business	808	0
CASH FLOW ABSORBED BY INVESTING ACTIVITIES	(175,026)	(153,001)

(in thousands of Euro)	31 December 2008	31 December 2007 (*)
Arrangement of new long-term loans	103,780	141
Repayment of long-term loans	(325)	(604)
Arrangement of new short-term loans	55,077	109,036
Repayment of short-term loans	(125,086)	(10,993)
Increase in other current financial assets	(60,943)	(5,688)
Increase in other current financial liabilities	4,471	8,797
Increase in share capital and reserves	175,755	(2,483)
Distribution of dividends	(3,664)	(12,866)
CASH FLOW GENERATED BY FINANCING ACTIVITIES	**149,065**	**85,340**
CHANGE IN CASH AND CASH EQUIVALENTS	**(6,984)**	**14,914**
Net financial position - start of year	27,446	12,532
Change in net financial position	(6,984)	14,914
CASH AND CASH EQUIVALENTS - END OF YEAR	**20,462**	**27,446**
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank current accounts	20,462	27,446
Bank overdrafts	0	0
TOTAL CASH AND CASH EQUIVALENTS	**20,462**	**27,446**

(in thousands of Euro)

Supplementary information	31 December 2008	31 December 2007
Interest paid	14,992	12,381
Interest received	3,140	2,723
Dividends received	5,709	4,887

(in thousands of Euro)	Share capital	Share premium	Reserves	Retained earnings (losses)	Net results for the year	Total shareholders' equity
Balance as of 31 December 2006	116,964	0	(44,595)	2,501	19,693	94,563
Capital increases	-	-	-	-	-	0
Allocation of prior-year results	-	-	6,394	433	(19,693)	(12,866)
Shareholders' resolution of 5/12/2007	(39,000)	-	41,934	(2,934)	-	0
Results for the year	-	-	-	-	14,249	14,249
Roundings	-	-	(1)	-	-	(1)
Balance as of 31 December 2007	77,964	0	3,733	0	14,249	95,946
Effects of change in accounting policy for TFR (Note 3)	-	-	(3,809)	1,326	2,483	0
Balance as of 31 December 2007 restated	77,964	0	(76)	1,326	16,732	95,946
Capital increases	31,186	143,685	-	-	-	174,871
Allocation of prior-year results	-	-	10,585	2,483	(16,732)	(3,664)
Effect of Sorie method	-	-	1,563	-	-	1,563
Business Combinations under common control	(366)	-	-	-	-	(366)
Results for the year	-	-	-	-	14,995	14,995
Rounding	-	-	1	-	-	1
Balance as of 31 December 2008	109,150	143,685	11,707	3,809	14,995	283,345

1. INFORMATION ON THE COMPANY

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

The Company is a 71.89% subsidiary of Manutencoop Società Cooperativa, based in Zola Predosa (Bologna), which manages and coordinates its activities. The remaining 21.11% interest is held by investors.

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

Publication of the financial statements of Manutencoop Facility Management S.p.A. for the year ended 31 December 2008 was authorised by the Management Board on 31 March 2009.

The Company also prepares consolidated financial statements, attached, since these are expressly required by the articles of association.

1.1 Activities performed

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

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

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

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

- installation, transformation, extension and maintenance of fire-prevention equipment; organisation of activities and technical services relating to the maintenance of technological installations and electrical, mechanical, heating, conditioning and water systems;
- inspection of the above installations for compliance with current regulations and certification by authorised parties;
- maintenance of electro-medical equipment and gas installations for medical purposes;
- design, development, sale, lease, installation, commercialisation, rental and maintenance of software and hardware, and equipment for communications, telecommunications and security;
- planning, management and provision of cleaning, sanitation, disinfection and rodent-elimination services for public and private, civil and industrial buildings, such as offices, industries, warehouses, commercial and service-related properties in general, hospitals, health and community centres, kindergartens, schools and universities, hotels, halls of residence, barracks etc. as well as historic, artistic and archaeological assets, both public and private;
- minor maintenance of public and private buildings; cleaning and sanitation of road and rail transport;
- movement, put-back and recovery services for road and rail vehicles and related activities;
- collection and transportation of waste within buildings;
- hotel reception services; bed-making and caring services for hotels, halls of residence, barracks, clinics and communities in general;
- railway work and the cleaning of locomotives;
- wholesale distribution of articles for cleaning; scullery services, cleaning of pots, pans, equipment and kitchens;
- laying and clearing tables;
- transportation, sorting and distribution of meals prepared by third parties;
- management of sports installations;
- movement, transportation and transfer of in- and out-patients of hospitals, clinics and rest homes; internal and external movement and porterage, transportation of miscellaneous materials for hospitals and communities in general;
- assistance and services for persons in hospitals, clinics, retirement homes, care centres and communities in general;
- reception and switchboard services, and the management of correspondence;
- general services and summer services for kindergartens and schools, such as cleaning, reception, security services and supervision of school buses and public transport; cleaning of laboratory glassware and test tubes; sanitary and social services;
- management of animal centres; management of libraries, car parks and public baths.

B) industrial-scale laundering and dry-cleaning of sheets, bedding, other linens and towels, garments, work clothes and washable items for own use or for third parties, as well as the rental of these assets:

- all forms of sterilisation and sterile packaging of surgical instruments, heat-treatable materials, textiles and sets for operating theatres, first-aid units and pharmaceutical medication, as well as the commercialisation and sale of these products;
- the Company may also commercialise and sell disposable materials, hospital footwear and personal protection devices;
- management of cloakrooms, file stores and stocks of pharmaceutical and other products, for businesses operating in the health sector, including the use of IT systems for these purposes;
- production and management of canteen meals within public and private health sector facilities;
- maintenance and improvement of technological installations and equipment and furnishings for public and private health sector facilities;
- rental of equipment and furnishings for use by public and private hospitals;

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

- planning, management and provision of urban waste collection services: collection and transportation of urban and similar waste, manual and/or mechanised sweeping, watering, washing and disinfection or sanitation of roads and waste containers, clearance of snow, cleaning and purging of drains, man-holes and gridirons in public and private areas;
- collection and transportation of special and hazardous waste;
- collection and transportation of special and hazardous medical waste;
- rental of waste management equipment in general;
- site clearance and restoration;
- study and planning of waste management activities;
- trading and broking activities in relation to waste;
- design, construction and management of fixed and movable plant for the disposal, storage, recycling, recovery and sorting of urban, special and hazardous waste, with related building works;
- planning, management and provision of turnkey services for the regular and special maintenance of green areas, both public and private; tidying and maintenance of woodland waterways, clearance and improvement of land, naturalistic and forestry engineering, including the re-wooding of uncultivated areas and change of use of low-productivity woodlands, improvement of grazing land, fire prevention in woodlands;
- design and development of green areas, both public and private, including related works: walls, water supply, supply and installation of playground, furniture etc.;
- construction and maintenance of car parks, nurseries, reservoirs; production and commercialisations of ornamental plants;
- pesticide treatments;
- design, management and provision of cemetery services, including: caretaking, reception services and receipt of corpses, transportation of corpses, grave-digging, burial and exhumation services, gathering of remains and re-burial, preparation of cemeteries, maintenance of property, installations and cemetry areas, supply of religious lighting under contract with users or otherwise, cleaning and the gathering, transportation and disposal of cemetery waste;
- cleaning of green areas, including the gathering, transportation and disposal fo waste found there.

2. ACCOUNTING POLICIES AND FORM AND CONTENT OF FINANCIAL STATEMENTS

The separate financial statements as of 31 December 2008 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 various schedules and explanatory notes are presented together with the related comparative data as of 31 December 2007. This prior year information has been restated to reflect the change in accounting policy, applied from 2008, for recognising actuarial gains and losses on the provision for employee severance indemnities (see the next note).

The separate financial statements as of 31 December 2008 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, while the income statement is classified by type of expenditure. The cash flow statement has been prepared using the indirect method and, in compliance with IAS 7, the cash flows from operating, investing and financing activities have been identified.
The financial statements are presented in Euro, which is the Company's functional currency.
Except where otherwise stated, the amounts reported in the financial statements and explanatory notes are expressed in thousands of Euro.

2.1 Declaration of compliance with IFRS

The separate financial statements as of 31 December 2008 have been prepared in compliance with International Financial Reporting Standards (IFRS).
With regard to the accounting policies adopted for the preparation of the financial statements, the Company is subject to the provisions of art. 2.f) of Decree 38 dated 28 February 2005, which governs exercise of the elections envisaged by art. 5 of EC Regulation 1606/2002 on the subject of International Accounting Standards. Accordingly, pursuant to art. 3.2 and art. 4.5 of the above Decree, the Company has applied the IFRS endorsed by the European Commission for the preparation of its separate and consolidated financial statements with effect from the financial year ended 31 December 2005.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those applied in the prior year, except as described below.

Adoption of the direct method for recognising in equity the actuarial gains and losses arising on defined benefit plans

During 2008, the management of the MFM Group elected to recognise in a specific equity reserve (rather than through the income statement) the actuarial gains and losses, net of tax effect, arising from the measurement of defined benefit plans at their present value. This election, envisaged in para. 93 dello IAS 19, has been applied on a retrospective basis.
In particular, following acquisition of the Integra FM BV Group (formerly the Pirelli & C. RE IFM BV Group) at the end of 2008, Group management had to decide which criterion to adopt for the recognition of actuarial gains and losses arising on defined benefit plans. Previously, on the first-time adoption of IFRS and in subsequent years, the MFM Group had recognised such actuarial gains and losses through the income statement, while the Integra FM BV Group had recognised them directly in a specific, non-distributable equity reserve.
Group management gave this situation careful thought, noting the increasing size over time of the consolidated "actuarial gains (losses)" recognised by the MFM Group, which have also been subject to repeated changes in sign. These unpredictable fluctuations have increasingly distorted the interpretation of such key operating parameters as the level of Operating income. As a consequence, Group management decided that the direct recognition of actuarial gains (losses) in a specific, non-distributable equity reserve would result in financial statements that present more reliably and meaningfully the results of transactions, events and circumstances on the balance sheet and the income statement for the year.
The effect of this change in policy has been to:

- record the actuarial gain on the provision for employee severance indemnities as of 31 December 2008, net of tax effect, as a direct increase in the specific equity reserve;
- reclassify the effect of the actuarial losses accumulated in prior years, net of tax effect, as an increase in 'retained earnings' and a reduction of the new specific equity reserve, since such losses were charged to the income statement in prior years.

New or revised IFRS and interpretations applicable from 1 January 2008

During 2008, the IASB issued amendments to IAS 39 – Financial Instruments: Recognition and Measurement and to IFRS 7 – Financial Instruments: Disclosures. As a result, under special circumstances, it became possible to reclassify certain non-derivative financial assets away from the "financial assets at fair value through the income statement" category. This amendment, applicable from 1 July 2008, has not affected the financial statements of Manutencoop Facility Management since no financial assets are classified as "financial assets at fair value through the income statement".

In addition, the following interpretations are applicable from 1 January 2008:

- **IFRIC 14** – concerning IAS 19 - The Limit on a defined benefit asset, Minimum funding requirements and their interaction. Since the Company has no plan assets, the adoption of this interpretation has not affected these financial statements.
- **IFRIC 12 – Service concession arrangements** (not yet endorsed by the European Commission) governing circumstances and situations that are not applicable to the Company.

New or revised IFRS and interpretations applicable from 1 January 2009 and not adopted early by the Company

The following international accounting standards and interpretations are applicable from 2009, having been published in the Official Journal of the European Union by January 2009. Some of these may affect the Company's financial statements and their impact is currently being determined.

In particular:

- the amendment to **IFRS 2 - Share-based payment** envisages changes in the conditions for vesting and cancellation. This amendment will not affect the Company's financial statements;
- **IFRS 8 - Operating segments** will replace IAS 14 - Segment reporting. With respect to current requirements, the new standard requires the segment information disclosed in the financial statements to be based on the data used by management when making operational decisions. Accordingly, operating segments must be identified with reference to the internal reports analysed periodically by management, in order to allocate resources to the various segments and evaluate their performance. Application of the new standard will not affect the economic and financial position of the Company, but merely the information disclosed in the explanatory notes;
- the amendment to **IAS 23 – Borrowing costs** eliminates the so-called alternative treatment for the capitalisation of borrowing costs. Consequently, borrowing costs that are directly associated with the acquisition, construction or production of assets must always be capitalised if they take a substantial period of time to get ready for their intended use or for sale. The application of this amendment will not affect the Company's financial statements, since management has already elected to capitalise borrowing costs whenever appropriate;
- Revised version of **IAS 1 – Presentation of financial statements**. The new version of the standard requires all changes generated by transactions with shareholders to be presented in a statement of change in shareholders' equity. All changes generated by transactions with third parties (comprehensive income) must, on the other hand, be presented in a single statement of comprehensive income or, alternatively, in two separate statements (income statement and statement of comprehensive income). Since this standard relates to the presentation of financial statements, its application will not have any effect on the economic and financial position of the Company;
- **IFRIC 13 - Customer Loyalty Programmes**;
- A number of amendments (Improvements to IFRS 2007) to international accounting standards as part of the general convergence of IFRS and the national accounting standards of certain non-EU countries including, in particular, US GAAP. The changes will become applicable between 2009 and 2010. At the time of presenting these financial statements, management is evaluating the possible accounting effects of applying the above changes.

In addition, a number of revised accounting standards, amendments and interpretations were issued during 2008, for which the EU endorsement process has not yet been completed at the accounting date. These standards and interpretations will become applicable between 2009 and 2010.

They include:

- The change to **IAS 27** requiring that all dividends received from subsidiaries, associated companies and joint ventures be recognised in the separate income statement;
- Amendments to **IAS 32 – Financial Instruments: Presentation** and **IAS 1 – Presentation of financial statements**. These amendments might result in the reclassification to shareholders' equity of certain types of financial instrument;
- Amendment to **IAS 39 – Financial Instruments: Recognition and Measurement**, which clarifies how to define the hedged underlying in special cases. The Company does not currently hold any hedging instruments;
- **IFRC 15 – Agreements for the construction of real estate**. At the time of presenting these financial statements, management is evaluating the possible accounting effects of applying the above interpretation on the economic and financial position of the Company;
- **IFRIC 16 – Hedges of a net investment in a foreign operation**. At this time, the Company does not hold any hedges of this type.

Adoption of the consistency principle for recognising the combination of businesses under common control.

On 13 October 2008, Manutencoop Soc.Coop., the parent company, transferred the 'Astrocoop' line of business to MFM S.p.A. The activities of Astrocoop comprise the provision of cleaning, caretaking and security services, transportation and assistance for schoolchildren, and postal services.

This operation represents a combination of entities under common control, since the 'Astrocoop' line of business was wholly owned by Manutencoop Società Cooperativa following its absorption of Astrocoop in 2008.

The transaction is not governed by IFRS 3 since it was carried out by parties that are under common control.

In the absence of IFRS standards or interpretations relevant to such transactions, IAS 1.13 requires in general terms that the financial statements present in a true and fair manner the effects of transactions, events and situations in accordance with the definitions and recognition criteria established in the IFRS Framework for assets, liabilities, costs and revenues. In addition, IAS 1.15 requires selection, considering the relative importance established in IAS 8, of the accounting policies that are most appropriate for achievement of the general objective of presenting a true and fair view.

Given the special nature of these transactions and the fact that they are not specifically covered by the IFRS, the most appropriate accounting policy was selected with reference to the general principles established in IAS 8.

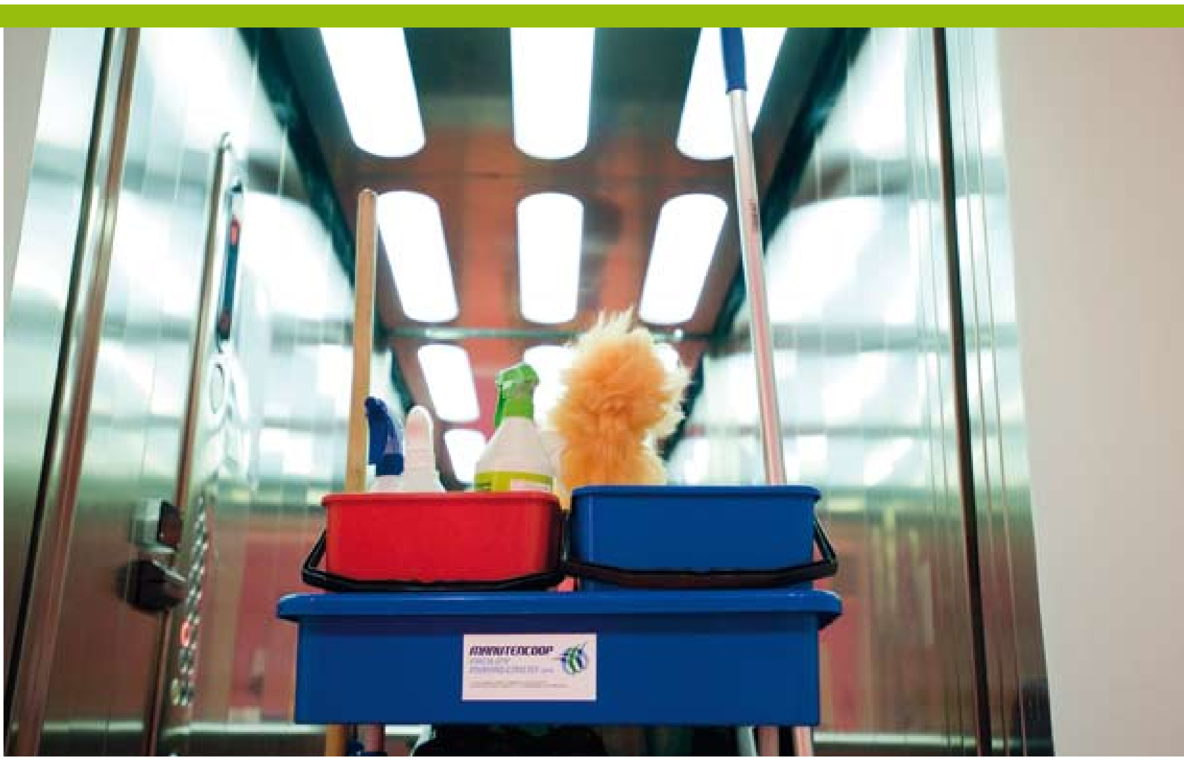
As clearly stated in IAS 8.11, the system of IAS/IFRS standards is deemed to be a "closed" system; it follows that the solution to the problem of operations under common control must be found, in the first instance, within the body of IFRS standards. Accordingly, it may not be appropriate to make exceptional reference to a system of national standards or to sector accounting practices.

In particular, IAS 8.10 envisages that, in the absence of a standard or IFRS interpretation specifically applicable to a given transaction, event or situation, management must use its judgement to develop and apply an accounting policies that provides disclosures which are:

(a) relevant to the economic decisions taken by users;
(b) reliable, so that the financial statements:
(I) present fairly the financial position, the results of operations and the cash flows of the entity concerned;
(II) reflect the economic substance of transactions, events and situations, and not merely their legal form;
(III) are neutral, i.e. unaffected by preconceived ideas;
(IV) are prudent;
(V) are complete in all material respects.

In exercising this judgement, management must make reference to and consider the applicability of the following sources, presented in decreasing order of importance:

(a) the instructions and guidelines contained in standards and interpretations dealing with similar or related cases;
(b) the definitions, recognition criteria and measurement concepts for the recording of assets, liabilities, revenues and costs contained in the Framework.



When making the above judgement, management may also consider the latest pronouncements from other standard-setting bodies that use a conceptually similar framework for the development of accounting standards, as well as other accounting literature and established practice in the sector concerned, to the extent these do not conflict with the sources mentioned above.

In seeking an accounting treatment that fits within the conceptual framework and meets the criteria set out in IAS 8.10, the critical factor is that the accounting policy selected for the presentation of operations "under common control" must reflect their economic substance, regardless of their legal form. The existence or otherwise of "economic substance" is therefore the key factor in selection of the accounting policy to be adopted.

As indicated in Assirevi Document OPI 1 on the "Accounting treatment of business combinations of entities under common control", economic substance consists in the generation of value added for all the parties concerned (in the form, for example, of higher revenues, cost savings, release of synergies), in the form of significant changes in the cash flows generated before and after the combination of activities.

Application of the consistency principle gives rise to the recognition in the balance sheet of the amounts that would have been recorded had the combined businesses always been united. The net assets of the acquired and acquiring entities were therefore recognised at the respective carrying amounts recorded prior to the combination. Recognition of the Astrocoop transaction in accordance with the consistency principle has therefore involved deducting from shareholders' equity the additional value represented by the difference between the amount paid for the line of business and the carrying amount of its assets and liabilities. The consideration paid by the Company amounted to Euro 1,053 thousand, while the assets and liabilities transferred at the time totalled Euro 556 thousand; accordingly, the extra value deducted from shareholders' equity was Euro 498 thousand.

2.3 Discretionary valuations and significant accounting estimates

In order to prepare the financial statements, the directors are required to make discretionary appraisals, estimates and assumptions that affect the values of revenues, costs, assets and liabilities, and the contingent liabilities reported at the balance sheet date. However, the uncertain nature of such assumptions and estimates might give results that, in future, call for a significant adjustment to the carrying amounts of these assets and/or liabilities.

Discretionary valuations

In applying the Company's accounting policies, the directors have made following principal decisions based on discretionary valuations (excluding those involving accounting estimates) with a significant effect on the amounts reported in the financial statements:

- the adoption of the consistency principle for recognising the combination of businesses under common control (see the previous note) and
- the adoption from 2008 of the criterion that recognises in a specific equity reserve (rather than through the income statement) the actuarial gains and losses arising from the measurement of defined benefit plans.

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 2008, the carrying amount of goodwill is Euro 25,773 thousand (31 December 2007: Euro 25,035 thousand). Further details are provided in the specific note.

Other balance sheet captions

Management has also necessarily made estimates to determine:

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

2.4 Summary of principal accounting policies

Translation of foreign currency items

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

The Company has not carried out any foreign currency transactions.

Property, plant and equipment

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

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

The carrying amount of property, plant and equipment is subjected to impairment testing if events or changes suggest that such amount may not be recoverable.

Tangible assets are eliminated from the financial statements upon sale or retirement, or if no further economic benefits are expected from their use or disposal. Any gains or losses (representing the difference between the net disposal proceeds and the carrying amount) are reflected in the income statement for the year of disposal.

The residual value of assets, their useful lives and the methodology applied are reviewed annually and adjusted, if necessary, at the end of each year.

The useful lives of the various categories of tangible asset are estimated on the following basis:

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

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

Financial charges

As in previous years, no assets were identified during the year that justified the capitalisation of financial charges, being assets requiring a significant period before they become available for their intended 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 Company'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 Company's cash-generating units (or groups of units) that are expected to benefit from the synergies released from the acquisition, regardless of the allocation of other assets or liabilities to the same units (or groups of units). This is only done if such allocation is not arbitrary. Each unit or group of units to which goodwill is allocated:

- represents the lowest level, within the Company, at which goodwill is monitored for internal operational purposes;
- is no broader than the primary or secondary reporting segments identified for the disclosure of segment information pursuant to IAS 14 - Segment reporting.

Impairment is determined with reference to the recoverable value of the cash-generating units (or groups of units) to which goodwill was allocated. If the recoverable value of the cash-generating units (or groups of units) is lower than the carrying value of goodwill, such impairment in value is recognised.

Once written down, the value of goodwill cannot be reinstated.

Other intangible assets

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

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

Intangible assets with a finite life are amortised over their useful lives and subjected to impairment testing whenever there is evidence of a possible loss in value. The period of amortisation and the methodology applied are reviewed at the end of each financial year, or more frequently if necessary. Changes in expected useful life or in the way future economic benefits associated with the intangible asset will be earned by the Company are recognised by modifying the period of amortisation or the methodology applied, as appropriate, and treated as a change in accounting estimate. The amortisation of intangible assets with finite useful lives is charged to the 'depreciation, amortisation, write-downs and write-backs' caption of the income statement.
The Company has not recorded any intangible assets with an indefinite useful life except for goodwill.

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

	OTHER INTANGIBLE ASSETS
Analysis of content	Software, trademarks and patents, Contracts with customers
Useful life	Finite
Method used	*Software, trademarks and patents:* Amortised on a straight-line basis over the shorter of: • legal duration of the right • expected period of utilisation *Contracts with customers:* Amortised over the life of the contract.
Produced internally or acquired	Acquired
Impairment testing for the identification of losses / test of recoverable value	Annually or more frequently when there is evidence of impairment.

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

Investments in subsidiaries, joint ventures, and associates

Subsidiaries are defined as those companies for which Manutencoop Facility Management S.p.A. can independently determine their business strategies in order to obtain the related benefits. In general, control is presumed to exist if, directly and indirectly, more than half the voting rights exercisable at ordinary meetings are held, including any so-called potential votes i.e. voting rights deriving from convertible instruments.
Associates are defined as those companies over which Manutencoop Facility Management S.p.A. exercises significant influence in the determination of their business strategies, despite the absence of control, having regard for any so-called potential votes i.e. voting rights deriving from convertible instruments; significant influence is presumed when Manutencoop Facility Management S.p.A. holds, directly and indirectly, more than 20% of the voting rights exercisable at an ordinary meeting.
Investments in subsidiaries and associates are measured at purchase cost, as written down following any distributions of capital or equity reserves, or the identification of losses in value as a consequence of impairment testing. Cost is reinstated in subsequent years if the reasons for any write-downs made cease to apply.
All these companies, listed in the related note, are measured at cost in the financial statements of Manutencoop Facility Management S.p.A.
The carrying amount of these equity investments is subjected to impairment testing if events or changes suggest that such amount may not be recoverable.

Impairment of assets

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

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

Financial assets

IAS 39 envisages the following types of financial instruments:

- financial assets at fair value through the income statement. This category comprises financial assets that are held for trading and any assets purchased for resale in the short term;
- loans and receivables, i.e. non-derivative financial assets with fixed or determinable payments that are not listed on an active market;
- held-to-maturity investments, i.e. non-derivative financial assets that involve payments at fixed or determinable intervals which 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 as uplifted, except for assets at fair value through the income statement, by any related charges; the Company classifies its financial assets subsequent to initial recognition and, where appropriate and allowed, reviews such classification at the end of each financial year.

As in the prior year, all the financial assets held by the Company at year end are classified as either loans and receivables or available-for-sale financial assets.

The valuation criteria applied by the Company are as follows:

Loans and receivables

Loans and receivables are measured on an amortised-cost basis using the effective interest 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, available-for-sale financial assets are measured at fair value and any gains and losses are classified separately in equity until the related assets are derecognised or impairment is identified; the gains or losses accumulated within shareholders' equity until that time are then released to the income statement.

As in the prior year, at year end this asset category solely comprises equity investments of less than 20%, which are carried at cost if their fair value cannot be determined reliably.

In particular, consortiums not listed on regulated markets whose objects are to govern relations between temporary business associations 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 (replacement cost).

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

Trade receivables and other receivables

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

The customers of Manutencoop Facility Management S.p.A. comprise, in large part, public bodies and health authorities whose effective payment terms greatly exceed the contractual due dates.

For this reason, trade receivables are discounted, using a risk-free rate (since the collection risks are considered when determining the allowance for doubtful accounts), over the period between the estimated collection date (based on the weighted-average delay in collection from the Company's customers, determined using historical data) and the average credit period allowed to customers by similar businesses operating in the same market as the Company.

Contracts for the construction of buildings and plant

A construction contract is a contract signed specifically for the construction of an asset commissioned by a principal, who determines the initial design and technical characteristics.

The contract revenues comprise the consideration initially agreed with the principal, as well as the change orders and the price variations envisaged in the contract that can be determined reliably.

When the results of contracts can be determined reliably, they are measured on a percentage-of-completion basis; the stage of completion is determined with reference to the contract costs incurred at the balance sheet date as a percentage of the total costs estimated for each contract (cost-to-cost basis).

If the contract costs are expected to exceed total contract revenues, the expected loss is recognised immediately as a cost.

The gross amount due by contract principals, for all contracts in progress where the costs incurred plus the margins recognised (or less the losses recognised) exceed the progress billings made, is recognised as a receivable and, as such, classified among the "Trade receivables". The gross amount due to contract principals, for all contracts in progress where the progress billings made exceed the costs incurred plus the margins recognised (or less the losses recognised), is recognised as a payable and, as such, classified among the "Trade payables".

Cash and cash equivalents

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

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

Loans

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

Following initial recognition, loans are measured on an amortised-cost basis using the effective interest method. In addition to the amortisation process, all related gains and losses are reflected in the income statement when the liability is settled.

Elimination of financial assets and liabilities

Financial assets

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

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

As in prior years, during the year ended 31 December 2008 the Company did not transfer any financial assets that did not involve transferring or retaining substantially all the risks and benefits deriving from their ownership.

If, as the result of a transfer, a financial asset is derecognised in full but, as a consequence, the Company obtains a new financial asset or accepts a new financial liability, the Company recognises at fair value such new financial asset, financial liability or liability originating from the service.

Financial liabilities

Financial liabilities are derecognised when the underlying obligation is eliminated, cancelled or settled.

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

Impairment of financial assets

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

Assets measured on an amortised-cost basis

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

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

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

Assets measured at cost

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

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

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

Provision for benefits due on the termination of employment

A liability for benefits due on the termination of employment is recorded when, and only when, the Company is demonstrably committed to: (a) 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 Company is demonstrably committed to terminating employment when, and only when, it has a detailed formal plan for such 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 International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) has examined the subject of Italian TFR and concluded, pursuant to IAS 19, that it represents a "defined benefit" plan in the context of post-employment benefits. As such, the provision must be calculated using the Projected Unit Credit Method (PUCM), whereby the liability for benefits earned must reflect the expected termination date and must be discounted to present value.

Following the 2007 reform of the relevant Italian regulations governing the TFR accrued subsequent to 1 January 2007 by companies with more than 50 employees, the provision now represents a "defined contributions" plan and payments are charged directly to the income statement as a cost when incurred. The TFR accrued up until 31.12.2006 continues to represent a defined benefits plan, to which no further contributions are made. Accordingly, the provision is now determined by independent actuaries with sole reference to the average expected residual working lives of employees, without considering the remuneration earned by them over a predetermined period of service.

The calculations for the TFR "accrued" prior to 1 January 2007 have therefore changed, due to exclusion of the actuarial assumptions about wage and salary increases that were required previously. In particular, the provision for "accrued TFR" was determined on an actuarial basis as of 1 January 2007 without applying the pro-rata (years of service worked/total expected length of service), since the employee benefits accumulated up to 31 December 2006 can be considered to have been almost entirely earned (except for the annual revaluation) pursuant to para. 67 (b) of IAS 19. It follows, for the purposes of this calculation, that there are no current service costs relating to future services from employees, since these are represented by the contributions paid to supplementary pension funds or to the INPS Treasury Fund.

In addition, commencing from the 2008 financial statements, the Company has recorded the actuarial gains (or losses) deriving from application of the projected unit credit method in a specific equity reserve pursuant to paras. 93B and 93D of IAS 19.

The actuarial gains and losses on defined benefit plans accumulated up to the prior year have been reclassified to an equity reserve. These amounts reflected the effects of changes in the actuarial assumptions used and, up to 31 December 2007, were recognised in full in the income statement.

The effects of this change in accounting policy are summarised below:

- The actuarial gains and losses on defined benefit plans accumulated up to the prior year have been reclassified to an equity reserve in accordance with paras. 93B and 93D of IAS 19. These amounts reflected the effects of changes in the actuarial assumptions used and, up to 31 December 2007, were recognised in full in the income statement. Commencing from the 2008 financial statements, the Company has recorded the actuarial gains (or losses) a specific non-distributable equity reserve. The effects are summarised below:
- reclassification of the actuarial gains (losses) recognised in the income statements and accumulated in prior years, net of tax effect, from "retained earnings (losses)" to the special reserve mentioned above;
- reclassification of the tax effect on the 2008 actuarial gains (losses) from the change in deferred tax assets/liabilities caption of the income statement to the special reserve mentioned above.

The effects of this change in policy on the balance sheet and income statement are summarised in note 3.

Accordingly, the so-called "corridor method" has not been applied. This method allocates actuarial gains and losses 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 Company does not have any other defined benefit pension plans.

Leasing

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

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

(a) the contractual conditions are modified, other than by the renewal or extension of the contract;

(b) a renewal option is exercised or an extension is granted, unless the renewal or extension terms were included in the original conditions of the leasing transaction;

(c) there is a change in the condition whereby performance depends on a specific asset; or

(d) the asset undergoes a substantial change.

In the event of a review, recognition of the lease will start or cease from the date of change in the circumstances giving rise to the review (cases a), c) or d)) or from the date of renewal or extension (case b)).

For contracts signed prior to 1 January 2005, the start date is considered to be 1 January 2005 in compliance with the transitional arrangements set out in IFRIC 4.

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

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

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

Revenue recognition

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

Services

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

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

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

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

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

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

Even within multi-service contracts, the consideration for each service is generally defined separately and the amount of the revenues attributable to them is quantified as a reflection of their fair value.

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

Construction activities

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

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

Sale of goods

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

Interest

Interest income (calculated using the effective interest method i.e. the rate 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 current and prior years are stated at the amounts expected to be recovered or paid. The tax rates and regulations used to calculate the above amounts are those in force, or essentially in force, at the balance sheet date.

Deferred taxes

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

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

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

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

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

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

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the year the assets are realised or the liabilities are settled, as represented by the tax rates currently in force or essentially in force at the balance sheet date.

The income taxes relating to items recorded directly as part of shareholders' equity are charged directly against shareholders' equity and not to the income statement.
Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and such deferred taxation relates to both the same fiscal entity and the same tax authority.

Value-added tax

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

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

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

Derivatives and hedging transactions

At this time, the Company does not use such financial derivatives as forward currency transactions and interest rate swaps to hedge the risk of fluctuations in interest and exchange rates.
In rare cases, PUT or CALL options are arranged in relation to strategic equity investments (subsidiaries or associates) in order to safeguard the Company's interests. These provide a way out in the event of disagreements with the industrial partners concerned about the strategies to adopt in relation to such companies.
Pursuant to IFRS, such instruments are treated as derivatives.
They are initially recognised at their fair value on the arrangement date; subsequently, such fair value is re-measured on a periodic basis. They are recorded as an asset if fair value is positive and as a liability if fair value is negative.
Any gains or losses deriving from changes in the fair value of derivatives that are unsuitable for hedge accounting purposes are reflected directly in the income statement for the year.
At this time, the Company does not hold any financial derivatives designated as hedging instruments.
Derivatives are recorded at fair value both at the time of initial recognition and subsequently. Changes in their fair value are recorded in the income statement or, in the case of derivatives designated as cash flow hedges pursuant to IAS 39, in shareholders' equity.
Derivatives that meet the requirements of IAS 39 are recorded in accordance with hedge accounting rules.
In particular, a transaction is deemed to be a hedge if the documented relationship between the hedging instrument and the hedged liability specifies the risk management objectives, the hedging strategy and the methods used to check effectiveness. A transaction is considered to be a hedge if it is shown to be effective both at the start and, prospectively, over its entire life.
In rare circumstances, call options are arranged in relation to strategic investments in subsidiaries and associates. This gives the Company an opportunity to increase its percentage interest in them.
Pursuant to IFRS, such instruments are treated as derivatives.
They are initially recognised at their fair value on the arrangement date; subsequently, such fair value is re-measured on a periodic basis. They are recorded as an asset if fair value is positive and as a liability if fair value is negative.
Any gains or losses deriving from changes in the fair value of derivatives that are unsuitable for hedge accounting purposes are reflected directly in the income statement for the year.

Segment reporting

A business segment is a clearly identifiable group of activities and transactions, providing a series of related products and services that are subject to different risks and returns with respect to the Company's other business segments.
A geographical segment is a clearly identifiable component of the business, providing a series of related products and services that are subject to different risks and returns with respect to other segments operating in different economic environments.
The Company's primary reporting is by business segment because profitability is mainly affected by the differences between the types of service offered. The segments identified are as follows:

Facility Management which comprises the Company's core business and consists in the optimised provision to users of a range of logistical and organisational support services.

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

- technical services, consisting of a range of property management and maintenance services, including the management of heating, air conditioning and refrigeration, plant maintenance, the supply of fuel, the design and performance of plant engineering works for compliance with current legislation, for energy saving or for the use of alternative energy, as well as porterage and reception services.
- cleaning services, include cleansing and hygiene, sanitation, disinfection, disinfestation and rodent control, and the collection, transportation and disposal of sanitary waste;
- landscaping services, comprises the planning, creation and maintenance of green areas for buildings, as well as the provision of territorial services including the maintenance of public parks.
- property management, consisting mainly in the coordination, as a single managerial process, of all activities associated with the fulfilment of ownership obligations – including administrative, technical, legal and commercial activities – in order to maximise the profitability of the properties managed.

Facility management services can be supplied separately although, as is increasingly the case, customers - mainly comprising public authorities or large private groups - tend to enter into a single long-term outsourcing contract for the simultaneous supply of several facility management services. Contracts of this type are known as integrated service or global service contracts.

Complementary activities: this residual segment comprises the building construction activities carried out by the Company, mainly on behalf of Manutencoop Soc.Coop. and its subsidiaries, together with a series of ancillary non-core services such as information technology (data centre support), administration (bookkeeping), commercial services (preparation of documents for tenders), and the secondment of personnel, mainly to companies within the Manutencoop Group or operational partners (members of temporary business associations).

The Company's secondary reporting is by geographical segment. Since productive activities are currently carried out exclusively in Italy, hence within a uniform economic environment, it is not considered necessary to provide an analysis by geographical area.

Method of allocating costs to each segment

The Company allocates specific direct and indirect production costs to each segment. Commencing from these financial statements, the Company also uses internal cost drivers to allocate commercial and other general expenses to each segment.

Method of allocating assets and liabilities to each segment

Assets and liabilities are allocated to each segment in a manner consistent with the treatment of the various income statement captions.

For the years ended 31 December 2008 and 2007, the assets and liabilities allocated directly to each segment are shown separately from those allocated indirectly.

Following deferral of the listing process, the Company is not required to provide segment information but, nevertheless, has decided to make the related disclosures in the consolidated financial statements.

3. EFFECTS OF CHANGE IN ACCOUNTING POLICY

(in thousands of Euro) BALANCE SHEET	31 December 2007 FILED	ADJUSTMENT	31 December 2007 RESTATED
ASSETS			
Non-current assets			
Property, plant and equipment	4,658		4,658
Leased property, plant and equipment	1,299		1,299
Goodwill	25,035		25,035
Other intangible assets	4,772		4,772
Investments in subsidiaries, joint ventures, associates	145,950		145,950
Other equity investments	476		476
Non-current financial receivables and other securities	19,112		19,112
Other non-current receivables and assets	596		596
Deferred tax assets	1,774		1,774
Total non-current assets	203,671	0	203,671
Current assets			
Inventories	1,511		1,511
Trade receivables and advances to suppliers	223,397		223,397
Current tax receivables	3,087		3,087
Other current receivables	4,056		4,056
Receivables and othe current financial assets	5,688		5,688
Cash and cash equivalents	27,446		27,446
Total current assets	265,185	0	265,185
Non-current assets held for sale	0	0	0
Total non-current assets held for sale	0	0	0
TOTAL ASSETS	468,856	0	468,856
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	77,964		77,964
Share premium reserve	0		0
Reserves	3,733	(3,809)	(76)
Retained earnings (losses)	0	1,326	1,326
Net profit (loss) for the year	14,249	2,483	16,732
Total shareholders' equity	95,946	0	95,946
Non-current liabilities			
Employee severance indemnities - benefits	16,454	0	16,454
Provisions for risks and charges - long term	750		750
Loans - long term	900		900
Deferred tax liabilities	2,328		2,328
Total non-current liabilities	20,431	0	20,431
Current liabilities			
Provisions for risks and charges - short term	536		536
Trade payables and advances from customers	130,862		130,862
Current income taxes	0		0
Other current payables	49,356		49,356
Loans - short term	162,927		162,927
Other current financial liabilities	8,797		8,797
Total current liabilities	352,478	0	352,478
Liabilities attributable to assets held for sale	0	0	0
Total liabilities attributable to assets held for sale	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	468,856	0	468,856

(in thousands of Euro) INCOME STATEMENT	31 December 2007 FILED	ADJUSTMENT	31 December 2007 RESTATED
REVENUES			
Revenues from sales and services	411,550		411,550
Other operating revenues	396		396
Total revenues	411,946	0	411,946
OPERATING COSTS			
Raw materials and consumables	(48,702)		(48,702)
Cost of services	(172,776)		(172,776)
Payroll costs	(147,365)	3,275	(144,091)
Other operating costs	(3,018)		(3,018)
Internal work capitalised		0	0
(Depreciation, amortisation, write-downs) – write-backs	(5,179)		(5,179)
(Provisions for risks and charges) – amounts released	(461)		(461)
Total operating costs	(377,501)	3,275	(374,227)
OPERATING PROFIT	34,445	3,275	37,719
FINANCIAL INCOME AND CHARGES			
Dividends, income and charges from disposal of equity investments	4,890		4,890
Financial income	2,723		2,723
Financial charges	(12,411)		(12,411)
PROFIT (LOSS) BEFORE TAXATION	29,646	3,275	32,921
Current and deferred taxation	(15,397)	(792)	(16,189)
RESULTS FROM CONTINUING ACTIVITIES	14,249	2,483	16,732
Results from discontinued activities	0	0	0
NET PROFIT (LOSS) FOR THE YEAR	14,249	2,483	16,732

The above table highlights the effect on financial statement captions of the change in the accounting policy in order to recognise actuarial gains and losses in accordance with paras. 93B and 93D of IAS 19. These adjustments were made on a retroactive basis.

Specifically, the following actions were performed:

- reclassification of the actuarial gains (losses) recognised in the income statements and accumulated in prior years, amounting to Euro 1,326 thousand net of the related tax effect of Euro 653 thousand, from the "reserve for actuarial gains (losses)" to "retained earnings (losses)";
- elimination of the 2007 actuarial loss of Euro 3,275 thousand from the income statement;
- provision of current taxes totalling Euro 1,081 thousand on the actuarial losses not recognised through the income statement;
- reclassification of the tax effect on the 2008 actuarial gains (losses) from the change in deferred tax assets/liabilities caption of the income statement to the special reserve mentioned above.

4. BUSINESS COMBINATIONS

4.1 Absorption of Luigi Minati Service Srl

On 15 February 2008 a merger deed was signed for the absorption by Manutencoop Facility Management S.p.A of Luigi Minati Service S.r.l., a wholly-owned subsidiary. Manutencoop Facility Management S.p.A. held the entire quota capital of Luigi Minati Service S.r.l. and, accordingly, the merger took place via the cancellation, without replacement, of all the quotas in the absorbed company without the calculation of an exchange ratio.

The merger deed was signed by both parties on 15 February 2008.

There were several business reasons for this merger: on the one hand, the Company's ownership of all the quotas comprising the capital of Luigi Minati Service S.r.l. and, on the other, the organisational/operational synergies deriving from the management of similar activities. In addition, the Company supplied Luigi Minati Service S.r.l. with technical/administrative services, thus establishing a point of common interest between the two businesses.
Accordingly, IFRS 3 does not apply to this transaction.
The effective date for the merger was 1 January 2008 and the 2008 transactions of the absorbed company were therefore recorded in the financial statements of the absorbing company with retroactive effect.
The absorption was carried out in order to concentrate the corporate structures of the companies concerned, save on operational overheads and rationalise the productive activities of the two companies. The concentration of production within one legal entity will improve the timeliness and flexibility of decision making, while also eliminating the waste of resources caused by the duplication of corporate activities.
The accounting effects were determined by apply the general principle of consistency, as required by Assirevi in OPI 2.
Due to the accounting treatment adopted, the merger did not result in the identification of higher current values with respect to those already reflected in the financial statements of the absorbing company.
As envisaged in OPI 2 with regard to retroactive accounting effects and in order to ensure the comparability of the Company's 2008 data with those of the prior year, the following table compares the information already reported in the balance sheet and income statement with, in the third column, restated values for the financial statements as of 31 December 2007 following the change in the accounting policy described in note 3 and, in the fourth column, combined amounts for the absorbing and absorbed companies as of 31 December 2007.
The absorption was completed on 15 February 2008 when Luigi Minati Service Srl was struck off the Companies Register, although the costs, revenues and balance sheet effects of the absorbed company were reflected in the Company's accounting records as from 1 January 2008.

(in Euro)

BALANCE SHEET	31 December 2008 Manutencoop Facility Management S.p.A	31 December 2007 Manutencoop Facility Management S.p.A Filed Statements	31 December 2007 Manutencoop Facility Management Financial Statements (*)	Consolidated Manutencoop Facility Management S.p.A. and Luigi Minati Service S.r.l. 31 December 2007
ASSETS				
Non-current assets				
Property, plant and equipment	5,921,623	4,657,736	4,657,736	4,721,183
Leased property, plant and equipment	954,818	1,298,620	1,298,620	1,298,620
Goodwill	25,773,340	25,034,552	25,034,552	25,773,241
Other intangible assets	8,853,873	4,772,454	4,772,454	4,774,739
Investments in subsidiaries, joint ventures, associates	330,366,562	145,949,571	145,949,571	145,189,237
Other equity investments	1,093,780	476,063	476,063	476,063
Non-current financial receivables and other securities	964,695	19,111,888	19,111,888	19,111,888
Other non-current receivables and assets	753,453	595,900	595,900	623,375
Deferred tax assets	1,474,836	1,774,205	1,774,205	1,786,974
Total non-current assets	376,156,980	203,670,989	203,670,989	203,755,320
Current assets				
Inventories	1,262,413	1,510,844	1,510,844	1,512,433
Trade receivables and advances to suppliers	256,456,873	223,397,135	223,397,135	224,849,125

BALANCE SHEET	31 December 2008 Manutencoop Facility Management S.p.A	31 December 2007 Manutencoop Facility Management S.p.A Filed Statements	31 December 2007 Manutencoop Facility Management Financial Statements (*)	Consolidated Manutencoop Facility Management S.p.A. and Luigi Minati Service S.r.l. 31 December 2007
Current tax receivables	3,869,163	3,086,503	3,086,503	2,364,283
Other current receivables	3,469,621	4,056,299	4,056,299	4,177,565
Other current financial assets	66,630,910	5,687,930	5,687,930	5,910,999
Cash and cash equivalents	20,461,781	27,445,871	27,445,871	27,445,871
Total current assets	352,150,761	265,184,582	265,184,582	266,260,276
Non-current assets held for sale		0		0
Total non-current assets held for sale		0		0
TOTAL ASSETS	728,307,741	468,855,571	468,855,571	470,015,596
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	109,149,600	77,964,000	77,964,000	77,964,000
Share premium reserve	143,685,365		0	0
Reserves	11,706,230	3,732,983	(75,997)	(75,997)
Retained earnings (losses)	3,808,981		1,325,951	1,325,951
Net profit (loss) for the year	14,994,651	14,249,440	16,732,469	16,547,003
Total shareholders' equity	283,344,827	95,946,423	95,946,423	95,760,957
Non-current liabilities				
Employee severance indemnities – benefits	13,455,363	16,453,878	16,453,878	16,514,489
Provisions for risks and charges – long term	1,474,837	749,837	749,837	749,837
Loans – long term	104,354,663	899,857	899,857	899,857
Deferred tax liabilities	1,401,444	2,327,578	2,327,578	2,327,833
Total non-current liabilities	120,686,307	20,431,150	20,431,150	20,492,016
Current liabilities				
Provisions for risks and charges – short term	307,585	536,177	536,177	536,177
Loans – short term	159,188,267	162,926,979	130,862,127	130,862,127
Trade payables and advances from customers	0	130,862,127	0	1,106,741
Current income taxes	58,596,791	0	49,355,651	49,355,651
Other current payables	92,918,282	49,355,651	162,926,979	163,104,854
Other current financial liabilities	13,265,682	8,797,064	8,797,064	8,797,064
Total current liabilities	324,276,607	352,477,998	352,477,998	353,762,614
Liabilities attributable to assets held for sale	0	0		0
Total liabilities attributable to assets held for sale	0	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	728,307,741	468,855,571	468,855,571	470,015,587

(in Euro)

INCOME STATEMENT	31 December 2008 Manutencoop Facility Management S.p.A	31 December 2007 Manutencoop Facility Management S.p.A Filed Statements	31 December 2007 Manutencoop Facility Management Financial Statements (*)	Consolidated Manutencoop Facility Management S.p.A. and Luigi Minati Service S.r.l. 31 December 2007
REVENUES				
Revenues from sales and services	428,717,732	411,549,542	411,549,542	413,237,334
Other operating revenues	595,282	396,403	396,403	396,410
Total revenues	**429,313,014**	**411,945,945**	**411,945,945**	**413,633,744**
OPERATING COSTS				
Raw materials and consumables	(60,643,748)	(48,701,900)	(48,701,900)	(49,070,323)
Change in inventories of semi-finished and finished products	0	0	0	0
Cost of services	(167,748,191)	(172,776,221)	(172,776,221)	(173,949,418)
Payroll costs	(159,986,801)	(147,365,264)	(144,090,530)	(144,361,483)
Other operating costs	(3,981,129)	(3,018,070)	(3,018,070)	(3,023,868)
Internal work capitalised	0	0	0	0
(Depreciation, amortisation, write-downs) - write-backs	(4,209,342)	(5,179,339)	(5,179,339)	(5,202,252)
Provisions for risks and charges, amounts released	(984,077)	(460,616)	(460,616)	(460,616)
Total operating costs	**(397,553,288)**	**(377,501,410)**	**(374,226,676)**	**(376,067,960)**
OPERATING PROFIT	**31,759,726**	**34,444,535**	**37,719,269**	**37,565,784**
FINANCIAL INCOME AND CHARGES				
Dividends, income and charges from disposal of equity investments	6,959,088	4,890,006	4,890,006	4,890,006
Financial income	3,140,146	2,722,855	2,722,855	2,715,674
Financial charges	(15,130,691)	(12,411,034)	(12,411,034)	(12,423,338)
PROFIT (LOSS) BEFORE TAXATION	**26,728,269**	**29,646,362**	**32,921,096**	**32,748,126**
Current and deferred taxation	(11,733,617)	(15,396,922)	(16,188,627)	(16,201,123)
RESULTS FROM CONTINUING ACTIVITIES	**14,994,652**	**14,249,440**	**16,732,469**	**16,547,003**
Results from discontinued activities	0	0		0
NET PROFIT (LOSS) FOR THE YEAR	**14,994,652**	**14,249,440**	**16,732,469**	**16,547,003**

4.2 Acquisition of the Servizi Energia Calore (SEC) line of business

On 28 November 2008, Servizi Energia Calore S.r.l. sold the 'SEC' line of business to MFM S.p.A. This facility management business mainly focuses on the maintenance and operation of heating installations. Following signature of the agreement, the effective date for the transfer was 1 December 2008.

The consideration agreed for the transaction was Euro 2,960 thousand, plus a possible earn-out of up to Euro 500 thousand. The amount and payment of this extra price depends on the volume of business generated over the next three years. As of 31 December 2008, Manutencoop Facility Management S.p.A. has not recognised this adjustment to the cost of the business combination, since it is subject to the outcome of future events. Consequently, the adjustment cannot be considered probable or reliably determinable, as required by para. 32 of IFRS 3.

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This transaction is a business combination between independent parties governed by IFRS 3, and has therefore been recorded using the purchase method. The difference between the agreed price of Euro 2,960 thousand and the historical carrying amounts of the assets, Euro 311 thousand, and the liabilities, Euro 466 thousand, acquired on 30 November 2008 was allocated in full to the contracts with customers taken over on acquisition of the line of business. The purchase consideration must be settled by 30 June 2009.
The allocation of goodwill to the contracts with customers was determined by discounting the cash flows to be generated by the contracts acquired.
The following schedule summarises the balance sheet effects of the above transaction:

(in thousands of Euro)	AMOUNTS RECOGNISED	CARRYING AMOUNTS
Tangible assets	16	16
Intangible assets	3,115	0
Trade receivables and other receivables	295	295
Assets	3,426	311
Employee severance indemnities	225	225
Trade and other payables	241	241
Liabilities	466	466
Fair value of net assets	2,960	(155)
Total cost of combination	2,960	

4.3 Acquisition of the Astrocoop line of business

On 13 October 2008, Manutencoop Soc.Coop., the parent company, sold the 'Astrocoop' line of business to MFM S.p.A. The activities of Astrocoop comprise the provision of cleaning, caretaking and security services, transportation and assistance for schoolchildren, and postal services.
This operation represents a combination of entities under common control, since the 'Astrocoop' line of business was wholly owned by Manutencoop Società Cooperativa following its absorption of Astrocoop in 2008.
The transaction is not governed by IFRS 3 since it was carried out by parties that are under common control. As indicated in Assirevi Document OPI 1 on the "Accounting treatment of business combinations of entities under common control", economic substance consists in the generation of value added for all the parties concerned (in the form, for example, of higher revenues, cost savings, release of synergies), in the form of significant changes in the cash flows generated before and after the combination of activities.
Application of the consistency principle gives rise to the recognition in the balance sheet of the amounts that would have been recorded had the combined businesses always been united. The net assets of the acquired and acquiring entities were therefore recognised at the respective carrying amounts recorded prior to the combination.
Recognition of the Astrocoop transaction in accordance with the consistency principle has therefore involved deducting from shareholders' equity the additional value represented by the difference between the amount paid for the line of business and the carrying amount of its assets and liabilities.
The total cost of the combination, Euro 2,270 thousand, was settled at the time of the transaction. Of this amount, Euro 33 thousand related to purchase-related costs (notary's fees) while the value of net assets at the time of the acquisition was recognised to be Euro 1,737 thousand. The additional value represented by the difference between the cost of the combination and the value of the net assets acquired, Euro 533 thousand, was - as discussed above - deducted from an equity reserve. Following the acquisition, the Company has recognised deferred tax assets of Euro 166 thousand (concerning the tax deductibility of goodwill not recognised for accounting purposes, but deducted from shareholders' equity) in relation to the charge against reserves mentioned above.
Overall, reserves have therefore been reduced by Euro 366 thousand.
The net liquidity obtained via this transaction, being the liquidity acquired (Euro 3,137 thousand) less the cost of the operation (Euro 2,270 thousand), was Euro 867 thousand.

The amounts transferred are summarised in the following table:

(in thousands of Euro)	AMOUNTS RECOGNISED	CARRYING AMOUNTS
Property, plant and equipment	234	234
Intangible assets	1	1
Equity investments	5	5
Inventories	32	32
Cash and cash equivalents	3,137	3,137
Other current receivables	23	23
Assets	3,432	3,432
Employee severance indemnities	1,123	1,123
Other current payables	572	572
Liabilities	1,695	1,695
Carrying amount of net assets	1,737	1,737
Distribution of reserves to the parent company – seller	533	
Total cost of combination	2,270	

5. PROPERTY, PLANT AND EQUIPMENT

(in thousands of Euro) 31 December 2008	PLANT, EQUIPMENT AND OTHER ASSETS	LEASED PLANT AND EQUIPMENT	TOTAL
As of 1 January 2008, net of accumulated depreciation and impairment	4,658	1,299	5,957
Increases	2,664	146	2,810
Revaluations	0	0	0
Absorption of Minati	180	0	180
Acquisition of Astrocoop line of business	961	0	961
Acquisition of SEC line of business	3	0	3
Impairment	0	0	0
Decreases	(46)	0	(46)
Acc. depreciation from absorption of Minati	(116)	0	(116)
Acc. depn. from acquisition of Astrocoop line of business	(728)	0	(728)
Acc. depn. from acquisition of SEC line of business	0	0	0
Depreciation charge for the year	(1,655)	(490)	(2,145)
As of 31 December 2008, net of accumulated depreciation and impairment	5,921	955	6,876
As of 1 January 2008			
Cost	17,501	2,737	20,238
Accumulated depreciation and impairment	(12,843)	(1,438)	(14,281)
Net carrying amount	4,658	1,299	5,957
As of 31 December 2008			
Cost	20,723	2,691	23,414
Accumulated depreciation and impairment	(14,802)	(1,736)	(16,538)
NET CARRYING AMOUNT	5,921	955	6,876

The above table highlights the historical costs and accumulated depreciation deriving from the business combinations carried out during the year, as described in note 4.
Additions during the year related to technological and productivity improvements to industrial equipment, motor vehicles and assets for the IT system, as well as furniture and furnishings.
Property, plant and equipment have never been revalued.

(in thousands of Euro) 31 December 2007	PLANT, EQUIPMENT AND OTHER ASSETS	LEASED PLANT AND EQUIPMENT	TOTAL
As of 1 January 2007, net of accumulated depreciation and impairment	4,755	1,780	**6,535**
Increases	1,345	145	**1,490**
Revaluations	0	0	**0**
Absorption of Cogeim s.c.r.l.	585	0	**585**
Impairment	0	0	**0**
Decreases	(42)	(48)	**(90)**
Acc. depn. from absorption of Cogeim s.c.r.l.	(516)	0	**(516)**
Depreciation charge for the year	(1,469)	(578)	**(2,047)**
As of 31 December 2007, net of accumulated depreciation and impairment	4,658	1,299	**5,957**
As of 1 January 2007			
Cost	16,300	3,045	**19,345**
Accumulated depreciation and impairment	(11,545)	(1,265)	**(12,810)**
Net carrying amount	4,755	1,780	**6,535**
As of 31 December 2007			
Cost	17,501	2,737	**20,238**
Accumulated depreciation and impairment	(12,843)	(1,438)	**(14,281)**
NET CARRYING AMOUNT	4,658	1,299	5,957

6. INTANGIBLE ASSETS

(in thousands of Euro)

As of 31 December 2008	Software	Trademarks and Patents	Goodwill	Contracts with customers	Total
Cost as of 1 January 2008, net of accumulated amortisation and impairment	4,765	8	25,035	0	29,808
Absorption of Minati	3	0	22	0	25
Acquisition of Astrocoop line of business	1	0	0	0	1
Acquisition of SEC line of business	0	0	0	3,115	3,115
Increases	2,877	0	717	102	3,696
Impairment	0	0	0	0	0
Decreases	0	0	0	0	0
Rounding	(1)	0	(1)	0	(2)
Amortisation	(1,964)	(1)	0	(51)	(2,016)
As of 31 December 2008	5,681	7	25,773	3,166	34,627
As of 1 January 2008					
Cost (gross carrying amount) as previously stated	8,641	11	28,942	311	37,905
Accumulated amortisation and impairment as previously stated	(3,876)	(3)	(3,907)	0	(7,786)
NET CARRYING AMOUNT	4,765	8	25,035	311	30,119
As of 31 December 2008					
Cost (gross carrying amount)	11,619	33	29,695	4,545	45,892
Accumulated amortisation and impairment	(5,938)	(26)	(3,922)	(1,379)	(11,265)
NET CARRYING AMOUNT	5,681	7	25,773	3,166	34,627

The costs of purchasing software are amortised on a straight-line basis over its expected useful life of 5 years.
Trademarks and patents are amortised on a straight-line basis over their useful life of 5 years.
The value attributed to contracts with customers, identified on the acquisition of the SEC line of business, is amortised over the lives of the contracts concerned.
Commencing from 1 January 2004, goodwill is no longer amortised but is subjected to annual impairment testing, as described in note 7 below.

Increases during the year

The increases in 'Other intangible assets' mainly relate to:

- the cost of software. In particular, the costs capitalised during the year related to the design and development of business software, the Company's new planning and control system, and the system used to prepare Group consolidations;
- an allocation of the difference arising on the absorption of Minati, as described in note 4;
- an allocation of the goodwill paid on the acquisition of the SEC line of business to the contracts with its customers.

(in thousands of Euro)

As of 31 December 2007	Software	Trademarks and Patents	Goodwill	Total
Restated cost as of 1 January 2007, net of accumulated amortisation and impairment	**2,987**	**5**	**25,033**	**28,025**
Absorption of Cogeim s.c.r.l.	2	0	0	2
Increases	3,128	4	0	3,132
Impairment	(7)	0	0	(7)
Decreases	(6)	0	0	(6)
Rounding	0	0	2	2
Amortisation	(1,339)	(1)	0	(1,340)
As of 31 December 2007	**4,765**	**8**	**25,035**	**29,808**
As of 1 January 2007				
Cost (gross carrying amount) as previously stated	6,226	7	29,038	35,271
Accumulated amortisation and impairment as previously stated	(3,239)	(2)	(4,005)	(7,246)
NET CARRYING AMOUNT	**2,987**	**5**	**25,033**	**28,025**
As of 31 December 2007				
Cost (gross carrying amount)	8,641	11	28,942	37,594
Accumulated amortisation and impairment	(3,876)	(3)	(3,907)	(7,786)
NET CARRYING AMOUNT	**4,765**	**8**	**25,035**	**29,808**

7. IMPAIRMENT TESTING OF RECORDED GOODWILL

The Company has analysed the recoverability of recorded goodwill by reference to the Group's business plans, in order to identify any evidence of impairment. This analysis confirmed that recoverable value significantly exceeds the related carrying amounts.

The calculations were performed using the cash flow projection contained in the latest financial plan, which covers a time period of four years. The discounting rate applied to the forecast cash flows was 7.4% (2007: 7.7%) and the cash flows after four years were extrapolated using a constant growth rate of 2% (2007: 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 (about 20% p.a.) recorded over the last five years by the Manutencoop Group (to which Manutencoop Facility Management S.p.A. belongs).

8. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

The following table relating to subsidiaries, associates and joint ventures provides summary information about the names, locations, the Company's direct and indirect interests in their share capital and, if different, the percentage of voting rights exercisable at shareholders' meetings.

SUBSIDIARIES

Company name	Location	Direct interest in SC	Indirect interest in SC
Servizi Brindisi Soc. Cons. a r.l.	Zola Predosa (Bologna)	52%	
Gestlotto 6 Soc. Cons. a r.l.	Zola Predosa (Bologna)	55%	
Simagest 2 Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	30%
Consorzio Imolese Pulizie Soc. Cons. a r.l.	Imola (Bologna)	60%	
Consorzio Servizi Toscana Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Servizi Marche Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Palmanova Servizi Energetici Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Servizi l'Aquila Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	Zola Predosa (Bologna)	66.66%	
Gymnasium Soc. Cons. a r.l.	Zola Predosa (Bologna)	68%	
M.C.B. S.p.A.	Bologna	100%	
Co.Ge.F. Soc. Cons. a r.l.	Zola Predosa (Bologna)	80%	
Simagest 3 Soc. Cons. a r.l.	Zola Predosa (Bologna)	89.99%	
Alisei S.r.l.	Zola Predosa (Bologna)	100%	
Servizi Ospedalieri S.p.A.	Ferrara	100%	
Omasa S.p.A.	Ferrara	100%	
Teckal S.p.A.	Reggio Emilia	100%	
Consorzio Pulizie Veneto Soc. Cons. a r.l.	Marghera (Venice)	100%	
Manutenzione Installazione Ascensori S.p.A.	Zola Predosa (Bologna)	100%	
Società Manutenzione Illuminazione S.p.A.	Zola Predosa (Bologna)	100%	
Gruppo Sicura S.r.l.	Vicenza	80%	
Integra FM B.V.	Amsterdam (Netherlands)	100%	
Protec S.r.l.	Vicenza		100%
Sicura S.r.l.	Vicenza		100%
Securveneta S.r.l.	Vicenza		80%
Sedda S.r.l.	Vicenza		80%
Mako Engineering S.r.l.	Vicenza		70%
Sicurama S.r.l.	Casalecchio di Reno (Bologna)		70%
Firing S.r.l.	Lainate (Milan)		65%
Leonardo S.r.l.	Vicenza		100%
Antincendio Piave S.r.l.	Vicenza		70%
Integra S.p.A.	Milan		100%
Ingest Facility S.p.A.	Turin		100%

SUBSIDIARIES

Company name	Location	Direct interest in SC	Indirect interest in SC
Facility Management France S.a.s.	Trappes (France)		100%
Integra Energy S.r.l.	Milan		100%
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l.	Pozzuoli (Naples)		100%
S.AN.GE Soc. Cons. a r.l.	Milan		64%
Delivery S.r.l.	Milan		60%
Envolta S.r.l.	Milan		55%
Pirelli RE Integrated Facility Management Polska Sp.zo.o.	Warsaw (Poland)		100%
Ingest Facility Polska Sp.zo.o.	Bielsko Biala (Poland)		100%
Consorzio Sermagest Servizi Manutentivi Gestionali	Turin		60%
Consorzio Polo di Sterilizzazione Integrata in Service	Padua		60%
Fleur Bruzia S.r.l.	Cosenza		100%

JOINT VENTURES

Company name	Location	Direct interest in SC	Indirect interest in SC
Consorzio Leader Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	
Global Maggiore Bellaria Soc. Cons. a r.l.	Bologna	50%	
Legnago 2001 Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	
MP Facility S.p.A.	Milan	50%	50%
SCAM Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	
Servizi Sportivi Brindisi Soc. Cons. a r.l.	Rome	50%	
Altair Zander Italia S.r.l.	Milan		50%
Malaspina Energy Soc. Cons. a r.l.	Milan		50%
AMG S.r.l.	Busca (Cuneo)		50%
Bresso Energia S.r.l.	Bresso (Milan)		50%

ASSOCIATES

Company name	Location	Direct interest in SC	Indirect interest in SC
Gico Systems S.r.l.	Zola Predosa (Bologna)	20%	
Como Energia Soc. Cons. a r.l.	Como	29%	
Se.Sa.Mo. S.p.A.	Carpi (Modena)	20.91%	
Global Riviera Soc. Cons. a r.l.	Zola Predosa (Bologna)	23.11%	7.55%
Consorzio Energia Servizi Bologna	Bologna	24.25%	
Newco DUC Bologna S.p.A.	Bologna	24.90%	
PBS Soc. Cons. a r.l.	Milan	25%	
Bologna Più Soc. Cons. a r.l.	Bologna	25.68%	
Global Provincia di Rimini Soc. Cons. a r.l.	Zola Predosa (Bologna)	42.4%	
Roma Multiservizi S.p.A.	Rome	45.47%	
DUC Gestione Sede Unica Soc. Cons. a r.l.	Zola Predosa (Bologna)	49%	
Global Vicenza Soc. Cons. a r.l.	Concordia Sulla Secchia (Modena)	41.25%	
Bologna Multiservizi Soc. Cons. a r.l.	Casalecchio di Reno (Bologna)	39%	
Terzatorre S.p.A.	Bologna	32%	
Tower Soc. Cons. a r.l.	Bologna	20.167%	
Bologna Gestione Patrimonio Soc. Cons. a r.l.	Bologna	27.58%	
Servizi Napoli 5 Soc. Cons. a r.l.	Zola Predosa (Bologna)	45%	
Costruzione Manutenzione Immobili S.r.l	Bologna	40%	
Edex S.r.l.	Rho (Milan)	45%	
Progetto Nuovo Sant'Anna S.r.l.	Milan		49.5%
S.AN.CO. Soc. Cons. a r.l.	Milan		37.5%
HEADMOST Divisione Service Facility Management S.p.A.	Pomezia (Rome)		25%
Telepost S.p.A.	Milan		20%
San Martino 2000 Soc. Cons. a r.l.	Calata Gadda (Genoa)		40%
Sersan Servizi Sanitari S.p.A.	Lamezia Terme (Catanzaro)		20%
F.lli Bernard S.r.l.	Bari		20%
Servizi Sanitari Treviso Soc. Cons. a r.l.	Calata Gadda (Genoa)		40%
Iniziative Produttive Piemontesi S.r.l.	Turin		25%
Steril Piemonte Soc. Cons. a r.l.	Turin		25%
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	Florence		20%
MCB Emirate LLC	United Arab Emirates		49%

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

(in thousands of Euro)

COMPANY	Balance 01/01/2008	Increases	Combinations	Decreases/ write-downs	Reclassifications	Balance 31/12/2008
SUBSIDIARIES						
Servizi Marche Soc. Cons. a r.l.	6	0	0	0	0	6
Consorzio Imolese Pulizie Soc. Cons. a r.l.	6	0	0	0	0	6
Co.ge.im. Soc. Cons. a r.l.	0	0	0	0	0	0
S.I.MA.GEST2 Soc. Cons. a r.l.	30	0	0	0	0	30
S.I.MA.GEST3 Soc. Cons. a r.l.	50	0	0	5	0	45
Consorzio Servizi Toscana Soc. Cons. a r.l.	6	0	0	0	0	6
Gymnasium Soc. Cons. a r.l.	7	0	0	0	0	7
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	7	0	0	0	0	7
Alisei S.r.l.	58	0	0	58	0	0
M.C.B. S.p.A.	4,973	7,318	0	563	0	11,729
Gestlotto6 Soc. Cons. a r.l.	50	0	0	0	0	50
Servizi Ospedalieri S.p.A.	60,062	11,000	0	0	0	71,062
Servizi Brindisi Soc. Cons. a r.l.	5	0	0	0	0	5
Luigi Minati Service S.r.l.	760	0	0	760	0	0
Omasa S.p.A.	10,071	36	0	600	0	9,507
Co.Ge.F. Soc. Cons. a r.l.	8	0	0	0	0	8
Teckal S.p.A.	61,463	0	0	0	0	61,463
Palmanova servizi energetici Soc. Cons. a r.l.	6	0	0	0	0	6
Servizi l'Aquila Soc. Cons. a r.l.	12	0	0	0	0	12
Consorzio Pulizie Veneto Soc. Cons. a r.l.	0	0	5	0	5	10
Società Manutenzione Illuminazione S.p.A.	0	3,146	0	1,023	0	2,123
Manutenzione Installazione Ascensori S.p.A.	0	5,000	0	0	0	5,000
Gruppo Sicura S.p.A.	0	15,329	0	0	0	15,329
Integra F.M. BV	0	142,307	0	0	0	142,307
M.P. Facility S.p.A.	0	0	0	0	500	500
TOTAL SUBSIDIARIES	137,580	184,136	5	3,009	505	319,218
JOINT VENTURES						
Consorzio Pulizie Veneto Soc. Cons. a r.l.	5	0	0	0	(5)	0
Consorzio Leader Soc. Cons. a r.l.	5	0	0	0	0	5
Servizi e Manutenzioni Soc. Cons. a r.l.	5	0	0	5	0	0
Legnago 2001 Soc. Cons. a r.l.	5	0	0	0	0	5
Global Maggiore Bellaria Soc. Cons. a r.l.	5	0	0	0	0	5
M.P. Facility S.p.A.	500	0	0	0	(500)	0
Scam Soc. Cons. a r.l.	10	0	0	0	0	10
Servizi Sportivi Brindisi Soc. Cons. a r.l.	0	5	0	0	0	5
TOTAL JOINT VENTURES	535	5	0	5	(505)	30

COMPANY	Balance 01/01/2008	Increases	Combinations	Decreases/ write-downs	Reclassifications	Balance 31/12/2008
ASSOCIATES						
Consorzio Rizzoli Energia	0	0	0	0	0	0
Roma Multiservizi S.p.A. restated	3,324	0	0	0	0	3,324
Bologna Global Service Soc. Cons. a r.l.	4	0	0	4	0	0
Global Prov.Rimini Soc. Cons. a r.l.	4	0	0	0	0	4
Gico Systems S.r.l.	29	0	0	0	0	29
Bologna più Soc. Cons. a r.l.	77	0	0	0	0	77
Como energia Soc. Cons. a r.l.	4	70	0	0	0	74
Global Riviera Soc. Cons. a r.l.	7	0	0	0	0	7
Newco Duc Bologna S.p.A.	2,241	0	0	0	0	2,241
Sesamo S.p.A.	606	0	0	0	0	606
Duc gest sede unica Soc. Cons. a r.l.	10	0	0	0	0	10
Consorzio Energia Servizi Bologna	2	0	0	0	0	2
P.B.S. Soc. Cons. a r.l.	25	0	0	0	0	25
Global Vicenza Soc. Cons. a r.l.	4	0	0	0	0	4
Bologna Multiservizi Soc. Cons. a r.l.	4	0	0	0	0	4
Terzatorre S.p.A.	1,472	0	0	0	0	1,472
Tower Soc. Cons. a r.l.	20	0	0	0	0	20
Bologna Gestione Patrimonio Soc. Cons. a r.l.	0	6	0	0	0	6
Servizi Napoli 5 Soc. Cons. a r.l.	0	5	0	0	0	5
Costruzione Manutenzione Immobili S.r.l	0	2,808	0	0	0	2,808
Edex S.r.l.	0	401	0	0	0	401
TOTAL ASSOCIATES	7,833	3,290	0	4	0	11,119
TOTAL subsidiaries, joint ventures, associates	145,948	187,431	5	3,018	0	330,367

8.1 Changes in equity investments

The principal changes during the year are described below:

Alisei S.r.l. (in liquidation)

The reduction in the carrying value of the investment in Alisei reflects the write-down to reflect its equity value, as reported in the latest available financial statements as of 30 June 2008.

M.C.B. S.p.A.

On 15 July 2008, Manutencoop Facility Management S.p.A. acquired the remaining 25% interest in M.C.B. S.p.A. for Euro 7,318 thousand, thereby raising its holding in the company from 75% to 100% as of 31 December 2008. The reduction in the carrying amount reflects the dividends received, which exceeded the profits generated subsequent to the purchase of the remaining shares. Such dividends has been treated as a partial disposal of the investment and, as such, deducted from the acquisition cost pursuant to para. 4 of IAS 27.

Servizi Ospedalieri S.p.A.

On 22 April 2004, Manutencoop Facility Management S.p.A. subscribed to an increase in the capital of Servizi Ospedalieri S.p.A., which became fully paid on 27 June 2008.

Luigi Minati S.r.l.

The reduction in the investment in Luigi Minati Srl by Euro 760 thousand reflects the absorption of that company, which is described in paragraph 4.

OMASA S.p.A.

On 16 December 2008, Manutencoop Facility Management S.p.A. signed a settlement with the seller of Omasa S.p.A., acquired in 2007, under which an indemnity of Euro 600 thousand was obtained to cover the out-of-period losses, capital losses and asset shortfalls identified subsequent to purchasing the company. This indemnity was classified as a reduction in the carrying amount of the investment. The increases reflect the legal costs incurred in relation to this settlement.

Consorzio Pulizie Veneto Soc. Cons. a r.l.

During 2008, the interest held in this investment increased from 50% to 100% on acquisition of the Astrocoop line of business.

Società Manutenzione Illuminazione S.p.A. (formerly Acea S.p.A.)

On 1 October 2008, Manutencoop Facility Management S.p.A. acquired the entire equity interest in Acea Luce S.p.A. (now Società Manutenzione Illuminazione S.p.A.) for Euro 3,000 thousand. The acquisition costs, amounting to about Euro 146 thousand, were also capitalised.

As a consequence of a various claims emerging subsequent to the acquisition, as of 31 December 2008 the seller has been asked to reimburse the losses, given that the contract was assisted by a bank guarantee worth Euro 1,250 thousand. The amount of the reimbursement requested, Euro 1,023 thousand, relates to uncollectible receivables that were factored prior to the acquisition without the seller disclosing this fact to the buyer at the Closing date.

Manutenzione Installazione Ascensori S.p.A.

Manutenzione Installazione Ascensori S.p.A. was formed on 24 November 2008. Its objects are to design, manufacture, assemble, sell, install, maintain and repair lifts, as well as to maintain, repair and sell electrical installations for civil and industrial use. The company's share capital, fully subscribed and paid in by Manutencoop Facility Management S.p.A., amounts to Euro 5,000 thousand.

Gruppo Sicura S.r.l.

The acquisition of an 80% interest in Gruppo Sicura S.r.l. was completed on 30 December 2008. This operating company also holds equity investments in a group of companies that principally provide fire-prevention, safety and security services, as well as other facility management services, both in Italy and abroad.

The total cost of the acquisition was Euro 15,329 thousand, including Euro 184 thousand in purchase-related costs (legal expenses, financial consultancy and antitrust procedures).

The purchase consideration was paid to the sellers on completion of the transaction.

The contract also envisages:

- payment to the sellers of an additional price (earn-out) for the 80% interest acquired. This amount is payable, upon request from the sellers between 1 July 2014 and 30 June 2015, on condition that the normalised consolidated EBITDA of Gruppo Sicura for 2013 exceeds its normalised EBITDA for 2007;
- grant of a put option (by the buyer to the sellers, exercisable between 30 June 2014 and 30 June 2015) and a call option (by the sellers to the buyer, exercisable between 1 July 2015 and 1 July 2017) for the transfer of the remaining 20% of the quota capital.

The additional price for the 80% interest acquired and the exercise price of the options over the residual 20% will both be determined with reference to the updated valuation of the investment at the time the sellers request payment in the first case, and at the option exercise date in the second case.

The updated valuation of the investment will be determined as a multiple (determined in the contract or, if MFM S.p.A. is listed at that time, by reference to its average market price over the preceding three months) of the normalised consolidated EBITDA for 2013, less the consolidated net financial position of Gruppo Sicura S.r.l. as of 31 December 2013.

Pursuant to current accounting standards, the present value of the additional price payable (earn-out) should have been recognised as a financial liability in these financial statements, had the amount concerned been determinable on a reliable basis.
Management believes it likely that the earn-out will be payable (EBITDA 2013 greater than EBITDA 2007), but, on preparing the financial statements as of 31 December 2008, did not have enough information to be able to estimate reliably the amount of such purchase price adjustment.
Accordingly, the related financial liability has not been recognised.

At this time, it is objectively impossible to make a reliable estimate of the above amount due to a number of factors listed below:

- the significant time interval between now and the date on which such amounts will be determined,
- the large number of significant variables involved in the valuation concerned,
- the poor predictability of these significant variables, especially with regard to the implied multiple to be used,
- the need for MFM management to become familiar with the normal business drivers in a sector that is new to the Group.

In order to provide full and complete information about this transaction, it is possible to determine the financial liability that would have been recognised in these financial statements in the absence of the above uncertainties. This amount would have been equal to the present value of the difference between the updated valuation of 80% of the investment (calculated using the 2013 data and the applicable multiple) and the amount paid in 2008 for this investment.
Accordingly, should the updated valuation of the investment be the same as its current value, the financial liability associated with the earn-out would be zero. If, on the other hand, consistent with the expectations of Group management, the financial and operating performance of the Sicura Group leads to a higher updated valuation for the investment, then the liability to be recognised would be greater by the present value of such difference.

Pirelli Group

On 23 December 2008, Manutencoop Facility Management S.p.A. acquired the entire equity interest in Pirelli RE Integrated Facility Management BV (Pirelli Group). This purchase was completed after performing commercial and accounting due diligence with regard to Pirelli RE IFM and obtaining the necessary antitrust authorisations.
The closing followed signature of the preliminary contract with Pirelli & C. Real Estate S.p.A. and Intesa Sanpaolo S.p.A. on 5 November 2008.
The above transaction enables the Manutencoop Facility Management Group to further strengthen its position as Italy's leading operator in the Integrated Facility Management sector, as well as embark on a strategy of growth and expansion at a European level.
The consideration (Equity Value) paid for the entire equity interest in Pirelli RE Integrated was Euro 137,500 thousand, compared with an Enterprise Value of Euro 270,000 thousand.

M.P. Facility S.p.A.

Following the acquisition of the Pirelli Group, M.P. Facility S.p.A. has become a subsidiary rather than a joint venture, since Altair S.p.A. (formerly Integra S.p.A.) held the other 50% interest.

Servizi Sportivi Brindisi Soc. Cons. a r.l.

Servizi Sportivi Brindisi Soc. Cons. a r.l. was formed on 12 February 2008 to provide caretaking, cleaning and routine maintenance services for the sporting facilities within the Municipality of Brindisi, for a period of five years. The capital subscribed and paid in by Manutencoop Facility Management S.p.A., Euro 5 thousand, represents 50% of the company's quota capital.

Como Energia Soc. Cons. a r.l.

On 27 November 2008, Manutencoop Facility Management S.p.A. acquired an additional equity interest in Como Energia Soc. Cons. a r.l. for Euro 69 thousand, thereby raising its holding in the company from 20% to 29%.

Bologna Gestione Patrimonio Soc. Cons. a r.l.

Bologna Gestione Patrimonio Soc. Cons. a r.l. was formed on 29 May 2008. The capital subscribed and paid in by Manutencoop Facility Management S.p.A., Euro 5.5 thousand, represents 27.58% of the company's quota capital.

Servizi Napoli 5 Soc. Cons. a r.l.

Servizi Napoli 5 Soc. Cons. a r.l. was formed on 10 June 2008 to provide cleaning and sanitation services for hospitals, health centres and administrative offices for the Napoli 5 Local Health Authority (ASL) at Castellammare di Stabia (Naples). The capital subscribed and paid in by Manutencoop Facility Management S.p.A., Euro 4.5 thousand, represents 45% of the company's quota capital.

Costruzione Manutenzione Immobili S.r.l.

On 15 July 2008, Manutencoop Facility Management S.p.A. completed the purchase of an interest in Costruzione Manutenzione Immobili – CO.MI. Srl (40%). The purchase price, Euro 2,800 thousand, was paid in full and the related legal, notarial and accounting costs amounted to Euro 6.7 thousand.

Edex S.r.l.

On 31 July 2008, Manutencoop Facility Management S.p.A. subscribed for 45% of the capital of Edex S.r.l. This company's objects comprise the design, development, sale, lease, installation, commercialisation, rental and maintenance of software and hardware, and equipment for communications, telecommunications and security; the study and provision of consultancy and other services for the strategic, organisational and technological transformation of customer organisations in the public and private sectors; examination of the competitive objectives of customer organisations, in order to identify and propose analytical approaches and solutions for operational problems, plan the related work, and determine the skills and resources required.

8.2 Analysis of the recoverability of carrying value

The Company has analysed the recoverability of equity investments whose carrying values contain an element of goodwill, excluding those acquired during the last quarter of 2008:

- Servizi Ospedalieri S.p.A. and Omasa S.p.A.;
- MCB S.p.A.;
- MP Facility S.p.A.;
- Teckal S.p.A.

The impairment of Servizi Opedalieri S.p.A. and Omasa S.p.A. was considered together since, on 17 February 2009, the Boards of these companies decided to prepare a merger proposal leading to the absorption of Omasa S.p.A. by Servizi Ospedalieri S.p.A. This merger will concentrate within one company the management of sterilisation units for surgical instruments, being the sector in which Omasa S.p.A. is active, thus completing the process of integration that began with the acquisition of Omasa S.p.A. by the Manutencoop Group. The transaction would allow the presentation of a one-stop solution for the provision of laundering and sterilisation services to health sector operators, guaranteeing them a wide range of services from the future market leader, not least in terms of scale. The merger will be completed by 30 June 2009.

The impairment test performed considering Servizi Ospedalieri S.p.A. and Omasa S.p.A. as a single legal entity, given the planned merger discussed above, referred to the cash flow projections contained in the latest financial plan covering a period of four years. The discounting rate applied to the forecast cash flows was 7.5% and the cash flows were extrapolated using a constant growth rate of 1%. This analysis confirmed that recoverable value of the above CGUs significantly exceeds the related carrying amounts.

The impairment tests of the investments in MCB S.p.A, MP Facility S.p.A. and Teckal S.p.A. were performed by comparing their carrying amounts with the related recoverable values determined with reference to their value in use. The calculations were performed using the cash flow projection contained in the latest financial plan, which covers a time period of four years. The discounting rate applied to the forecast cash flows was 7.4% (2007: 7.8%) and the cash flows were extrapolated using a constant growth rate of 2%. This analysis confirmed that recoverable value of the above CGUs significantly exceeds the related carrying amounts.

9. OTHER EQUITY INVESTMENTS (LONG TERM)

(in thousands of Euro)	2008	2007
Other equity investments	1,094	476
TOTAL	1,094	476

The investments in companies that are not subsidiaries or associates are held for strategic-productive reasons: these investments are all associated with production sites and, in addition, they principally represent holdings in consortiums formed for the allocation of costs. This caption is measured at purchase or formation cost, since there is no active market in these securities which, in most cases, cannot be freely sold to third parties due to rules and agreements that effectively prevent their transfer. This valuation method is however deemed to approximate the fair value of these investments.
The increase during the year primarily relates to the payment made, Euro 610 thousand, for a future capital increase by Genesi 1 S.p.A., a project company.

10. NON-CURRENT FINANCIAL RECEIVABLES AND OTHER SECURITIES

(in thousands of Euro)	2008	2007
Non-current financial receivables and other securities	965	19,112
TOTAL	965	19,112

The loans made to certain consortiums are interest-free, having been granted proportionately by each consortium member; accordingly, they have been discounted with reference to the expected residual maturities, applying Eurirs for loans due beyond 12 months and Euribor for those due within 12 months uplifted by 0.5%. The reduction in the value of loans granted was mainly due to repayment of the interest-earning loan made to Servizi Ospedalieri S.p.A. in the prior year.

11. OTHER NON-CURRENT RECEIVABLES AND ASSETS

(in thousands of Euro)	2008	2007
Other non-current receivables and assets	753	596
TOTAL	753	596

The other financial assets mainly comprise guarantee deposits relating to certain commercial contracts.

12. INVENTORIES

(in thousands of Euro)	2008	2007
RAW MATERIALS (AT COST)	1,262	1,511

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

13. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

(in thousands of Euro)	2008	2007
Due from third-party customers	201,011	172,770
Due from subsidiaries	32,774	18,164
Due from associates and joint ventures	21,344	31,214
Due from parent companies	592	148
Advances to suppliers	736	1,101
TOTAL TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	256,457	223,397

Amounts due from customers do not earn interest and are generally contractually collectible within 30-90 days. Since the large majority of customers are public bodies, which notoriously pay very late, the amounts due from customers have been discounted using a risk-free rate of 2.85% (4.12% in 2007) over the time period between the average delay in collection declared by competitors and the delay experienced by the Company during the year.

(in thousands of Euro)	Opening balance	Allowance	Utilisation	Closing balance
Provision for discounting of receivables	793	518	(793)	518

Doubtful receivables that may not be fully recoverable are covered by a specific allowance for doubtful accounts, which is deemed adequate with respect to known disputes as of 31 December 2008:

(in thousands of Euro)	Opening balance	Allowance	Combinations	Utilisation	Closing balance
Allowance for doubtful accounts	3,512	77	26	(1,118)	2,497

The terms and conditions applying to the amounts due from related parties are discussed in note 37.
The ageing of trade receivables as of 31 December 2008, net of the allowance for doubtful accounts and gross of the discounting provision, is presented in the following table:

(in thousands of Euro)	Not overdue	Overdue	Residual written down receivables	Total
As of 31/12/2008	194,577	58,224	4,174	256,975
As of 31/12/2007	125,864	45,403	6,740	178,007

As in the prior year, the assignment of trade receivables to Calyon S.A. Corporate & Investment Bank continued during 2008 in order to release resources to support the industrial expansion of the Company. This contract has a one-year term, renewable for 5 years, and envisages the factoring of receivables on a quarterly basis under a revolving facility.

During 2008, receivables amounting in total to Euro 198,375 thousand were sold without recourse on 26/03/2008, 26/06/2008, 23/09/2008 and 19/12/2008. Given the characteristics of the operation, the assigned receivables have been derecognised and the costs of the credit discount, Euro 786 thousand, and the interest discount, Euro 4,901 thousand, totalling Euro 5,387 thousand, were charged to the income statement. Considering historical experience with the debtors concerned, the credit collection risk is extremely low while the risk of late payment is more significant given that the amounts are due from public bodies.
The trade receivables assigned as of 31 December 2008, but not already collected at that date, amount to Euro 67,983 thousand.
As part of the factoring operation, the Company has given a guarantees with a nominal value of Euro 8,947 thousand; in view of the characteristics of the operation and the available impediments to collection against the guarantee, the fair value of the guarantee is estimated to be Euro 55 thousand.

14. OTHER CURRENT RECEIVABLES

(in thousands of Euro)	2008	2007
Due from employees	78	49
Due from suppliers	98	256
Due from social security institutions	192	135
Due from parent company	3	2
Due from subsidiaries	195	0
Bank accounts – INPDAP	2,176	2,117
Settlement regarding investment in Teckal S.p.A.	0	384
VAT recoverable	64	834
Other	663	279
Roundings	1	0
TOTAL OTHER CURRENT RECEIVABLES	3,470	4,056

The amount of Euro 2,176 thousand relates to the current account balances 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 by B.S.M. S.r.l., which was absorbed during 2006.
Other receivables include Euro 312 thousand due in relation to temporary business associations in which Manutencoop Facility Management S.p.A. is the principal partner.

15. OTHER CURRENT FINANCIAL ASSETS

(in thousands of Euro)	2008	2007
Servizi Marche Soc.cons.r.l.	12	12
Consorzio Imolese Pulizie Soc.cons.r.l.	36	36
Gymnasium Soc.cons.r.l.	7	7
Gestlotto6 Soc.cons.r.l.	20	20
Consorzio Igiene Ospedaliera Soc.cons.r.l.	665	665
Consorzio Pulizie Veneto Soc.cons.r.l.	40	20
Omasa S.p.A.	2,748	2,683
Minati Service S.r.l.	0	745
Teckal S.p.A.	0	1,500
Società Manutenzione Illuminazione S.p.A.	210	0
Altair S.p.A.	60,448	0
Global Prov. Rimini Soc. cons. a r.l.	170	0
Società Manutenzione Illuminazione S.p.A.	1,023	0
Dividends to be collected	1,250	0
Roundings	2	0
TOTAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	66,631	5,688

This caption includes the current accounts with Group companies used to settle financial transactions, as well as the dividends due from MCB S.p.A. as of 31 December 2008. The credit balance at year end is Euro 66,630 thousand, while the increase during the year was mainly due to the loan granted to Altair S.p.A. The current account balance earns interest at 3-month Euribor plus a spread of 0.5% and is repayable on demand. The related contract expires on 31 December 2008, unless automatically renewed.

16. CASH AND CASH EQUIVALENTS

(in thousands of Euro)	2008	2007
Demand deposits and cash	14,451	16,741
Treasury accounts	6,011	10,705
TOTAL CASH AND CASH EQUIVALENTS	20,462	27,446

Bank deposits earn interest at the respective short-term rates. The amounts deposited with Consorzio Cooperativo Finanziario per lo Sviluppo (C.C.F.S.) and Consorzio Nazionale Servizi (C.N.S.) are readily available and earn interest.
The fair value of cash and cash equivalents is therefore Euro 20,462 thousand (2007: Euro 27,446 thousand).
The Company has unused lines of credit totalling Euro 113,083 thousand as of 31 December 2008 (2007: Euro 83,639 thousand) and has always complied with the related terms and conditions.

For the purposes of the cash flow statement, cash and cash equivalents as of 31 December 2008 are analysed as follows:

(in thousands of Euro)	2008	2007
Demand deposits and cash	20,462	27,446
Bank overdrafts	0	0
TOTAL	20,462	27,446

17. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	2008	2007
ORDINARY SHARES, PAR VALUE EURO 1 EACH	109,150	77,964

On 11 December 2008, the Shareholders' Meeting authorised an increase in share capital by Euro 31,186 thousand, from Euro 77,964 thousand to Euro 109,150 thousand, via the issue of 31,185,600 shares, par value Euro 1.00 each, with a premium of Euro 4.772 each. The total increase, rounded, was therefore Euro 148,814 thousand.
Of the new shares, 502,434 were taken up by the previous sole shareholder, Manutencoop Società Cooperativa, while the remaining 30,683,166 shares were subscribed for by new investors.
Subscribed share capital is fully paid as of 31 December 2008.
The Company does not own any treasury shares, and did not hold any in the current or prior year.

ORDINARY SHARES, ISSUED AND FULLY PAID	NUMBER
As of 1 January 2005	47,472,000
Issued on 1 January 2005	49,818,000
Issued on 31 January 2005	19,674,000
As of 31 December 2006	116,964,000
Cancellation of shares on 5 December 2007	39,000,000
As of 31 December 2007	77,964,000
Issued on 11 December 2008	31,185,600
As of 31 December 2008	109,149,600

Retained earnings (losses)

(in thousands of Euro)	Legal reserve	Share premium	Other reserves	Total reserves	Retained earnings (losses)
As of 31 December 2006	4,940	0	(49,537)	(44,597)	2,502
Allocation of 2006 results	6,394	0	0	6,394	432
Utilisation on 5/12/2007	(7,603)	0	49,535	41,932	(2,934)
As of 31 December 2007	3,731	0	2	3,733	0
Effects of change in accounting policy (TFR)	0	0	(3,809)	(3,809)	1,326
As of 31 December 2007 restated	3,731	0	(3,807)	(76)	1,326
Allocation of 2007 results	10,585	0	0	10,585	0
Capital increase	0	143,685	0	143,685	0
Effect of Sorie method	0	0	1,563	1,563	0
Combination of entities under common control	0	0	(366)	(366)	2,483
Rounding	0	2	0	2	0
As of 31 December 2008	14,316	143,687	(2,610)	155,393	3,809

The "Effect of Sorie method" caption includes the recognition in equity of actuarial gains and losses totalling Euro 1,563 thousand, net of tax effect, while the "Combination of entities under common control" caption includes goodwill of Euro 365 thousand, net of tax effect, recognised on acquisition of the Astrocoop line of business, as discussed elsewhere.

Nature and purpose of other reserves

IFRS transition reserve

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

(in thousands of Euro) Nature/description	Amount	Utilisation options	Portion available	Summary of usage in past 3 years	
				To cover losses	Other reasons
Capital	109,150				39,000
Capital reserves:					
- Share premium reserve	143,685				15,056
Profit reserves:					
- Legal reserve	14,316	B			7,603
- IFRS transition reserve	(2,610)	B			1,373
Retained earnings (losses)	3,809				2,934
TOTAL	268,350				65,966
Non-distributable portion	24,441				
Distributable portion	134,759				

Key

Possible uses: A: increase capital / B: cover losses / C: distribute to shareholders

18. EMPLOYEE BENEFITS AND PENSION FUNDS

The Company has no defined benefit pension plans, in the strict sense.
However, the employee severance indemnities (TFR) 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.
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.
The net cost of the benefits, classified among the payroll costs, is analysed below.

(in thousands of Euro)

TFR	2008	2007
Cost of benefits earned (current service cost)	0	(1,062)
Financial charges on outstanding obligations	712	700
Net actuarial losses (gains) recognised in the year	0	0
Other defined contribution benefits	5,969	4,868
NET COST OF BENEFITS	6,681	4,506

The 2008 actuarial gains, Euro 2,155 thousand, are not included in the net cost of benefits since they have been recognised in equity, as described in note 2.2.
There are no assets servicing the plan.

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

(in thousands of Euro)

TFR	2008	2007
Opening present value of the defined benefit obligation	16,454	17,342
Increase due to business combinations	1,146	0
Benefits paid	(2,699)	(3,800)
Cost of benefits earned (current service cost)	0	(1,062)
Financial charges on outstanding obligations	712	700
Actuarial (gains) losses	(2,156)	3,274
Roundings	(2)	0
Closing present value of the defined benefit obligation	13,455	16,454

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

	2008 (%)	2007 (%)
Discount rate	5.70%	4.80%
Inflation rate	2.00%	2.50%
Future wage increases	N/A	N/A
Employee turnover	10.00%	13.00%

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

	2008	2007
Executives	8	8
Clerical staff	257	254
Manual workers	7,789	6,723
EMPLOYEES	8,054	6,985
Executives	16	13
Clerical staff	247	217
Manual workers	349	332
ON SECONDMENT	612	562

19. PROVISIONS FOR RISKS AND CHARGES

(in thousands of Euro)	Testing and work performed	Litigation	Employee bonuses	Losses on equity investments	Total
As of 1 January 2008	602	332	352	0	1,286
Provisions for the year	0	725	259	2	986
Utilisations	(184)	0	(305)	0	(489)
As of 31 December 2008	418	1,057	306	2	1,783
Short term 2008	0	0	306	2	308
Long term 2008	418	1,057	0	0	1,475
TOTAL	418	1,057	306	2	1,783
Short term 2007	184	0	352	0	536
Long term 2007	418	332	0	0	750
TOTAL	602	332	352	0	1,286

Provision for risks in relation to testing and work performed

The amount of Euro 418 thousand covers risks inherent to a property management contract with the Municipality of Milan that requires tenant approval of the statement of administration costs incurred. At year end, this provision is considered adequate since it was calculated with reference to the outcome of disputes arising on approval of the statements of account for 2004-2005; accordingly, no further provisions have been made.

Provision for litigation in progress

The risk of having to make settlements in relation to the litigation 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 contributed to the Company on 30 December 2003. In relation to the employees transferred on contribution 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 contribution 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. This provision has been increased by Euro 725 thousand.

Employee bonuses

The estimated cost of Euro 306 thousand has been provided to cover the management performance bonuses that are likely to be paid, although the exact amounts have not yet been determined.

20. LOANS

(in thousands of Euro)	EFFECTIVE INTEREST RATE %	MATURITY	2008	2007
SHORT AND LONG TERM				
BNP-Unicredit loan	Euribor 3m +1.75*	23/12/2014	73,780	0
C.C.F.S. loan	Euribor 3m +1.00	29/07/2013	30,000	0
Bank overdrafts	4.08	On demand	7,889	96,268
Hot money	Euribor + 0.50/0.90	09/01/2009-26/01/2009	45,363	0
Commercial paper	4.05-5.60	09/01/2009-10/03/2009	9,667	0
Parent/Subsidiary I/C accounts	Euribor 3m +0.5	31/12/2009	29,318	66,025
Finance lease obligations	Euribor 3m + 0.90	2009-2013	1,067	1,391
Consorzio Nazionale Servizi/Consorzio Coop.Costruzioni	8.00	31/12/2009	189	143
TOTAL LOANS			197,273	163,827

*The spread on loans depends on changes in certain financial parameters, which are checked every six months.

BNP-Unicredit loan

Following the acquisition of Integra FM BV (formerly Pirelli & C. FM BV) on 23 December 2008, Manutencoop Facility Management S.p.A. and Altair S.p.A. (formerly Integra S.p.A.) arranged a syndicated loan for Euro 180 million with Banca Nazionale del Lavoro, acting as agent bank. This loan, designed to consolidate the Group's borrowing and rationalise that of the newly-acquired Altair Group, is sub-divided into various lines of credit:

- Euro 60 million reserved for Altair IFM S.p.A.;
- Euro 90 million reserved for MFM S.p.A.;
- Euro 30 million utilisable by either company.

The loan bears interest on the various lines of credit at floating rates linked to 3-month Euribor, plus a spread that depends on changed in certain financial parameters. As of 31 December 2008, the Company has drawn down a total of Euro 75 million.

The loan contract also requires compliance with a series of financial covenants based on parameters calculated with reference to the consolidated financial statements, as adjusted to take account of new acquisitions and all other non-recurring items, and restricts the payment of dividends.

Failure to comply with the above covenants would, under the terms of the contract, mean loss of the right to enjoy extended payment terms for the loans obtained.

The parameters were met at the time the contract was signed (23 December 2008).

Based on the preliminary information currently available to management, the above financial parameters are also met as of 31 December 2008.

Overdrafts and hot money

Bank overdrafts and 'hot money' short-term bank loans are not guaranteed.

Parent/Subsidiary I/C accounts

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

Finance lease obligations

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

Treasury current accounts with Consortiums

These treasury accounts bear interest and are repayable on demand. They are mainly used to settle transactions between the Company and the consortiums concerned. These accounts normally have a credit balance, in which case they are classified together with liquid funds.

21. OTHER CURRENT FINANCIAL LIABILITIES

(in thousands of Euro)	2008	2007
Financial liabilities at fair value	55	51
Collections on behalf of the factor	6,066	8,746
Capital payable to affiliates	4,156	-
Due on the purchase of lines of business	2,989	-
TOTAL OTHER CURRENT FINANCIAL LIABILITIES	13,266	8,797

The "Other current financial liabilities" caption includes the payable to Calyon S.A. Corporate & Investment Bank for amounts paid into the Company's bank accounts by customers in settlement of invoices assigned to the bank, as described in note 13. This type of payable is normally settled by bank transfer every 15 days.
The amounts due on the purchase of lines of business related to acquisition of the SEC line of business.

22. TRADE AND OTHER CURRENT PAYABLES

(in thousands of Euro)	2008	2007
Trade payables	113,539	88,578
Trade payables – subsidiaries	9,174	14,292
Trade payables – associates and joint ventures	24,033	18,508
Trade payables – parent companies	10,347	7,484
Due to customers for work to be performed	2,094	1,999
Due to employees	20,806	18,555
Due to social security institutions	2,952	2,661
Due to tax authorities	22,670	19,360
Other amounts due to subsidiaries	5	10
Collections for temp. associations	8,965	5,720
Capital payable to affiliates	0	1
Emoluments due to directors	32	79
Property collections for customers	2,176	2,117
Other	991	854
Roundings	1	
TOTAL TRADE AND OTHER CURRENT PAYABLES	217,785	180,218

The ageing of trade payables as of 31 December 2008 is presented in the following table:

(in thousands of Euro)	TOTAL	NOT YET PAYABLE	NOT DUE
As of 31/12/2008	115,418	43,771	159,189
As of 31/12/2007	96,086	34,776	130,862

Terms and conditions relating to the above liabilities

The terms and conditions governing transactions with related parties are described in note 37. Trade payables do not bear interest and, on average, are settled 70 days from the invoice date. Other payables do not bear interest and are generally settled after 30 days, except for the amounts due to employees for 14th-month wages and salaries and untaken holidays, which are settled after 6 months on average, and for the VAT payable to the tax authorities on deferred terms, which is settled when the related receivables are collected.

23. SEGMENT REPORTING

Following deferral of the listing process, the Company is not required to provide segment information but, nevertheless, has decided to make the related disclosures in the consolidated financial statements.

24. REVENUES FROM SALES AND SERVICES

(in thousands of Euro)

REVENUES FROM SALES AND SERVICES	2008	2007
Cleaning and sanitation services	197,855	196,655
Heat management	74,778	70,454
Integrated maintenance services – plant and buildings	54,163	45,127
Construction, renovation of buildings	49,056	48,049
Maintenance of green areas	8,583	12,333
Porterage services	4,094	2,886
Plant installation work	4,650	2,828
Cemetery services	868	550
Ecology services	15	88
Property management	1,717	3,101
Revenues from sales of products	18	0
Other services	32,921	29,479
TOTAL REVENUES FROM SALES AND SERVICES	**428,718**	**411,550**

Pursuant to art. 5.1.b of Decree 221/2003, it is confirmed that the Company's shareholders' equity is 69 times greater than the 2008 sales of the "porterage" sector.

25. OTHER REVENUES AND INCOME

(in thousands of Euro)

OTHER REVENUES AND INCOME	2008	2007
Grants	54	33
Loss reimbursements	261	125
Gains on disposal of fixed assets	17	15
Other revenues	263	223
TOTAL OTHER REVENUES AND INCOME	**595**	**396**

The grants received in 2008 include Euro 7 thousand for the hiring of differently-able workers and Euro 47 thousand for the creation of a training programme covering safety at work. The grants relating to safety at work have been recognised on a cost-to-cost basis, since the costs for this training programme have not been fully incurred as of year end.

26. RAW MATERIALS AND CONSUMABLES

(in thousands of Euro)

RAW MATERIALS AND CONSUMABLES	2008	2007
Changes in inventories of raw materials	(250)	74
Purchase of fuel	(28,521)	(22,402)
Purchase of raw materials	(25,062)	(20,967)
Purchase of ancillary and consumable materials	(4,434)	(3,362)
Other purchases	(2,377)	(2,045)
TOTAL RAW MATERIALS AND CONSUMABLES	(60,644)	(48,702)

The increase in the cost of fuel reflects the higher average purchase price paid, as well as an increase in volume.

27. SERVICES

(in thousands of Euro)

COST OF SERVICES	2008	2007
Services received	(105,526)	(99,373)
Consortium services	(21,491)	(36,022)
Maintenance and repair of equipment	(2,243)	(1,994)
Professional services	(15,461)	(17,344)
Transport	(2,445)	(1,418)
Advertising and promotion	(1,331)	(1,321)
Rebates and commissions	(23)	(2)
Insurance and guarantees	(1,935)	(1,307)
Banking services	(68)	(62)
Utilities	(3,473)	(3,127)
Emoluments of directors and statutory auditors	(1,219)	(877)
Travel and expense reimbursements	(1,666)	(1,172)
Personnel services	(3,211)	(2,520)
Other services	(2,388)	(2,323)
Rental expense	(4,084)	(3,463)
Hire and other charges	(1,183)	(451)
TOTAL SERVICES	(167,748)	(172,776)

28. PAYROLL COSTS

(in thousands of Euro)

PAYROLL COSTS	2008	2007
Wages and salaries	(97,149)	(88,536)
Social security charges	(30,137)	(27,717)
Temporary and seconded personnel	(26,227)	(22,993)
Other current benefits	(0)	0
Current benefits	**(153,514)**	**(139,246)**
Employee severance indemnities	(499)	362
Defined benefits	**(499)**	**362**
Payments to employee pension funds	(5,969)	(4,868)
Defined contribution benefits	**(5,969)**	**(4,868)**
Termination benefits	**(6)**	**(339)**
TOTAL PAYROLL COSTS	**(159,987)**	**(144,091)**

The costs of temporary and seconded personnel are all classified as current benefits.
The comparative employee severance indemnities as of 31 December 2007 are presented after giving retroactive effect to the change in accounting policy described in note 3. Accordingly, the 2007 actuarial loss of Euro 3,274 thousand has been deducted from the provision for that year.

29. OTHER OPERATING COSTS

(in thousands of Euro)

OTHER OPERATING COSTS	2008	2007
Losses on receivables	(786)	(924)
Losses on disposal of fixed assets	(35)	(11)
Losses on disposal of equity investments	0	(4)
Indirect taxes	(189)	(183)
Fines and penalties	(306)	(521)
Other operating charges	(2,666)	(1,375)
TOTAL OTHER OPERATING COSTS	**(3,981)**	**(3,018)**

The increase in other operating charges mainly relates to entertaining expenses, contract costs, membership fees and a settlement of Euro 277 thousand paid during the year.

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

(in thousands of Euro)

DEPRECIATION, AMORTISATION, WRITE-DOWNS AND WRITE-BACKS	2008	2007
Depreciation of property, plant and equipment	(1,655)	(1,469)
Depreciation of leased property, plant and equipment	(489)	(578)
Amortisation of intangible assets	(2,016)	(1,339)
Write-down of receivables	(77)	(1,687)
Write-down of investments in Group companies	(64)	(121)
Release from allowance for default interest	93	15
Other write-downs	(1)	0
TOTAL DEPRECIATION, AMORTISATION, WRITE-DOWNS AND WRITE-BACKS	(4,209)	(5,179)

31. DIVIDENDS, INCOME AND CHARGES FROM DISPOSAL OF EQUITY INVESTMENTS

(in thousands of Euro)

	2008	2007
DIVIDENDS	6,959	4,890

Dividend income for the year comprises Euro 6,809 thousand from Group companies and Euro 150 thousand from C.C.F.S and CO.VE.DI.

(in thousands of Euro)

COMPANY	2008	2007
M.P. Facility S.p.A.	1,595	-
Roma Multiservizi S.p.A.	3,526	2,637
M.C.B. s.r.l.	1,688	2,250
TOTAL DIVIDENDS FROM GROUP COMPANIES	6,809	4,887

32. FINANCIAL INCOME

(in thousands of Euro)

FINANCIAL INCOME	2008	2007
Bank interest	63	53
Interest on I/C and settlement accounts	871	561
Interest on trade receivables	848	455
Discounting interest on interest-free loans	1,356	1,624
Other financial income	2	30
TOTAL FINANCIAL INCOME	3,140	2,723

33. FINANCIAL CHARGES

(in thousands of Euro)

FINANCIAL CHARGES	2008	2007
Bank loans and current account overdrafts	(6,768)	(2,371)
Other loans	(911)	(110)
Financial charges on finance leases	(76)	(68)
Financial charges on Group treasury accounts	(2,102)	(1,586)
Other financial charges	(5,269)	(8,225)
Charges for derivative instruments	(4)	(51)
TOTAL FINANCIAL CHARGES	(15,131)	(12,411)

"Other financial charges" include the interest discount costs incurred on the factoring of receivables during the year ended 31 December 2008, Euro 4,901 thousand, as described in note 13.

34. TAXATION

Income taxes for the years ended 31 December 2008 and 2007 are analysed as follows:

(in thousands of Euro)

INCOME STATEMENT	2008	2007
CURRENT TAXES		
Current taxation	(11,976)	(16,081)
Adjustments to current taxation in relation to prior years	(215)	(19)
Tax group income	0	37
DEFERRED TAXES		
Temporary differences arising and reversing	457	(126)
INCOME TAXES IN INCOME STATEMENT	(11,734)	(16,189)
CHANGES IN SHAREHOLDERS' EQUITY		
Deferred taxation relating to items recorded directly as part of shareholders' equity	0	0

The income tax charge for the year was determined after disallowing costs of Euro 5,115 thousand incurred in 2008 in relation to the capital increase that took place during the year. Pursuant to para. 37 of IAS 32, these costs were deducted from shareholders' equity. At the time of approving these financial statements, there are doubts about the correct tax treatment of these costs, since the Decree of the Ministry of the Economy and Finance, establishing enabling regulations for the provisions contained in paras. 58 and 59 of art. 1 of Law 244 dated 24 December 2007, 244, on how to determine the income of entities required to adopt international accounting standards (the "Decree"), has not yet been approved (currently under review by the Council of State). Accordingly, as stated, the Company has decided to treat these costs as non-deductible.
The treatment of the above costs as non-deductible might be deemed discriminatory with respect to companies that do not adopt international accounting standards, however the above decision was taken by the Company more on the grounds of prudence than as an interpretation of current regulations.
This said, the Company will analyse the situation further as soon as the legislation has been clarified to the extent necessary and appropriate.

For completeness, had these costs been treated as deductible in the 2008 income tax declaration, the tax charge for the year would have been lower by Euro 1,606 thousand. This outcome will be reviewed with reference to the above legislation not yet approved and the related interpretations that will emerge.
Reported IRES income taxes are reconciled below with the theoretical taxes calculated by applying the tax rate in force for the years ended 31 December 2008 and 2007 to the related profit before taxation:

(in thousands of Euro)

	2008		2007	
RESULTS BEFORE TAXATION	**26,728**		**32,921**	
Standard tax rate		27.5%		33%
Effect of tax disallowances (allowances):				
• Temporary differences	650		1,716	
• Permanent differences	(4,258)		(5,509)	
IRES taxable income	**23,120**		**29,128**	
TAX / EFFECTIVE TAX RATE	**6,358**	**23.79%**	**9,612**	**29.20%**
RESULTS BEFORE TAXATION	**26,728**		**32,921**	
Standard tax rate		3.90%		4.25%
Uplift for Regions with deficit		4.73%		5.25%
Effect of tax disallowances (allowances):				
• Payroll costs	159,987		147,365	
• Results of financial management	5,031		4,798	
• Differences (temporary and permanent)	4,827		3,002	
IRAP taxable income, gross	**196,573**		**188,087**	
Deductions	58,463		40,433	
IRAP taxable income, net	**138,110**		**147,654**	
TAX / EFFECTIVE TAX RATE	**5,830**	**21.81%**	**6,469**	**19.65%**

Deferred taxes

Deferred taxation as of 31 December is analysed below:

(in thousands of Euro)	BALANCE SHEET		INCOME STATEMENT	
	2008	2007	2008	2007
DEFERRED TAX LIABILITIES				
Depreciation for fiscal purposes	(968)	(1,736)	768	(154)
Measurement of work in progress on a cost-to-cost basis	(159)	(233)	74	176
Leasing for fiscal purposes	(6)	(6)	0	0
Provision for doubtful accounts for tax purposes	0	(165)	165	33
Default interest	(64)	0	(64)	8
Discounting of TFR	(187)	(187)	0	624
Dividends for 2008 not collected	(17)	0	(17)	0
Roundings	0	(1)	0	(1)
TOTAL DEFERRED TAX LIABILITIES	**(1,401)**	**(2,328)**	**926**	**686**
DEFERRED TAX ASSETS				
Tax depreciation of costs expensed	218	300	(82)	(178)
Leasing balloon payment	11	11	0	4
Discounting of financial receivables	101	102	(1)	74
Discounting of trade receivables	35	218	(183)	(212)
Disallowed equipment maintenance and repairs	77	114	(37)	(66)
Entertaining expenses	42	69	(27)	(2)
Provisions for risks and charges	465	456	9	411
Estimated losses on default interest charged	21	51	(30)	0
Allowance for doubtful accounts	341	341	0	0
Membership fees not paid	7	0	7	(50)
Write-down of investments on absorption of BSM S.r.l.	1	1	0	0
Merger difference on absorption of BSM S.r.l.	0	0	0	(4)
Professional services	0	110	(110)	0
Tax depreciation of costs recognised in equity	157	0	0	0
Deferred effect on TFR on change in accounting policy	0	0	0	(792)
Roundings	(1)	1	(3)	2
TOTAL DEFERRED TAX ASSETS	**1,475**	**1,774**	**(457)**	**(813)**

Deferred tax assets have been recognised in full since their recovery in future years is reasonably certain. The amounts reported reflect application of the 27.5% IRES rate and the 3.9% IRAP rate.
During 2008, the Company made the election allowed by art. 1.48 of Law 244 dated 24 December 2007 (the 2008 Finance Law). This law makes it possible to frank the difference between the reported and fiscal values for tangible and intangible assets deriving from off-book adjustments made in the years up to 31 December 2007. Pursuant to this legislation, the Company paid the first of three instalments of the related IRES/IRAP flat tax at the time of paying over the balance of the IRES and IRAP taxes due for the year ended 31.12.2007. This ensured fiscal recognition of the election with effect from the start of the tax period in progress at the time when the payment was made.

As a consequence of the payment of this flat tax on the off-book deductions, the tax charge for 2008 was lowered by Euro 607 thousand due to the franking of certain deductions that were made in prior years.

35. EARNINGS PER SHARE

The Company has decided to make the earnings per share disclosure solely in the consolidated financial statements, as envisaged in IAS 33.

DIVIDENDS	2008	2007
Proposed to the shareholders' meeting for approval *(not recorded as a liability as of 31 December)*		
Dividends on ordinary shares *(in thousands of Euro)*	4,039	3,664
Dividends per share *(in Eurocents)*	**3.7**	**4.7**

36. COMMITMENTS AND CONTINGENCIES

Finance leases

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

(in thousands of Euro)	2008	2008	2007	2007
	Instalments	Present value	Instalments	Present value
Within one year	523	492	532	491
Beyond one year, but within five years	593	575	934	900
Total lease instalments	1,116	1,067	1,466	1,391
Financial charges	(49)	0	(75)	0
PRESENT VALUE OF LEASE INSTALMENTS	**1,067**	**1,067**	**1,391**	**1,391**

Guarantees given

The Company has the following contingencies as of 31 December 2008:

- guarantees have been given for the bank overdrafts and obligations of subsidiaries and associates totalling a maximum of Euro 41,484 thousand (2007: Euro 10,551 thousand);
- guarantees have been given to third parties, regarding the performance of commercial contracts with customers, and to the Tax Authorities for VAT refunds. A performance guarantee worth Euro 8,947 thousand has been given to Calyon S.A. in relation to the contract for the assignment of trade receivables. Given the characteristics of this operation and the available impediments to collection against the guarantee, the fair value of the guarantee is estimated to be Euro 55 thousand.

The overall exposure deriving from guarantees given to third parties amounts to Euro 66,589 thousand. No liabilities are expected to emerge.

37. INFORMATION ABOUT RELATED PARTIES

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

PARENT COMPANY	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Manutencoop Soc. Coop.	2008	4,658	30,716	117	1,571	3,728	10,347	-	1,193	-
	2007	4,844	27,773	51	1,586	3,540	7,484	-	66,025	-
Total parent company	**2008**	**4,658**	**30,716**	**117**	**1,571**	**3,728**	**10,347**	**-**	**1,193**	**-**
	2007	**4,844**	**27,773**	**51**	**1,586**	**3,540**	**7,484**	**-**	**66,025**	**-**

SUBSIDIARIES	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Alisei S.r.l.	2008	1	1	-	-	-	1	-	-	2
	2007	8	27	-	-	3	13	-	-	-
B.S.M. S.r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
M.C.B. S.p.A.	2008	241	8	-	1	254	9	1,250	700	-
	2007	163	4	-	-	159	4	-	-	-
CO.GE.IM. Soc. Cons. a r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Simagest 2 Soc. Cons. a r.l.	2008	2,261	2,306	-	-	5,838	439	-	-	-
	2007	11,150	12,419	-	-	10,809	4,927	-	-	-
Simagest 3 Soc. Cons. a r.l.	2008	1,881	3,946	-	-	496	1,095	-	-	-
	2007	9,751	16,369	-	-	4,824	6,116	-	-	-
Gymnasium Soc. Cons. a r.l.	2008	-	5	-	-	1	22	7	-	-
	2007	-	5	-	-	1	16	7	-	-
Gestlotto 6 Soc. Cons. a r.l.	2008	3	6	-	-	6	18	20	-	-
	2007	2	9	-	-	2	9	20	-	-
Cons. Imolese Pulizie Soc. Cons. a r.l.	2008	39	90	-	-	19	39	36	-	-
	2007	32	81	-	-	35	77	36	-	-
Cons. Servizi Toscana Soc. Cons. a r.l.	2008	54	103	-	-	51	42	-	-	-
	2007	57	71	-	-	63	46	-	-	-
Servizi Marche Soc. Cons. a r.l.	2008	15	176	-	-	12	50	12	-	-
	2007	25	316	-	-	10	67	12	-	-
Cons. Igiene Ospedaliera Soc. Cons. a r.l.	2008	1,567	881	-	-	581	284	665	-	-
	2007	2,361	2,204	-	-	1,034	1,347	665	-	-
Co.Ge.F. Soc. Cons. a r.l.	2008	8,540	8,543	-	-	4,046	3,157	-	-	
	2007	24	142	-	-	25	142	-	-	-
Servizi Ospedalieri S.p.A.	2008	769	73	274	405	816	545	-	19,830	-
	2007	726	41	177	-	420	56	17,800	-	-

SUBSIDIARIES	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Luigi Minati Service S.r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	8	-	8	-	745	-	-
Omasa S.p.A.	2008	77	-	196	-	271	-	2,748	-	-
	2007	4	-	37	-	42	-	2,682	-	-
Servizi Brindisi Soc. Cons. a r.l.	2008	2,067	5,545	-	-	1,995	2,239	-	-	-
	2007	163	1,994	-	-	163	1,495	-	-	-
Teckal S.p.A.	2008	322	519	5	103	344	594	-	2,600	-
	2007	7	-	14	-	21	-	1,500	-	-
Gruppo Sicura S.r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Ingest Facility S.p.A.	2008	-	-	-	-	9	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Integra S.p.A.	2008	49	-	48	-	292	-	60,448	-	-
	2007	-	-	-	-	-	-	-	-	-
Manutenzione installazione ascensori S.p.A.	2008	50	-	-	23	50	23	-	4,995	-
	2007	-	-	-	-	-	-	-	-	-
Palmanova servizi energetici Soc. Cons. a r.l.	2008	214	1,528	-	-	139	297	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Sedda S.r.l.	2008	-	1	-	-	-	1	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Servizi L'Aquila Soc. Cons. a r.l.	2008	97	218	-	-	6	117	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Servizi sportivi Brindisi Soc. Cons. a r.l.	2008	141	415	-	-	141	236	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Sicura S.r.l.	2008	-	56	-	-	-	169	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Sicurama S.r.l.	2008	-	4	-	-	-	4	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Società manutenzione illuminazione S.p.A.	2008	87	-	1	-	88	-	210	-	-
	2007	-	-	-	-	-	-	-	-	-
MP Facility S.p.A.	2008	51,061	2	-	-	17,571	6	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Total subsidiaries	2008	69,536	24,426	524	532	33,027	9,385	65,398	28,125	2
	2007	24,474	33,684	236	-	17,618	14,317	23,468	-	-

JOINT VENTURES	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
MP Facility S.p.A.	2008	-	-	-	-	-	-	-	-	-
	2007	50,410	143	-	-	13,978	89	-	-	-
SO.GE.CA. Soc. Cons. a r.l.	2008	-	4	-	-	-	-	-	-	-
	2007	4	-	-	-	-	5	-	-	-
Legnago 2001 Soc. Cons. a r.l.	2008	599	1,171	-	-	527	1,208	-	-	-
	2007	512	1,137	-	-	440	791	-	-	-
Global Maggiore Bellaria Soc. Cons. a r.l.	2008	1,718	2,199	-	-	2,092	2,437	-	-	-
	2007	3,158	4,255	-	-	2,421	2,630	-	-	-
Gest Park Pordenone Soc. Cons. a r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Consorzio Leader Soc. Cons. a r.l.	2008	20	86	-	-	10	48	-	-	-
	2007	89	341	-	-	37	131	-	-	-
Servizi e Manutenzioni Soc. Cons. a r.l.	2008	-	3	-	-	-	-	-	-	-
	2007	5	5	-	-	37	5	-	-	-
Cons. Pulizie Veneto Soc. Cons. a r.l.	2008	415	270	-	-	146	42	40	-	-
	2007	761	371	-	-	444	220	20	-	-
SCAM Soc. Cons. a r.l.	2008	300	2,316	-	-	224	839	-	-	-
	2007	289	3,018	-	-	86	1,040	-	-	-
Total joint ventures	**2008**	**3,052**	**6,049**	**-**	**-**	**2,998**	**4,574**	**40**	**-**	**-**
	2007	**55,228**	**9,272**	**-**	**-**	**17,443**	**4,901**	**20**	**-**	**-**

ASSOCIATES	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Newco DUC Bologna S.p.A.	2008	20	7	-	-	18	7	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Gico Systems S.r.l.	2008	22	256	-	-	18	148	20	-	-
	2007	4	222	-	-	2	103	20	-	-
Consorzio Cooperativo Karabak Soc. Cons. a r.l.	2008	55	-	-	-	32	2	-	1	-
	2007	44	-	36	-	22	2	-	-	-
Se.Sa.Mo. S.p.A.	2008	4,471	19	49	-	5,945	11	606	-	-
	2007	4,457	8	46	-	6,990	2	606	-	-
Bologna Global Service Soc. Cons. a r.l.	2008	5	(6)	-	-	-	1	-	-	-
	2007	-	5	-	-	257	5	-	-	-
Global Provincia di RN Soc. Cons. a r.l.	2008	420	1.601	-	-	361	637	170	-	-
	2007	392	1,402	-	-	479	727	170	-	-
Consorzio Rizzoli Energia Soc. Cons. a r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-

ASSOCIATES	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Bologna Più Soc. Cons. a r.l.	2008	3,063	308	-	-	1,332	155	193	-	-
	2007	6,651	577	-	-	1,507	323	193	-	-
GE.IM.S. Soc. Cons. a r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Global Riviera Soc. Cons. a r.l.	2008	1,340	5,185	-	-	3,641	5,628	-	-	-
	2007	1,092	4,085	-	-	2,448	4,750	-	-	-
Como Energia Soc. Cons. a r.l.	2008	-	836	-	-	-	252	-	-	-
	2007	23	741	-	-	-	371	-	-	-
DUC Gestione Sede Unica Soc. Cons. a r.l.	2008	1,959	979	-	-	1,521	784	-	-	-
	2007	-	8	-	-	-	12	-	-	-
Cons.Energia servizi Bologna	2008	277	12	-	-	296	12	-	-	-
	2007	308	-	-	-	197	-	-	-	-
P.B.S. Soc. Cons. a r.l.	2008	-	2,680	-	-	-	1,706	-	-	-
	2007	-	2,624	-	-	-	1,504	-	-	-
Bologna Multiservizi Soc. Cons. a r.l.	2008	1,004	5,082	-	-	1,100	3,668	-	-	-
	2007	1,113	3,638	-	-	1,139	2,817	-	-	-
Roma Multiservizi S.p.A.	2008	1,194	3,382	-	-	1,700	3,206	-	-	-
	2007	1,088	3,646	-	-	827	3,159	-	-	-
Tower Soc. Cons. a r.l.	2008	110	884	-	-	35	357	61	-	-
	2007	46	111	-	-	46	111	-	-	-
Bologna gestione patrimonio Soc. Cons. a r.l.	2008	120	205	-	-	181	238	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Edex S.r.l.	2008	6	-	-	-	5	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Global Vicenza Soc. Cons. a r.l.	2008	767	2,451	-	-	767	1,531	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Servizi Napoli 5 Soc. Cons. a r.l.	2008	1,540	1,114	-	-	1,540	1,114	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Total associates	**2008**	**16,373**	**24,995**	**49**	**-**	**18,491**	**19,458**	**1,049**	**1**	**-**
	2007	**15,219**	**17,068**	**83**	**-**	**13,914**	**13,888**	**989**	**-**	**-**

SUBSIDIARIES of Manutencoop Soc. Coop.	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Manutencoop Immobiliare S.p.A.	2008	1,771	595	-	-	556	112	-	-	-
	2007	6,568	509	-	-	595	187	-	-	-
SIES S.r.l.	2008	3,443	-	-	-	1,736	-	-	-	-
	2007	2,398	-	-	-	2,487	-	-	-	-
Manutencoop Servizi Ambientali S.p.A.	2008	1,112	428	-	-	410	159	-	-	-
	2007	971	376	-	-	807	186	-	-	-
Cerpac S.r.l. in liquidation	2008	2	-	-	-	-	-	-	-	-
	2007	2	-	-	-	1	-	-	-	-
Flor Company S.r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	3	-	-	-	3	-	-	-
Total subsidiaries of Manutencoop Soc. Coop.	**2008**	**6,328**	**1,023**	**-**	**-**	**2,702**	**271**	**-**	**-**	**-**
	2007	**9,938**	**887**	**-**	**-**	**3,890**	**375**	**-**	**-**	**-**

ASSOCIATES of Manutencoop Soc. Coop. or other Group companies	Year	Revenues	Costs	Financial income	Financial charges	Trade and other receivables	Trade and other payables	Financial receivables	Financial payables	Provisions for risks and charges
Segesta S.r.l.	2008	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-
Consorzio Segantini	2008	11	-	-	-	5	-	-	-	-
	2007	11	-	-	-	5	-	-	-	-
Bar.S.A. S.p.A.	2008	126	-	-	-	38	-	-	-	-
	2007	126	-	-	-	126	-	-	-	
Total associates of Manutencoop Soc. Coop. or other Group companies	**2008**	**137**	**-**	**-**	**-**	**42**	**-**	**-**	**-**	**-**
	2007	**137**	**-**	**-**	**-**	**131**	**-**	**-**	**-**	**-**
TOTAL RELATED PARTIES	**2008**	**100,084**	**87,209**	**690**	**2,103**	**60,988**	**44,035**	**66,487**	**29,319**	**2**
	2007	**109,841**	**88,683**	**370**	**1,586**	**56,536**	**40,965**	**24,477**	**66,025**	**-**

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 consortiums, where any interest charges would only be charged back to the members by the consortiums concerned. Such loans, if made on a long-term basis, are stated at their present value in the financial statements. In addition to technical and productive services relating to its core businesses, the Company also provides administrative and IT services to certain Group companies. No guarantees have been given or received in relation to the amounts due to or from related parties. The Company has not recorded any allowances for doubtful accounts regarding amounts due from related parties. The situation is reviewed at each year end by examining both the financial position of the related parties concerned and conditions in the markets in which they operate.

The principal contracts with other Group companies are analysed below:

- On 30 December 2004, Manutencoop Facility Management S.p.A. and Manutencoop Servizi Ambientali S.p.A. signed a contract for the provision by Manutencoop Facility Management of IT services to Servizi Ambientali. This contract came into force on 1 January 2005 and will expire on 31 December 2008. The annual consideration payable is Euro 450 thousand.

- Manutencoop Facility Management and Manutencoop Società Cooperativa have signed an agreement whereby the former agrees to supply IT services to the latter. This contract came into effect on 1 January 2005 and will terminate on 31 December 2008 or on the later date that coincides with the date of termination of the investment agreements between the shareholders of Manutencoop Facility Management, which were entered into on 23 December 2003 and 23 December 2004. Manutencoop Società Cooperativa will pay Euro 231 thousand to Manutencoop Facility Management in 2008 for the above services.
- Manutencoop Facility Management and MP Facility have signed an agreement whereby the former agrees to supply the latter with the following services: environmental hygiene, maintenance of green areas, materials handling management and maintenance of mechanical and electrical installations, fire-prevention systems, lifts, building works, furniture, equipment, and facilities at several properties (specified in an annex to the contract) owned by Telecom Italia S.p.A. and Emsa S.p.A. This contract will terminate on 31 October 2010. As consideration for the above services, MP Facility will pay Manutencoop Facility Management an annual amount based on the volumes and unit prices for each type of service, as specified in a price list attached to the contract.
- Manutencoop Società Cooperativa has sublet to Manutencoop Facility Management a portion of the building at via Poli 4, Zola Predosa (Bologna), covering a total area of 5,147 m^2, for use as office space. The duration of this contract is from 1 January 2005 to 31 December 2010, with automatic renewal if neither party informs the other, by registered letter sent at least 12 months prior to the expiry date, that it does not wish to renew. The annual rental is Euro 873 thousand, payable in 12 monthly instalments.
- On 21 December 2006, Manutencoop Società Cooperativa and Manutencoop Facility Management signed a contract for the construction by the latter of an office building situated at Via Poli 4, Zola Predosa, Bologna. This contract, with an original duration of 24 months from 30 March 2006, was completed on 4 December 2008. As consideration for the work performed, fulfilment of all the obligations and acceptance of all the risks contained in the contract, Manutencoop Società Cooperativa will pay the amounts due to Manutencoop Facility Management in accordance with the calculation criteria set down in the agreement; the amount due for building works has been calculated at approximately Euro 9,800 thousand.
- On 6 July 2007, the Company entered into a framework agreement with Manutencoop Società Cooperativa, governing the key terms for the subsequent secondment of personnel from Manutencoop Società Cooperativa to the Parent Company, pursuant to Chapter III, Section I of Decree 276/2003. This five-year agreement will be renewed automatically unless formally terminated at least 18 months prior to the end of the first five-year period. Legally, this agreement is a regulatory contract that does not grant rights to third parties. Under its terms, the Parent Company and Manutencoop Società Cooperativa - which manages and coordinates the Parent Company's activities - specify the conditions governing any contracts for the future secondment of member employees of Manutencoop Società Cooperativa, and the operational basis for entering into and terminating such contracts.
- On 28 December 2008, Manutencoop Facility Management S.p.A. and Servizi Ospedalieri S.p.A. signed an agreement for development of the commercial opportunities identified in the strategic guidelines for all services prepared by the management of Servizi Ospedalieri. This contract came into force on 1 January 2008 and expired on 30 November 2008, involving a total consideration of Euro 270 thousand.
- On 29 February 2008, Manutencoop Società Cooperativa and Manutencoop Facility Management signed a consultancy agreement concerning a new project for the development and initial provision to the latter of external communications services. This contract had a duration of 10 months, commencing on 1 March 2008, and terminated on 31 December 2008. Manutencoop Facility Management paid Euro 360 thousand for the services received.
- On 1 August 2008, Manutencoop Facility Management and Roma Multiservizi S.p.A. signed a contract for the provision by Manutencoop Facility Management of IT services to Roma Multiservizi Sp.A. This contract came into force on 1 September 2008 and will expire on 30 August 2011. the annual consideration payable is Euro 1,250 thousand.

As already stated, the Parent 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 the latter's latest approved financial statements is presented below:

(in thousands of Euro)

MANUTENCOOP SOC.COOP.VA FINANCIAL STATEMENTS 31 DECEMBER 2007	2007	2006
BALANCE SHEET		
Assets		
A) Unpaid capital due from shareholders	0	0
B) Fixed assets	204,634	222,803
C) Current assets	97,344	61,384
D) Accrued income and prepaid expenses	1,271	1,461
TOTAL ASSETS	303,249	285,648
Liabilities and shareholders' equity		
A) Shareholders' equity:		
• Share capital	14,373	13,572
• Reserves	203,513	195,971
• Net profit (loss) for the year	46,885	9,077
B) Provisions for risks and charges	1,421	2,446
C) Employee severance indemnities	4,583	4,917
D) Payables	31,681	58,939
E) Accrued expenses and deferred income	793	726
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	303,249	285,648
Memorandum accounts	152,585	181,971
INCOME STATEMENT		
A) Value of production	35,546	34,655
B) Cost of production	(37,729)	(37,118)
C) Financial income and charges	5,182	9,565
D) Adjustments to financial assets	(2,018)	102
E) Extraordinary income and expense	39,086	(293)
Income taxes for the year	6,818	2,166
Net profit (loss) for the year	46,885	9,077

Remuneration of Executives with strategic responsibilities and the Board of Statutory Auditors

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

(in thousands of Euro)	2008	2007
BOARD OF DIRECTORS		
Short-term benefits	500	1,046
Future benefits (severance indemnities)	5	17
TOTAL BOARD OF DIRECTORS	505	1,063
BOARD OF STATUTORY AUDITORS		
Short-term benefits	88	118
TOTAL BOARD OF STATUTORY AUDITORS	88	118
MANAGEMENT BOARD		
Short-term benefits	552	0
Future benefits (severance indemnities)	0	0
TOTAL MANAGEMENT BOARD	552	0
SUPERVISORY BOARD		
Short-term benefits	194	0
TOTAL SUPERVISORY BOARD	194	0
OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		
Short-term benefits	522	639
Future benefits (severance indemnities)	32	45
TOTAL OTHER EXECUTIVES	553	684

The following table analyses the total fees paid in 2008 to Reconta Ernst & Young S.p.A.

PARTY PROVIDING SERVICE	AUDIT	CONSULTANCY	TOTAL
RECONTA ERNST & YOUNG S.P.A.	379	197	575

38. MANAGEMENT OF FINANCIAL RISKS: OBJECTIVES AND CRITERIA

Financing requirements and the related risks (mainly interest-rate risk and liquidity risk) are managed on a centralised basis by the Group Treasury, following guidelines approved by the Company's Board of Directors which are reviewed periodically. The main purpose of these guidelines is to ensure that the structure of liabilities matches that of the assets reported in the financial statements, with a view to maintaining a high degree of financial strength.

The main financial instruments used comprise:

- short-term loans and a revolving factoring facility that involves the sale of receivables without recourse in order to finance working capital;
- medium/long-term loans repayable in instalments, to finance the investment in fixed assets.

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

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

Categories of financial assets and liabilities defined in IAS 32

As required by IFRS 7, the following table presents the financial assets and liabilities reported in the separate financial statements of Manutencoop Facility Management S.p.A. in accordance with classification defined in IAS 32, together with the related economic effects for the year ended 31 December 2008:

(in thousands of Euro)

FINANCIAL ASSETS	31 December 2008	Available-for-sale financial assets	Loans and receivables
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	1,094	1,094	
Non-current financial receivables and other securities	965		965
Other non-current receivables and assets	753		753
TOTAL NON-CURRENT FINANCIAL ASSETS	2,812	1,094	1,718
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	256,457		256,457
Current tax receivables	3,869		3,869
Other current receivables	3,470		3,470
Other current financial assets	66,631		66,631
Cash and cash equivalents	20,462		20,462
TOTAL CURRENT FINANCIAL ASSETS	350,888	-	350,888
TOTAL FINANCIAL ASSETS	353,700	1,094	352,606
Financial income (charges)	3.290	150	3,140

(in thousands of Euro)

FINANCIAL LIABILITIES	31 December 2008	Financial liabilities at fair value through income statement	Financial liabilities at amortised cost
NON-CURRENT FINANCIAL LIABILITIES			
Loans - long term	104,355		104,355
TOTAL NON-CURRENT FINANCIAL LIABILITIES	104,355	-	104,355
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	159,188		159,188
Loans - short term	92,918		92,918
Other current financial liabilities	13,266	55	13,211
TOTAL CURRENT FINANCIAL LIABILITIES	265,372	55	265,317
TOTAL FINANCIAL LIABILITIES	369,727	55	369,672
Financial income (charges)	(9,981)	(4)	(9,977)

The same information for the year ended 31 December 2007 is presented below:

(in thousands of Euro)

FINANCIAL ASSETS	31 December 2007	Available-for-sale financial assets	Loans and receivables
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	476	476	
Non-current financial receivables and other securities	19,112		19,112
Other non-current receivables and assets	596		596
TOTAL NON-CURRENT FINANCIAL ASSETS	**20,184**	**476**	**19,708**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	223,397		223,397
Current tax receivables	3,087		3,087
Other current receivables	4,056		4,056
Other current financial assets	5,688		5,688
Cash and cash equivalents	27,446		27,446
TOTAL CURRENT FINANCIAL ASSETS	**263,674**	**-**	**263,674**
TOTAL FINANCIAL ASSETS	**283,858**	**476**	**283,382**
Financial income (charges)	**2,725**	**3**	**2,723**

(in thousands of Euro)

FINANCIAL LIABILITIES	31 December 2007	Financial liabilities at fair value through income statement	Financial liabilities at amortised cost
NON-CURRENT FINANCIAL LIABILITIES			
Loans - long term	900		900
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**900**	**-**	**900**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	130,862		130,862
Loans - short term	162,927		162,927
Other current financial liabilities	8,797	51	8,746
TOTAL CURRENT FINANCIAL LIABILITIES	**302,586**	**51**	**302,535**
TOTAL FINANCIAL LIABILITIES	**303,486**	**51**	**303,435**
Financial income (charges)	**(4,655)**	**(51)**	**(4,604)**

Liquidity risk

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

The following table shows the sensitivity of the cost of raw materials and consumables, assuming constant volume during the period. These fluctuations would have largely been absorbed by the contracts in force with customers, because price revisions are covered both contractually and pursuant to art. 115 of Decree 163 dated 12 April 2006. As such, their effect on the Company's profit for the year would not have been significant.

	Percentage increase/decrease	Effect on cost of raw materials in thousands of Euro, gross of taxation
2008	20%	5,691
	-5%	(1,423)
2007	20%	4,480
	-5%	(1,120)

Credit risk
The Company's portfolio mainly comprises contracts with the Public Administration which, accordingly, are not subject to serious 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 Company 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 financial statements does not differ from their fair value, including those classified as operations held for sale. This is because they are all held for the short/medium term and settled at floating market rates.

Interest-rate risk
Current Company policy gives preference to the use of floating-rate loans. Borrowing was reorganised during 2008, raising the medium/long-term element to about 70% of the total. The Company has not considered it necessary to hedge its interest-rate risk and does not hold any fixed-rate loans.

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

YEAR ENDED 31 DECEMBER 2008:

(in thousands of Euro)

FLOATING RATE	<1YEAR	>1<5	> 5	TOTAL
Demand deposits	14,422	-	-	14,422
Deposits with consortiums	6,011	-	-	6,011
Treasury account – subsidiaries	65,209	-	-	65,209
Treasury account – Associates and joint ventures	170	-	-	170
Bank overdrafts	(7,889)	-	-	(7,889)
Treasury account – parent company	(29,318)	-	-	(29,318)
Deposits from consortiums	(189)	-	-	(189)
Leasing liabilities	(492)	(575)	-	(1,067)
Syndicated loan	-	(60,000)	(15,000)	(75,000)
C.C.F.S. loan	-	(30,000)	-	(30,000)
Commercial paper	9,667	-	-	9,667
Hot Money	45,363	-	-	45,363
TOTAL	102,954	(90,575)	(15,000)	(2,621)

YEAR ENDED 31 DECEMBER 2007:

(in thousands of Euro)

FLOATING RATE	<1YEAR	>1<5	> 5	TOTAL
Demand deposits	16,695	-	-	16,695
Deposits with consortiums	10,705	-	-	10,705
Treasury account – subsidiaries	5,668	-	-	5,668
Treasury account – Associates and joint ventures	20	-	-	20
Bank overdrafts	(96,268)	-	-	(96,268)
Treasury account – parent company	(66,025)	-	-	(66,025)
Deposits from consortiums	(143)	-	-	(143)
Leasing liabilities	(491)	(900)	-	(1,391)
TOTAL	(129,839)	(900)	-	(112,939)

Table of financial risks

The following table shows the sensitivity of the Company's pre-tax profit to reasonably foreseeable changes in interest rates, holding constant all other variables. There is no effect on the shareholders' equity of the Company.

	Increase/decrease	Effect on pre-tax profit in thousands of Euro
2008	+80 bps	(1,226)
	-30 bps	460
2007	+50 bps	(376)
	-30 bps	227

Management of capital structure

The Company's primary objective for the management of its capital structure is to maintain a sound credit rating and appropriate capital ratios, in order to facilitate operations and maximise shareholder value. The Company manages its capital structure, taking account of changes in economic conditions. In order to maintain or adjust its capital structure, the Company can modify the dividends paid to shareholders, repay capital or issue new shares. The Company calculates its debt ratio by dividing net borrowing by the total of shareholders' equity plus net borrowing. The Company seeks to keep this ratio below 65%. The Company includes the following within net borrowing: interest-bearing loans, trade and other payables, tax payables, employee severance indemnities, and cash and cash equivalents. The objective was not met as of 31/12/2007, due to the acquisition of equity investments for Euro 134 million as part of the expansion strategy However, it was met as of 31 December 2008 following a capital increase authorised to support the purchase of new equity investments, with a view to strengthening the Company's position in the Integrated Facility Management sector and expanding at a European level.

(in thousands of Euro)

	31 December 2008	31 December 2007
Employee severance indemnities	13,455	16,454
Interest-bearing loans	197,273	163,827
Trade and other payables	232,452	191,342
Cash and cash equivalents	(20,462)	(27,446)
Net borrowing	422,718	344,177
Share capital	109,150	77,964
Retained earnings and reserves	174,195	17,982
Equity	283,345	95,946
TOTAL EQUITY+NET BORROWING	706,063	440,123
Debt ratio	59.87%	78.20%

39. SUBSEQUENT EVENTS

The Manutencoop Group has recently made various significant acquisitions (the most significant being Pirelli RE Facility in December 2008).

As a consequence, there is a need to reorganise the corporate structure of the Group, in a manner that is strategically compatible with its objectives, having regard for its complexity.

The Company is supported in this process of reorganisation and integration of the new acquisitions by a leading firm of consultants.

Following these acquisitions, the Group must finalise under IFRS the allocation of the purchase prices paid. This will mean allocating the difference between the purchase prices and the book equity of the companies acquired to their tangible and intangible assets and liabilities and, residually, to goodwill.

In order to perform this allocation in the most appropriate manner, the Group has decided to engage an independent consultant who, in addition to assuring the suitability of the technical solutions adopted, is also able to help management evaluate appropriately the technical solutions recommended, having regard for the opportunities and constraints arising from the reorganisation and integration process mentioned above. This work will inevitably lead to a redefinition of the Group's CGUs.

The Chairman of the Management Board
Claudio Levorato

MANUTENCOOP FACILITY MANAGEMENT

REPORT OF THE INDEPENDENT AUDITORS
pursuant to art. 2409-ter of the Italian Civil Code

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Report of the independent auditors pursuant to art. 2409-ter of the Italian Civil Code (Translation from the original issued in Italian)

To the Shareholders of
Manutencoop Facility Management S.p.A.

1. We have audited the financial statements, comprising the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the related explanatory notes of Manutencoop Facility Management S.p.A. as of and for the year ended 31 December 2008. The management board directors of Manutencoop Facility Management S.p.A. are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express our professional opinion on the financial statements based on the audit work performed.
2. Our examination was performed in accordance with established auditing standards. In compliance with such standards, our audit work was planned and performed for the purpose of obtaining all the information needed in order to determine whether or not the financial statements contain significant errors and if, taken as a whole, they are reliable. The auditing process includes an examination, based on sample testing, of the evidence supporting the balances and other information contained in the financial statements, as well as an assessment of the adequacy and fairness of the accounting policies adopted, and of the reasonableness of the estimates made by the management board directors. We believe that the work we performed provides a reasonable basis for expressing our professional opinion.
   The financial statements present information for the prior year for comparative purposes. As described in the explanatory notes, the management board directors have modified the comparative information relating to the financial statements for the prior year, which were audited by us and on which we issued our auditors' report dated 7 April 2008. These modifications relate to the criterion adopted for recognising the actuarial gains and losses deriving from the measurement of the liability for employee severance indemnities. With regard to the modifications made to the above data, the methodology used to redetermine the corresponding prior year amounts and the information presented in the explanatory notes was examined by us for the purpose of expressing our opinion on the financial statements as of and for the year ended 31 December 2008.
   Another auditing firm is responsible for the audit work performed on the financial statements of Roma Multiservizi S.p.A., which represents about 1% of the equity investments caption.
3. In our opinion, the financial statements of Manutencoop Facility Management S.p.A. as of and for the year ended 31 December 2008, comply with the International Financial Reporting Standards endorsed by the European Union; accordingly, they have been prepared clearly and provide a true and fair view of the financial position, results of operations, changes in shareholders' equity and cash flows of Manutencoop Facility Management S.p.A. as of and for the year ended on that date.
4. The management board directors of Manutencoop Facility Management S.p.A. are responsible for the preparation of the report on operations in accordance with legal requirements. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by para. 2.e) of art. 2409-ter of the Italian Civil Code. For this purpose, we have performed the procedures indicated in Auditing Standard 001 issued by the Italian Accounting Profession. In our opinion, the

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report on operations is consistent with the financial statements of Manutencoop Facility Management S.p.A. as of and for the year ended 31 December 2008.

Bologna, 14 April 2009

Reconta Ernst & Young S.p.A.

s/Alberto Rosa - Partner