MANUTENCOOP FACILITY MANAGEMENT

CONSOLIDATED 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	57,728	39,141
Leased property, plant and equipment	5	4,946	5,829
Goodwill	6-7	376,254	112,093
Other intangible assets	6	12,967	5,048
Investments carried at equity	9	19,265	14,303
Other equity investments	10	2,836	1,772
Non-current financial receivables	10	6,708	2,225
Other non-current assets	10	1,414	826
Deferred tax assets	31	7,579	4,412
Total non-current assets		**489,697**	**185,649**
Current assets			
Inventories	11	8,448	3,533
Trade receivables and advances to suppliers	12	634,777	350,868
Current tax receivables	31	234	4,696
Other current operating receivables	12	17,074	8,126
Receivables and other current financial assets	13	1,220	-
Cash and cash equivalents	13	97,927	42,418
Total current assets		**759,680**	**409,641**
Non-current assets held for sale	14	6,959	
Total non-current assets held for sale		**6,959**	
TOTAL ASSETS		**1,256,336**	**595,290**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	109,150	77,964
Reserves	15	110,855	(47,152)
Retained earnings (losses)	15	10,566	10,296
Net profit (loss) attributable to the Parent Company		20,595	15,318
Group shareholders' equity		**251,166**	**56,426**
Minority interest in equity		752	379
Net profit (loss) attributable to minority shareholders		304	700
Total minority interests		**1,056**	**1,079**
Total shareholders' equity		**252,222**	**57,505**
Non-current liabilities			
Employee severance indemnities - benefits	16	37,309	26,456
Provisions for risks and charges - non-current portion	17	4,112	885
Loans - non-current portion	18	229,708	27,997
Deferred tax liabilities	31	8,719	5,682
Other non-current liabilities		12	-
Total non-current liabilities		**279,860**	**61,020**
Current liabilities			
Provisions for risks and charges - current portion	17	4,315	3,066
Trade payables and advances from customers	19	490,049	198,835
Other current operating payables	19	114,014	75,781
Loans - current portion	18	91,371	187,960
Other current financial liabilities	18	19,160	11,123
Total current liabilities		**718,909**	**476,765**
Liabilities associated with assets held for sale	14	5,345	
Total liabilities associated with assets held for sale		**5,345**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,256,336**	**595,290**

(*) 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	20-21	688,824	604,799
Other operating revenues	22	1,772	1,005
Total revenues		690,596	605,804
OPERATING COSTS			
Raw materials and consumables	23	(98,479)	(71,874)
Services, leases and rentals	24	(286,956)	(262,774)
Payroll costs	25	(219,493)	(189,166)
Other operating costs	26	(5,298)	(4,115)
Depreciation, amortisation, write-downs and write-backs	27	(23,836)	(23,915)
Provisions for risks and charges, amounts released	17	(3,274)	(730)
Total operating costs		(637,336)	(552,574)
OPERATING PROFIT		53,260	53,230
FINANCIAL INCOME AND CHARGES			
Income (charges) from investments at equity	9	2,942	3,143
Dividends, income and charges from disposal of equity investments	28	182	86
Financial income	29	3,802	4,195
Financial charges	30	(21,527)	(19,782)
Exchange gains (losses)		(4)	-
PROFIT (LOSS) BEFORE TAXATION		38,655	40,872
Current and deferred taxation	31	(17,756)	(24,854)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		20,899	16,018
Results from discontinued activities			
NET PROFIT (LOSS) FOR THE YEAR		20,899	16,018
Net profit (loss) attributable to minority shareholders		(304)	(700)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		20,595	15,318

(in Euro)	NOTES	31 December 2008	31 December 2007 (*)
Basic earnings per share	32	0.262	0.134
Diluted earnings per share	32	0.262	0.134
Basic earnings per share from continuing operations	32	0.262	0.134
Diluted earnings per share from continuing activities	32	0.262	0.134

(*) 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
Profit before taxation		38,655	40,872
Depreciation, amortisation, write-downs (write-backs)		23,836	23,915
Provisions for risks (amounts released)		3,274	730
Provision for employee severance indemnities		727	(905)
Charges (income) from investments carried at equity, net of dividends received		584	10
Taxes paid during the year		(14,889)	(28,174)
Cash flow from current operations		**52,187**	**36,448**
Decrease (increase) in inventories		283	(204)
Decrease (increase) in trade receivables		(14,694)	66,592
Decrease (increase) in other operating assets		(1,160)	(394)
Change in trade payables		24,493	24,816
Change in other operating liabilities		9,865	2,470
Utilisation of employee severance indemnities		(4,541)	(5,337)
Utilisation of provisions for risks and charges		(2,390)	(1,891)
Change in operating assets and liabilities		**11,856**	**86,052**
CASH FLOW GENERATED BY OPERATING ACTIVITIES		**64,043**	**122,500**
(Purchase of intangible fixed assets)		(3,625)	(3,188)
(Purchase of property, plant and equipment)		(20,025)	(18,609)
Disposal of property, plant and equipment		744	339
(Net purchases of equity investments)		(10,558)	(1,570)
Loans (granted) repaid		160	2,064
Financial effects of business combinations	4	(102,189)	(62,070)
CASH FLOW ABSORBED BY INVESTING ACTIVITIES		**(135,493)**	**(83,034)**
Net loans acquired (repaid)		(42,910)	105
Distribution of dividends		(3,664)	(13,617)
Change in scope of consolidation		(1,338)	44
Increase in share capital and reserves	15	174,871	
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**126,959**	**(13,468)**
CHANGE IN CASH AND CASH EQUIVALENTS		**55,509**	**25,998**
Cash and cash equivalents - start of year		42,418	16,420
Change in cash and cash equivalents		55,509	25,998
CASH AND CASH EQUIVALENTS - END OF YEAR		**97,927**	**42,418**
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank current accounts		97,927	42,418
Bank overdrafts			
TOTAL CASH AND CASH EQUIVALENTS		**97,927**	**42,418**

(in thousands of Euro)

Supplementary information	NOTES	31 December 2008	31 December 2007
Interest paid		(21,273)	(19,013)
Interest received		3,802	4,195
Dividends received		3,708	2,723

(in thousands of Euro)	Share capital	Reserves	Retained earnings (losses)	Net profit for the year	Total Group shareholders equity	Minority interests	Total shareholders' equity
1 January 2007 restated	116,964	(40,001)	5,940	20,629	103,532	1,102	104,634
Capital reduction	(39,000)	36,501	2,500	(1)			
Distribution of dividends				(12,865)	**(12,865)**	(752)	**(13,617)**
Allocation of prior-year results		5,907	1,856	(7,763)			
Change in scope of consolidation		(46,278)			**(46,278)**	44	**(46,234)**
Valuation effects recognised in equity due to change in accounting policy (Note 3)		(3,281)			**(3,281)**		**(3,281)**
Results for the year				15,318	**15,318**	685	**16,003**
31 December 2007 restated	77,964	(47,152)	10,296	15,318	56,426	1,079	57,505
Capital increase	31,186	148,814			**180,000**		**180,000**
Capital increase expenses		(5,129)			**(5,129)**		**(5,129)**
Distribution of dividends				(3,666)	**(3,666)**		**(3,666)**
Allocation of prior-year results		11,382	270	(11,652)			
Change in scope of consolidation		(366)			**(366)**	(327)	**(693)**
Valuation effects recognised in equity due to change in accounting policy (Note 3)		3,306			**3,306**		**3,306**
Results for the year				20,595	**20,595**	304	**20,899**
31 December 2008	109,150	110,855	10,566	20,595	251,166	1,056	252,222

1. INFORMATION ABOUT THE GROUP

Publication of the consolidated financial statements of the Manutencoop Facility Management Group (the Group or the MFM Group) for the year ended 31 December 2008 was authorised by the Management Board on 31 March 2009.

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

1.1 Group activities

The Group is active in the supply of integrated facility management services to public and private customers, specialising in buildings, the environment and health sector support.

In particular, the MFM Group operates nationwide, providing a broad and coordinated range of integrated services. These services are designed to rationalise and enhance the quality of activities that are deemed non-strategic and peripheral by major private groups, public bodies and health sector organisations.

The services provided by the MFM Group cover three principal areas:

- facility management (management and maintenance of buildings);
- laundering and sterilisation for the health sector;

- project management and refurbishment (construction, renovation, conversion of industrial buildings and factories).

Facility Management

Facility Management consists in the optimised provision to users of a range of logistical and organisational support services.

The Facility Management services provided by the MFM Group comprise:

- cleaning and hygiene;
- technical services;
- landscaping services.

Cleaning services include cleansing and hygiene, sanitation, disinfection, disinfestation and rodent control, and the collection, transportation and disposal of sanitary waste. These services employ the largest number of persons within the Group.

The second type of facility management service, technical services, comprises the management, operation and maintenance of building installations (including heating and airconditioning plant, electrical equipment, lifts, fire-prevention and safety equipment). These activities encompass:

- planning and performance of work to upgrade facilities and comply with safety regulations;
- design and installation of devices for energy saving and the reduction of polluting emissions;
- design and installation of equipment to access renewal sources of energy.

The third type of facility management service, landscaping services, comprises the planning, creation and maintenance of green areas for buildings, as well as the provision of territorial services.

Laundering/Sterilisation

Laundering/Sterilisation is an industrial-scale activity carried out for the health sector.

The services provided by the MFM Group in this area principally comprise (i) the rental and laundering of sheets, other linen and towels, and bed accessories, (ii) the sterilisation of linen and (iii) the sterilisation of surgical instruments.

The following specific activities are included:

- collection and distribution of linen for individual wards and departments;
- management of staff garments for health sector organisations;
- supply of disposable items;
- rental of sheeting made from special materials for operating theatres;
- collection, treatment, sterilization and return of surgical instruments;
- rental of surgical instruments;
- establishment and management of sterilization units.

Project Management

Project Management comprises the performance of technical design work, as well as the planning, procurement management and supervision of contracts for the construction, renovation and conversion of buildings.

This activity has become significant for the Group following the recent acquisition of the Integra FM BV Group (formerly the Pirelli & C. RE IFM BV Group).

In addition to the above three main areas of activity, the Group also carries out a number of complementary activities.

2. ACCOUNTING POLICIES AND FORM AND CONTENT OF FINANCIAL STATEMENTS

The annual consolidated 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 paragraph 2.2 and note 3 below).

The consolidated 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 Group's functional currency.

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

2.1 Declaration of compliance with IFRS

The consolidated 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 consolidated financial statements, the Group 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 Group 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 principles 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 of 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 and 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.

The above effects are quantified in note 3.

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 Group's consolidated financial statements 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 Group has no plan assets, the adoption of this interpretation has not affected these consolidated financial statements.
- IFRIC 12 – Service concession arrangements (not yet endorsed by the European Commission) governing circumstances and situations that are not applicable to the Group.

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

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 consolidated 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 consolidated 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 Group, 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 financial statements of the MFM Group, 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 Group;
- 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. The standards and interpretations will become applicable between 2009 and 2010.

In particular:

- Updated version of IFRS 3 – Business combinations and amendment to IAS 27 – Consolidated and separate financial statements. The new IFRS 3 introduces numerous changes to the accounting recognition of business combinations taking place after the adoption date. This will affect the amount of goodwill recognised, the results presented in the period in which an acquisition takes place, and future results. The amendment to IAS 27 governs changes in the interest held in a subsidiary (without giving rise to a loss of control). As a result of these transactions, any differences between the value of the minority interest (sold or purchased) and the fair value of the consideration received or paid will recognised directly in equity and allocated to the majority shareholder. In addition, the standard modifies how to recognise any losses realised by the subsidiary and the loss of control over a subsidiary. The change to IAS 27 also requires 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 Group 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 Group.
- IFRIC 16 – Hedges of a net investment in a foreign operation. At this time, the Group does not hold any hedges of this type.

2.3 Discretionary valuations and significant accounting estimates

When preparing the Group's financial statements, the directors make discretionary valuations, estimates and assumptions that influence the revenues, costs, assets and liabilities, and contingent liabilities reported as of the accounting reference date. However, the uncertainties surrounding such assumptions and estimates might give rise, in future, to significant adjustments to the carrying amounts of such assets and/or liabilities.

Discretionary valuations

In applying the Group'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 from 2007 of the consistency principle for recognising the combination of businesses under common control.

  These transactions are not governed by IFRS 3 since they are 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 are therefore recognised at the respective carrying amounts recorded prior to the combination.

- The adoption from 2005, the first year for which the Group prepared consolidated financial statements under IAS/IFRS, of the proportional method for the consolidation of joint venture companies. This election is allowed by IAS 31 as an alternative to measuring these investments using the equity method. With respect to using the equity method, proportional consolidation gives the same net result for the period and the same value for shareholders' equity, but results in significantly different amounts being reported in the balance sheet, the income statement and the cash flow statement for the period (in this regard, see para. 2.5 below).
- 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 (in this regard, see para. 2.2 above and note 3 below).

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 376,254 thousand (31 December 2007: Euro 112,093 thousand). Further details are provided in note 7.

Other balance sheet captions

Management has also necessarily made estimates to determine:

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

2.4 Consolidation principles

The consolidated financial statements comprise the financial statements of Manutencoop Facility Management S.p.A. and its subsidiaries, prepared as of 31 December. The financial statements of the subsidiaries are prepared at each period end using the accounting policies adopted by the parent company.

All intercompany transactions and balances, as well as any related unrealised profits and losses included in asset accounts, are eliminated in full.

Subsidiaries are consolidated on a line-by-line basis from the date of acquisition, or from the date on which the Group obtains control, and are deconsolidated when control is transferred outside of the Group.

With the exception of acquisitions deriving from the business combination of entities under common control, as explained in para. 2.3 above, the acquisition of subsidiaries is recorded using the purchase method, which involves allocating the purchase cost of a company to the fair value of its assets, liabilities and contingent liabilities at the time of acquisition, and recognising the Group's interest in its results from the acquisition date to the end of the year.

Minority interests comprise the portion of profits or losses and net assets attributable to the minority shareholders. They are classified in separate captions of the income statement and the balance sheet, where they are presented separately from the Group's interest in shareholders' equity.

Joint ventures are consolidated using the proportional method, while investments in associates are measured using the equity method.

Subsidiaries and joint ventures in liquidation are measured using the equity method. This is because they ceased operations from the time they were put into liquidation, and the parent company is no longer able to determine their strategies since their activities are solely dedicated to the realisation of assets and the settlement of liabilities. As such, the parent company is deemed to have lost control over them.

The following tables relating to subsidiaries, associates and joint ventures provide summary information as of 31 December 2008 about their names, locations, the Group's direct and indirect interests in their share capital and, if different, the percentage of voting rights exercisable at shareholders' meetings.

SUBSIDIARY COMPANIES (consolidated on a line-by-line basis, stating the minority interests in their shareholders' equity and results for the year)

COMPANY NAME	REGISTERED OFFICE	31 December 2008	31 December 2007
Servizi Ospedalieri S.p.A.	Ferrara	100%	100%
M.C.B. S.p.A.	Bologna	100%	75%
Teckal S.p.A.	Reggio Emilia	100%	100%
Omasa S.p.A.	Ferrara	100%	100%
MP Facility S.p.A.	Milan	100%	50%
Luigi Minati Service S.r.l.	Assago (Milan)	-	100%
Consorzio Igiene Ospedaliera Soc. Cons. a r.l.	Zola Predosa (Bologna)	66.67%	66.67%
Simagest 2 Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	60%
Consorzio Imolese Pulizie Soc. Cons. a r.l.	Imola (Bologna)	60%	60%
Consorzio Servizi Toscana Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	60%
Servizi Marche Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	60%
Simagest 3 Soc. Cons. a r.l.	Zola Predosa (Bologna)	89.99%	89.99%
Servizi Brindisi Soc. Cons. a r.l.	Brindisi	52%	52%
Co.Ge.F. Servizi Alberghieri Consip Soc. Cons. a r.l.	Zola Predosa (Bologna)	80%	80%
Servizi L'Aquila Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	-
Palmanova Servizi Soc. Cons. a r.l.	Zola Predosa (Bologna)	60%	-
Consorzio Pulizie Veneto Soc. Cons. a r.l.	Marghera (Venice)	100%	50%
Società Manutenzione Illuminazione S.p.A.	Zola Predosa (Bologna)	100%	-
Manuten. Installazione Ascensori S.p.A.	Zola Predosa (Bologna)	100%	-
Gruppo Sicura S.r.l.	Vicenza	80%	-
Sicurama S.r.l.	Casalecchio di Reno (Bologna)	70%	-
Firing S.r.l.	Lainate (Milan)	65%	-
Mako Engineering S.r.l.	Treviglio (Bergamo)	70%	-
Securveneta S.r.l.	Vicenza	80%	-
Sedda S.r.l.	Vicenza	80%	-
Protec S.r.l.	Vicenza	100%	-
Sicura S.r.l.	Vicenza	100%	-
Leonardo S.r.l.	Vicenza	100%	-
Anticendi Piave S.r.l.	Vicenza	70%	-
Integra FM BV	Netherlands	100%	-
Altair IFM S.p.A.	Milan	100%	-
Ingest Facility S.p.A.	Turin	100%	-
Delivery S.r.l.	Monteverdi Marittimo (Pisa)	60%	-
Envolta S.r.l.	Milan	55%	-
Facility Management Frances S.a.	France	100%	-
Integra Energy S.r.l.	Milan	100%	-

SUBSIDIARY COMPANIES (consolidated on a line-by-line basis, stating the minority interests in their shareholders' equity and results for the year)

COMPANY NAME	REGISTERED OFFICE	31 December 2008	31 December 2007
Ingest Facility Polska sp.zo.o.	Poland	100%	-
Altair IFM Polska sp.zo.o.	Poland	100%	-
S.AN.GE. Soc. Cons. a r.l.	Milan	64%	-
Cons. Sermagest Serv. Manut. Gestionali	Turin	60%	-

JOINT VENTURES (consolidated on a proportional basis)

COMPANY NAME	REGISTERED OFFICE	31 December 2008	31 December 2007
Global Maggiore Bellaria Soc. Cons. a r.l.	Bologna	50%	50%
Consorzio Leader Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	50%
SCAM Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	50%
A.M.G. S.r.l.	Busca (Cuneo)	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%	-
Bresso Energia S.r.l.	Presso (Milan)	50%	-
Duc Gestione Sede Unica Soc. Cons. a r.l.	Bologna	49%	-

ASSOCIATES (measured using the equity method)

COMPANY NAME	REGISTERED OFFICE	31 December 2008	31 December 2007
ROMA Multiservizi S.p.A.	Rome	45.47%	45.47%
Newco DUC Bologna S.p.A.	Bologna	24.9%	24.9%
Se.Sa.Mo. S.p.A.	Carpi (Modena)	20.91%	20.91%
Gico Systems S.r.l.	Zola Predosa (Bologna)	20%	20%
Bologna Global Service Soc. Cons. a r.l.	Bologna		37.5%
Global Provincia di Rimini Soc. Cons. a r.l.	Zola Predosa (Bologna)	42.4%	42.4%
Bologna Più Soc. Cons. a r.l.	Bologna	25.68%	25.68%
PBS Soc. Cons. a r.l.	Milan	25%	25%
Global Riviera Soc. Cons. a r.l.	Zola Predosa (Bologna)	23.11%	30.66%
Como Energia Soc. Cons. a r.l.	Como	20%	20%
Cons. Energia Servizi Bologna Soc. Cons. a r.l.	Bologna	24.25%	24.25%
Bologna Multiservizi Soc. Cons. a r.l.	Bologna	39%	39%
Terzatorre S.p.A.	Bologna	32%	32%
Tower Soc. Cons. a r.l.	Bologna	20.17%	20.17%
F.lli Bernard S.r.l.	Bari	20%	20%
Ser.San. Servizi Sanitari S.p.A. (in liquidation)	Lamezia Terme (Catanzaro)	20%	20%
San Martino 2000 Soc. Cons. a r.l.	Calata Gadda (Genoa)	40%	40%

ASSOCIATES (measured using the equity method)

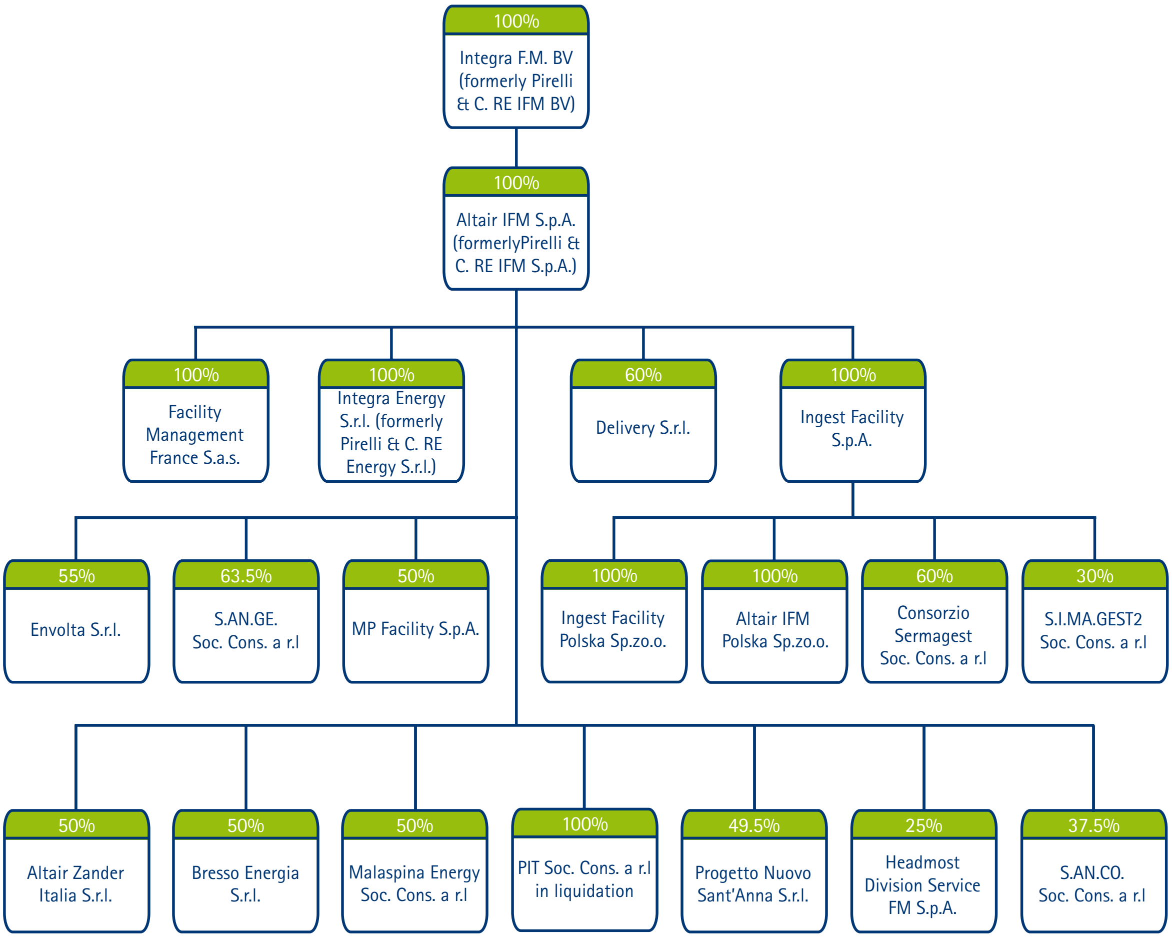
COMPANY NAME	REGISTERED OFFICE	31 December 2008	31 December 2007
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	Florence	20%	20%
Co.S.I.S. Soc. Cons. a r.l.	Rome	26.33%	26.33%
MCB Emirates LLC.	Dubai	49%	49%
Global Vicenza Soc. Cons. a r.l.	Concordia Sulla Secchia (Modena)	41.25%	-
Steril Piemonte Soc. Cons. a r.l.	Turin	25%	-
Iniziative Produttive Piemontesi S.r.l.	Turin	25%	-
Bologna Gestione Patrimonio	Bologna	27.58%	-
Servizi Sanitari Treviso Soc. Cons. a r.l.	Calata Gadda (Genoa)	40%	-
S.AN.CO. Soc. Cons. a r.l.	Milan	37.5%	-
Progetto Nuovo Sant'Anna S.r.l.	Milan	49.5%	-
Headmost Division Service FM S.p.A.	Pomezia (Rome)	25%	-
Edex S.r.l.	Rho (Milan)	45%	-
Costruzioni Manutenzioni Immobili S.r.l.	Bologna	40%	-
Servizi Napoli 5 Soc. Cons. a r.l.	Zola Predosa (Bologna)	45%	-

SUBSIDIARIES AND JOINT-VENTURES CARRIED AT EQUITY
(measured using the equity method)

COMPANY NAME	REGISTERED OFFICE	31 December 2008	31 December 2007
Fleur Bruzia S.r.l. in liquidation	Cosenza	100%	100%
Alisei S.r.l. in liquidation	Zola Predosa (Bologna)	100%	100%
Pit Soc. Cons. a r.l. in liquidation	Pozzuoli (Naples)	100%	-
CPSIS Consorzio Polo di Sterilizzazione	Padua	60%	60%
Legnago 2001 Soc. Cons. a r.l.	Zola Predosa (Bologna)	50%	50%
Servizi e Manutenzioni Soc. Cons. a r.l. in liquid.	Zola Predosa (Bologna)	50%	50%
Gymnasium Soc. Cons. a r.l. in liquidation	Zola Predosa (Bologna)	68%	68%
Gestlotto 6 Soc. Cons. a r.l. in liquidation	Zola Predosa (Bologna)	55%	55%

The Group made the following major acquisitions in 2008:

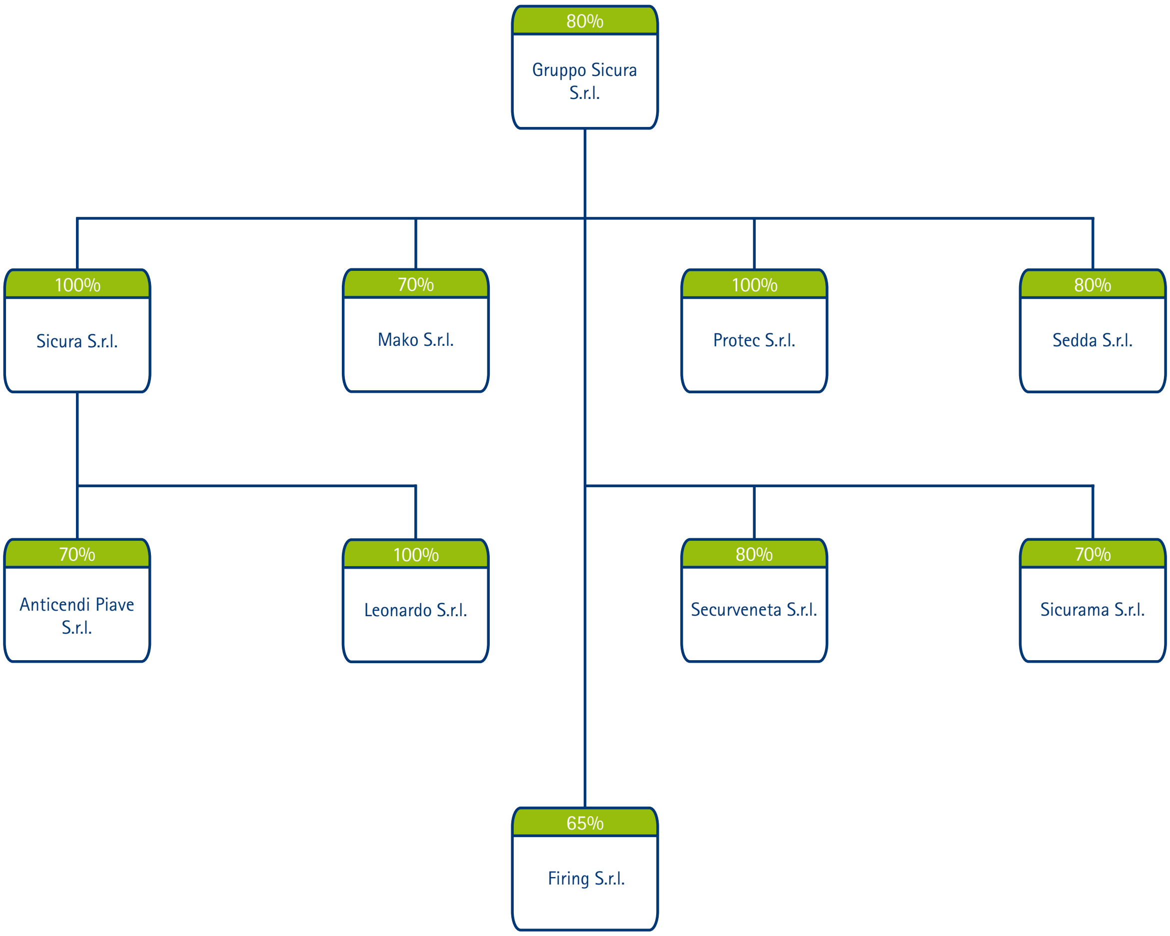
- On 23 December 2008, MFM S.p.A. acquired 100% of the capital of Integra IFM BV (formerly Pirelli & C. RE IFM BV), a Netherlands company that controls the following group:



The acquired Group (hereinafter the Altair Group) mainly provides Facility Management and Project Management services to major Italian industrial groups, being one of the principal operators in Italy. This acquisition means that the MFM Group has become the leader of the Integrated Facility Management market in Italy. This transaction is described in note 4 below.

As shown in the above chart, as part of this acquisition the Group obtained the remaining 50% interest in MP Facility S.p.A. (previously 50% owned by the Group), which has a long-term facility management contract with the Telecom Italia Group. Consequently, this company ceased to be a joint venture on becoming a subsidiary on 23 December 2008. For this reason, the assets and liabilities of MP Facility S.p.A. have been consolidated on a line-by-line basis, which its income statement items (revenues and costs) have been consolidated on a proportional basis.

- On 30 December 2008, MFM S.p.A. acquired 80% of the quota capital of Gruppo Sicura S.r.l., based in Vicenza, which controls the following group (hereinafter the Sicura Group):



  The group creates and supplies services, products and systems for protection against fire and for the safety of persons and assets, mainly serving the retail market (SMEs). This transaction is described in note 4 below.
- On 1 October 2008, the Parent Company acquired 100% of the capital of Società Manutenzione Illuminazione S.p.A. (SMAIL – formerly ACEA Luce S.p.A.), which provides public lighting services, principally in Lazio and Puglia.
- On 24 November 2008, the Parent Company formed Manutenzione Installazione Ascensori S.p.A. (MIA) by subscribing Euro 5,000 thousand for 100% of the share capital.
- On 15 July 2008, the Parent Company acquired the remaining 25% interest in MCB S.p.A., already 75% owned, thus raising its equity interest in the company to 100%.
- In June, Servizi Ospedalieri S.p.A., a wholly-owned subsidiary operating in the laundering-sterilisation sector, acquired 50% of AMG S.r.l. based in Busca (Cuneo). This company provides an industrial-scale laundering services for all kinds of linen, other materials and articles of clothing, as well as washable products of any type.
  This is an equal joint venture and, as such, has been consolidated on a proportional basis from 30 June 2008. Further information about this acquisition is provided in note 4 below.

Commencing from 2008, management has decided to suspend the consolidation of CPSIS Consorzio Polo di Sterilizzazione Integrata. This company joined the Group in 2007 with the entry of Omasa S.p.A. (a wholly-owned subsidiary of the Parent Company) since, formally, it is 60%-owned by Omasa. However, under the terms of shareholders' agreements, this interest will fall to 1% following the award of the contract which the consortium was formed to manage. The contract has been awarded, but the quotas have not yet been formally transferred. However, in substance, the other members already exercise control over the consortium, since Omasa no longer has any directors on the board of CPSIS. Accordingly, it was deemed appropriate to carry this investment at equity in the consolidated financial statements, until the formal reduction in the equity interest takes place in accordance with the shareholders' agreements mentioned above.

In January 2008, Luigi Minati Service S.r.l., acquired during 2007, was absorbed by Manutencoop Facility Management S.p.A. This merger has had no effect on the consolidated financial statements since the absorbed company was already wholly owned by the absorbing company and, therefore, was consolidated on a line-by-line basis.

With regard to associates, during 2008 MFM S.p.A. subscribed for:

- 45% of the newly-formed Servizi Napoli Soc. Cons. a r.l.
- 41.25% of the newly-formed Global Vicenza Soc.Cons. a r.l.
- 27.58% of the newly-formed Bologna Gestione Patrimonio Soc. Cons. a r.l.

  In all three cases, these consortiums were formed to formalise relations in the context of temporary business associations established to manage contracts for the provision of facility management services;
- The Parent Company subscribed Euro 400 thousand for 45% of the capital of EDEX S.r.l., a newly-formed company that will operate in the digitalisation and electronic filing of documents.
- The Parent Company paid Euro 2,807 thousand for a 40% interest in Costruzioni Manutenzioni Immobili S.rl..
- Servizi Ospedalieri S.p.A. subscribed Euro 1,000 thousand for 25% of Steril Piemonte Soc. Cons. a r.l.. This company was formed to manage the technical and economic-financial aspects of the contract, obtained as part of a temporary business association, for the supply and rental of surgical instruments and sterile kits for Novi Ligure Local Health Authority (ASL 20-21-22). Servizi Ospedalieri also subscribed Euro 124 thousand for 25% of Iniziative Produttive Piemontesi, a newly-formed company that will construct and operate a sterilisation centre in the Asti area. This centre will be used heavily, but not exclusively, in the relation to the Novi Ligure ASL 20-21-22 contract.
- Servizi Ospedalieri S.p.A. subscribed for 40% of Servizi Sanitari Treviso Soc.Cons.a r.l., a new consortium formed to formalise relations in the context of a temporary business association established to manage a contract for the supply of laundering and sterilisation services to the Treviso ASL.

2.5 Summary of principal accounting policies

Investments in joint ventures

The Group participates in numerous joint ventures that are classified as entities under common control. A joint venture is a contractual agreement pursuant to which two or more parties undertake an economic activity under common control; a company under common control is a joint venture that involves the formation of a separate company in which each participant holds an equity interest.

Common control is presumed to exist when equity investments are 50% held.

The Group consolidates its investments in joint ventures using the proportional method, combining line by line its interest in the assets, liabilities, revenues and costs of the company under common control with the respective captions reported the consolidated financial statements. The joint venture prepares financial statements with the same accounting reference date as that of the Parent Company and adopts consistent accounting policies. Any inconsistencies in the accounting policies applied are corrected by making adjustments.

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

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

Translation of foreign currency items

The financial statements are presented in Euro, which is the functional and presentation currency adopted by the Group.
Balance sheet items denominated in foreign currency are translated to Euro using the closing rates of exchange, while such income statement items are translated using the average rates for the year.
Differences arising from the translation of opening shareholders' equity using the closing rates of exchange are allocated to the translation reserve, together with those arising from the translation of the results for the year using the closing rather than the average rates of exchange. The translation reserve is released to the income statement when the company giving rise to the reserve is sold or liquidated.

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:

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

The plant and machinery category also includes equipment, motor vehicles, office machines and furniture.
Purchasing-related borrowing costs are charged to the income statement unless they are directly attributable to the purchase, construction or production of a qualifying asset that justifies their capitalisation, in which case they are capitalised.
A qualifying asset is an asset that necessarily requires a substantial period of time before it becomes available for use.

The capitalisation of borrowing costs ceases when essentially all the activities needed to render a qualifying asset available for use have been completed.

Improvement expenditure is only added to the carry amount of the asset concerned or recorded as a separate asset, as appropriate, if it is likely that the related future economic benefits will accrue to the company and the costs can be determined reliably. The cost of repairs, maintenance and other work to keep assets operational are charged to the income statement as incurred.

Leasehold improvements are generally classified as part of property, plant and equipment, depending on the nature of the costs incurred. They are depreciated over the residual life of the tangible asset concerned or the residual duration of the lease contract, whichever is shorter.

Goodwill

The goodwill arising from business combinations is initially measured at cost, being the difference between acquisition cost and the Group's interest in the net fair value of the related assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost net of any accumulated impairment losses. Goodwill is subjected to impairment testing on an annual basis, or more frequently if events or changes suggest that it may not be fully recoverable.

For impairment testing purposes, goodwill is allocated from the date of acquisition to each of the Group's cash-generating units 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. This is only done if such allocation is not arbitrary. Each unit to which goodwill is allocated:

- represents the lowest level, within the Group, at which goodwill is monitored for internal operational purposes; and
- is no broader than the primary or secondary reporting segments identified for the disclosure of Group 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 of entities not under common control are capitalised at their fair value at the acquisition date. Following initial recognition, intangible assets are stated at cost, net of accumulated amortisation and impairment write-downs.

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

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

The amortisation of intangible assets with finite useful lives is charged to the 'depreciation, amortisation, write-downs and write-backs' caption of the income statement.

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

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

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

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

Investments in associates

The Group's investments in associates are measured using the equity method. An associate is a company, not classifiable as a subsidiary or joint venture, over which the Group exercises significant influence.
When the interest held in companies is equal to or greater than 20% they are presumed to be associates.
In accordance with the equity method, investments in associates are initially recorded in the balance sheet at cost and subsequently adjusted to reflect post-acquisition changes in the Group's interest in their shareholders' equity. Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. Following application of the equity method, the Group determines if it is necessary to recognise any additional impairment losses with reference to the Group's net interest in the associate. The Group's interest in the results for the year of the associate is reflected in the income statement. If associates make direct adjustments to their shareholders' equity, the Group's recognises its interest and, where applicable, reports such adjustments in the statement of changes in shareholders' equity.
In the majority of cases, the accounting reference date used by associates is the same as that of the Group. Where this is not the case, the majority of the associates concerned prepare accounting statements as of the Group's financial year end.
The accounting policies adopted by associates are consistent with those applied by the Group in relation to events and transactions of the same type taking place in similar circumstances.

Impairment of assets

At each balance sheet date, the Group determines if there is any evidence that the value of assets may be impaired. In this case, or whenever annual impairment testing is required, the Group makes an estimate of recoverable value. Recoverable value is the fair value of an asset or cash-generating unit, net of selling costs, or, if higher, its value in use. Recoverable value is determined for each individual asset, unless its cash flows are not broadly independent of those generated by other assets or groups of assets. Impairment is recognised if the carrying amount of an asset exceeds its recoverable value and, accordingly, such amount is written down to reflect recoverable value. When determining value in use, the Group discounts estimated future cash flows to present value using a pre-tax discounting rate that reflects market assessments of the time value of money and the specific risks associated with the asset. Losses in value suffered by assets in use are charged to the 'depreciation, amortisation, write-downs and write-backs' caption of the income statement.
At each balance sheet date, the Group also determines if there is any evidence that the reasons for previous impairment adjustments have ceased (wholly or in part) to apply and, in such cases, estimates the revised recoverable value of the assets concerned. The value of previously written-down assets may only be reinstated if, subsequent to the most recent impairment adjustment, there are changes in the estimates used to determine their recoverable value. In such cases, the carrying amount of the assets concerned is increased to reflect their recoverable value without, however,

exceeding the carrying amount net of accumulated depreciation that would have been recorded had impairment not been recognised in prior years. All write-backs are credited to the income statement in the caption used to report the earlier write-downs, except when the asset is recorded at a revalued amount, in which case the write-back is treated as a revaluation. Following write-backs, the depreciation charge for the assets concerned is adjusted on a prospective basis in order to allocate their revised carrying amounts, net of any residual value, on a straight-line basis over their residual useful lives.

Financial assets

IAS 39 envisages the following types of 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 Group 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 Group at year end are classified as either loans and receivables or available-for-sale financial assets.

The valuation criteria applied by the Group are as follows:

Loans and receivables

Loans and receivables are measured on an amortised-cost basis using the effective 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. The costs incurred to bring each asset to its present state and location are identified as follows:

RAW MATERIALS (EXCLUDING FUEL)	Purchase cost determined using the weighted-average cost method
INVENTORIES OF FUEL	Purchase cost determined on a FIFO basis

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

Trade receivables and other receivables

Trade receivables, generally collectible within 30-90 days, are stated at their invoiced value, net of the allowance for doubtful accounts. This allowance is recorded based on objective evidence that the Group will be unable to collect the amount due. Uncollectible amounts are written down as soon as they are identified.
The Group's customers comprise, in large part, public bodies and health authorities whose effective payment terms greatly exceed the contractual due dates.
For this reason, amounts due from third-party customers 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 Group's customers, determined using historical data) and the average credit period allowed to customers by similar businesses operating in the same markets as the various Group companies.
Receivables and payables not denominated in the functional currency of each Group company are adjusted using the year-end rates of exchange.

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.

Loans

All loans are initially recorded at the fair value of the amount received, net of related loan-arrangement expenses.
Following initial recognition, loans are measured on an amortised-cost basis using the effective interest method. In addition to the amortisation process, all related gains and losses are reflected in the income statement when the liability is settled.

Elimination of financial assets and liabilities

Financial assets

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

- the contractual rights to receive the cash flows generated by them expire;
- the Group has transferred the financial asset (transferring the right to receive the 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 Group 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 Group obtains a new financial asset or accepts a new financial liability, the Group 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 Group determines if the value of a financial asset or a group of financial assets is impaired.

Assets measured on an amortised-cost basis

If there is objective evidence that the value of a loan or receivable measured at amortised cost is impaired, the related loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding any collection losses not yet incurred), discounted using the original effective interest rate applying to the financial asset (being the effective interest rate determined at the time of initial recognition). The carrying amount of the asset is reduced both directly and via the recording of provisions. The loss is charged to the income statement.
The Group firstly looks for objective evidence of impairment in relation to individually significant financial assets, and then considers the position individually and collectively in relation to financial assets that are not significant.
In the absence of objective evidence of impairment in the value of financial assets considered individually, whether significant or otherwise, such assets are then included in a group of financial assets with similar credit risk characteristics which is subjected to impairment testing on a collective basis. Assets measured individually, for which impairment has been or continues to be identified, are not included in the collective tests.
If, in subsequent years, the extent of impairment decreases due, objectively, to an event arising after the earlier loss in value was recognised, the amount previously written down may be reinstated. Subsequent write-backs are credited to the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the write-back date.

Assets measured at cost

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

Available-for-sale financial assets

If the value of 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 Group 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 Group believes that the costs covered by a provision for risks and charges will be reimbursed, in whole or in part, as in the case of risks covered by insurance policies, the related indemnity is recorded separately as an asset if, and only if, such recovery is virtually certain. In such cases, the provision is classified in the income statement net of the amount recognised for the indemnity.
If the discounting effect is significant, the provisions are stated at their present value using a pre-tax discounting rate that appropriately reflects the specific risks associated with the liability concerned. When provisions are discounted, the subsequent increases due to the passage of time are recorded as financial charges.

Provision for benefits due on the termination of employment

A liability for benefits due on the termination of employment is recorded when, and only when, the Group is demonstrably committed to: (a) terminating the employment of an employee or a group of employees before the normal retirement date; or (b) paying benefits for the termination of employment following the offer of voluntary redundancy incentives. The Group is 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 Group has decided to modify the accounting policy applying to the TFR accrued up to 31 December 2006. As a consequence, the Group 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:

- 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 4.

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 Group does not have any other defined benefit pension plans.

Leasing

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

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

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

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

Revenue recognition

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

Services

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

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

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

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

Sale of goods

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

Interest

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

Dividends

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

Government grants

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

Income taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

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

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

The income taxes relating to items recorded directly as part of shareholders' equity are charged directly against shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and such deferred taxation relates to both the same fiscal entity and the same tax authority.

Value-added tax

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

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

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

Derivatives and hedging transactions

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 Group 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

The risks and profitability of the Group are mainly affected by differences between the types of service provided; accordingly, the primary breakdown of the Group is by business segment.
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 Group's other business segments.
The Group's secondary reporting is analysed by geographical segment.
A geographical segment is a clearly identifiable component of the Group, 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 lines of business comprising the primary segment consist of the following strategic areas of Group operations:

Facility management: this is 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 Group comprise:

- 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.

Laundering/sterilisation: this consists of an industrial-scale activity carried out for the health sector. The services provided by the MFM Group in this area principally comprise (i) the rental and laundering of sheets, other linen and towels, and bed accessories, (ii) the sterilisation of linen and (iii) the sterilisation of surgical instruments.

Complementary activities: this residual segment comprises the building construction activities carried out by the Group 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).

Method of allocating costs to each segment:

The Group allocates specific direct and indirect production costs to each segment.

Commencing from the consolidated financial statements as of 31 December 2007, the Group also uses appropriate cost drivers to allocate commercial and other general expenses to each segment.

Financial income and expense and current and deferred taxation are not allocated to the various segments, while the results of investments measured using the equity method are allocated to the segments concerned.

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.

3. EFFECTS OF CHANGE IN ACCOUNTING POLICY

As mentioned in para. 2.2 above, 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 is envisaged in para. 93A of IAS 19.

Had the new policy been applied to the 2007 consolidated financial statements, the effects would have been as follows:

- Lower payroll costs of Euro 3,743 thousand, representing the consolidated actuarial loss recognised in 2007;
- Higher income from investments carried at equity of Euro 516 thousand, representing the Group's interest (45.47%) in the 2007 actuarial loss, net of tax effect, of Roma Multiservizi S.p.A. (an associate carried at equity);
- Higher taxation of Euro 963 thousand, representing the tax effect of the above consolidated actuarial loss for the year;
- Higher profit attributable to the minority shareholders of Euro 15 thousand, representing 25% of MCB's 2007 net actuarial loss;

- Lower reserves totalling Euro 4,607 thousand, representing the sum of:
  - the Parent Company's net accumulated actuarial losses as of 1 January 2007 (Euro 1,326 thousand),
  - the consolidated 2007 actuarial loss, net of tax effect (Euro 2,780 thousand),
  - the Group's share of the 2007 actuarial loss, net of tax effect, of Roma Multiservizi (Euro 516 thousand),
  - minus the minority interest in the 2007 actuarial loss (Euro 15 thousand);
- Higher retained earnings (losses) of Euro 1,326 thousand, representing the actuarial losses accumulated by the Parent Company up to 1 January 2007.
  The net positive effect on the profit for 2007 would have been Euro 2,765 thousand, while there would not have been any effect on shareholders' equity as of 31 December 2007.
  The tables below highlight the changes in the financial statement captions due to the above change in accounting policy, which involved applying the related effects on a retroactive basis.

	31/12/2007	31/12/2007 ADJUSTMENTS	31/12/2007 RESTATED
ASSETS			
Non-current assets			
Property, plant and equipment	39,141	-	39,141
Leased property, plant and equipment	5,829	-	5,829
Goodwill	112,093	-	112,093
Other intangible assets	5,048	-	5,048
Investments carried at equity	14,303	-	14,303
Other equity investments	1,772	-	1,772
Non-current financial receivables	785	-	785
Other non-current assets	2,266	-	2,266
Deferred tax assets	4,412	-	4,412
Total non-current assets	185,649	-	185,649
Current assets			
Inventories	3,533	-	3,533
Trade receivables and advances to suppliers	350,868	-	350,868
Current tax receivables	4,696	-	4,696
Other current operating receivables	8,126	-	8,126
Cash and cash equivalents	42,418	-	42,418
Total current assets	409,641	-	409,641
TOTAL ASSETS	595,290	-	595,290
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	77,964	-	77,964
Reserves	(42,545)	(4,607)	(47,152)

	31/12/2007	31/12/2007 ADJUSTMENTS	31/12/2007 RESTATED
Retained earnings (losses)	8,970	1,326	10,296
Net profit (loss) attributable to the Parent Company	12,037	3,281	15,318
Group shareholders' equity	**56,426**	**-**	**56,426**
Minority interest in equity	394	(15)	379
Net profit (loss) attributable to minority shareholders	685	15	700
Total minority interests	**1,079**	**-**	**1,079**
Total shareholders' equity	**57,505**	**-**	**57,505**
Non-current liabilities			
Employee severance indemnities - benefits	26,456	-	26,456
Provisions for risks and charges - non-current portion	885	-	885
Loans - non-current portion	27,997	-	27,997
Deferred tax liabilities	5,682	-	5,682
Total non-current liabilities	**61,020**	**-**	**61,020**
Current liabilities			
Provisions for risks and charges - current portion	3,066	-	3,066
Trade payables and advances from customers	198,835	-	198,835
Other current operating payables	75,781	-	75,781
Loans - current portion	187,960	-	187,960
Other current financial liabilities	11,123	-	11,123
Total current liabilities	**476,765**	**-**	**476,765**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**595,290**	**-**	**595,290**

	31/12/2007	31/12/2007 ADJUSTMENTS	31/12/2007 RESTATED
REVENUES			
Revenues from sales and services	604,799	-	604,799
Other operating revenues	1,005	-	1,005
Total revenues	**605,804**	**-**	**605,804**
OPERATING COSTS			
Raw materials and consumables	(71,874)	-	(71,874)
Change in inventories of semi-finished and finished products	-	-	-
Services, leases and rentals	(262,774)	-	(262,774)
Payroll costs	(192,909)	3,743	(189,166)
Other operating costs	(4,115)	-	(4,115)
Internal work capitalised	-	-	-
Depreciation, amortisation, write-downs and write-backs	(23,915)	-	(23,915)
Provisions for risks and charges, amounts released	(730)	-	(730)
Total operating costs	**(556,317)**	**3,743**	**(552,574)**

DESCRIPTION	31/12/2007	31/12/2007 ADJUSTMENTS	31/12/2007 RESTATED
OPERATING PROFIT	49,487	3,743	53,230
FINANCIAL INCOME AND CHARGES			
Income (charges) from investments at equity	2,627	516	3,143
Dividends, income and charges from disposal of equity investments	86	-	86
Financial income	4,195	-	4,195
Financial charges	(19,782)	-	(19,782)
Exchange gains (losses)	-	-	-
PROFIT (LOSS) BEFORE TAXATION	36,613	4,259	40,872
Current and deferred taxation	(23,891)	(963)	(24,854)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	12,722	3,296	16,018
Results from discontinued activities	-	-	-
NET PROFIT (LOSS) FOR THE YEAR	12,722	3,296	16,018
Net profit (loss) attributable to min. shareholders	(685)	(15)	(700)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY	12,037	3,281	15,318

The change in accounting policy had the following effects on the consolidated financial statements for the year ended 31 December 2008:

- Higher payroll costs of Euro 3,555 thousand, representing the consolidated actuarial gain identified for 2008;
- Lower income from investments carried at equity of Euro 389 thousand, representing the Group's interest (45.47%) in the 2008 actuarial gain, net of tax effect, of Roma Multiservizi S.p.A.;
- Lower taxation of Euro 638 thousand, representing the tax effect of the above consolidated actuarial gain for the year;
- Lower reserves totalling Euro 503 thousand, representing the sum of:
  - the Parent Company's net accumulated actuarial losses as of 1 January 2008 (Euro 3,809 thousand),
  - the consolidated 2008 actuarial gain, net of tax effect (Euro 2,917 thousand),
  - the Group's share of the 2008 actuarial gain, net of tax effect, of Roma Multiservizi (Euro 389 thousand),
- Higher retained earnings (losses) of Euro 3,809 thousand, representing the actuarial losses accumulated by the Parent Company up to 1 January 2008.

4. BUSINESS COMBINATIONS

The MFM Group made a number of significant acquisitions towards the end of 2008 (the most important being the purchase of Integra FM BV – 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 strategically compatible with its objectives, having regard for its increased complexity.

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

During 2009, 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 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.

4.1 Financing of the acquisitions completed during the 4th quarter of 2008

On 23 December 2008, together with the acquisition of Integra IFM BV (described in para. 4.6 below), the Parent Company completed a capital increase for cash that was taken up by private equity funds and other financial market specialists. This operation raised a total of Euro 174,871 thousand, net of transaction costs.

All the business combinations carried out by the Parent Company during the fourth quarter of 2008 (listed in paras. 3.4, 3.5, 3.7 and 3.8) were financed via the above-mentioned capital increase.

4.2 Acquisition of 50% of AMG S.r.l.

At the end of June 2008, Servizi Ospedalieri S.p.A., a wholly-owned subsidiary operating in the laundering-sterilisation sector, acquired 50% of AMG S.r.l. based in Busca (Cuneo) for Euro 1,535 thousand.

This newly-acquired joint venture provides an industrial-scale laundering services for all kinds of linen, other materials and articles of clothing, as well as washable products of any type.

The acquisition was made in order to obtain laundering facilities in Piedmont, a region with attractive commercial potential for the development of laundering activities where Servizi Ospedalieri did not have any production facilities.

Financing of the acquisition

The acquisition agreement envisaged payment of half the purchase price (Euro 750 thousand) on signature of the contract and the remainder after 6 months. As of 31 December 2008, the liability relating to the acquisition of this investment has been settled in full. The acquisition was financed by drawing against the long-term loan of Euro 30 million from Banca Popolare di Lodi that was arranged in March 2008.

Accounting effects of the acquisition

Given that the Group consolidates joint ventures on a proportional basis, as stated in the consolidation principles, management believes that this acquisition represents a business combination.

Accordingly, the purchase method envisaged in IFRS 3 was adopted.

The acquisition was completed at a total cost of Euro 1,535 thousand, of which Euro 1,500 thousand was paid to the seller and Euro 35 thousand consisted of transaction-related costs (mainly charges for the Antitrust procedure and legal consultancy), which are considered to be part of the direct costs of the business combination.

In terms of the consideration payable to the seller, the agreement envisaged payment of 50% on signature and the remaining 50% after 6 months.

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

	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Property, plant and equipment	696	696
Leased property, plant and equipment	49	49
Intangible assets	15	15
Non-current financial assets	0	0
Deferred tax assets	1	1
Total non-current assets	761	761
Current assets		
Inventories	15	15
Trade receivables and advances to suppliers	330	330
Other current receivables	8	8
Cash and cash equivalents	35	35
Total current assets	388	388
TOTAL ASSETS	1,149	1,149
LIABILITIES		
Non-current liabilities		
Employee severance indemnities – benefits	51	51
Deferred tax liabilities	18	18
Total non-current liabilities	69	69
Current liabilities		
Loans – short term	280	280
Trade payables and advances from customers	122	122
Other current payables	190	190
Total current liabilities	592	592
TOTAL LIABILITIES	661	661
Fair value of net assets	488	488
Goodwill deriving from combination	1,047	
Total cost of combination	1,535	
TOTAL COST OF COMBINATION		
Payments to seller	1,500	
Ancillary acquisition costs	35	
TOTAL COST OF COMBINATION	1,535	

	RECOGNISED VALUE	CARRYING AMOUNT
NET LIQUIDITY USED FOR THE ACQUISITION		
Cash and cash equivalents of the acquired entity	35	
Ancillary acquisition costs	(35)	
Payments to seller	(1,500)	
NET LIQUIDITY USED FOR THE ACQUISITION	(1,500)	

The fair value of the assets and liabilities acquired via the combination was Euro 488 thousand, while the total cost of the combination was Euro 1,535 thousand.
The difference between purchase cost and the carrying amount of the net assets acquired was therefore Euro 1,047 thousand, which has been allocated to goodwill.
The net liquidity used for the combination was Euro 1,500 thousand.
Since the acquisition date, AMG has contributed Euro 453 thousand to Group revenues and a net loss of Euro 148 thousand.

4.3 Acquisition of an additional 25% of MCB S.p.A.

On 15 July 2008, the Parent Company acquired for Euro 6,755 thousand the remaining 25% interest in MCB S.p.A., already 75% owned, thus raising its equity interest in the company to 100%.
As in the past and in the absence of other requirements under current IFRS, the difference between the cost of the shares acquired (Euro 6,755 thousand) and the book value of the minority interest at the time of acquisition (Euro 709 thousand), amounting to Euro 6,046 thousand, was added to the goodwill arising on the consolidation of MCB. The total goodwill recorded in relation to MCB therefore amounts to Euro 11,200 thousand as of 31 December 2008.

4.4 Acquisition of SMAIL S.p.A. (formerly ACEA Luce S.p.A.)

On 1 October 2008, the MFM Group acquired 100% of the capital of SMAIL S.p.A., which previously belonged to the ACEA Group. SMAIL provides public lighting services for a number of municipalities, mostly situated in central and southern Italy.
The net cost of the acquisition was Euro 2,123 thousand.

Accounting effects of the acquisition

This transaction is a business combination. Accordingly, the purchase method envisaged in IFRS 3 was adopted by the Group to record the transaction.
The total cost of the acquisition was Euro 3,146 thousand, including Euro 146 thousand in purchase-related costs (legal expenses, financial consultancy and antitrust procedures).
The purchase contract does however contain a number of guarantees should the value of net assets at the acquisition date turn out to be lower than that agreed.
The purchase consideration was paid to the seller on completion of the transaction.
Analysis subsequent to the acquisition revealed that, prior to its acquisition by the Group, the purchased company had sold certain trade receivables without recourse.
On preparing the 2008 financial statements, one of the factoring banks informed the Group of a number of disputed accounts (already known at the time of the purchase, but not declared by the seller as part of the profile of the transaction). The amounts subsequently recharged to SMAIL totalled Euro 1,297 thousand, of which Euro 1,029 thousand is uncollectible.
Under the terms of the contract, backed by bank guarantee given by the seller, the Parent Company has reduced the value of the equity investment and recorded a financial receivable of Euro 1,029 thousand due from the seller.
The fair value of the assets and liabilities of the acquired company was determined on a provisional basis, as was the goodwill deriving from the transaction.

The following schedule shows the amounts provisionally attributed to the assets and liabilities acquired:

	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Other non-current assets	11	11
Deferred tax assets	160	160
Total non-current assets	**171**	**171**
Current assets		
Trade receivables and advances to suppliers	5,132	5,132
Current tax receivables	458	458
Other current operating receivables	527	527
Total current assets	**6,117**	**6,117**
TOTAL ASSETS	**6,288**	**6,288**
LIABILITIES		
Non-current liabilities		
Employee severance indemnities - benefits	111	111
Deferred tax liabilities	111	111
Total non-current liabilities	**222**	**222**
Current liabilities		
Trade payables and advances from customers	289	289
Current income taxes	602	602
Other current operating payables	1,991	1,991
Other current financial liabilities	1,297	1,297
Total current liabilities	**4,179**	**4,179**
TOTAL LIABILITIES	**4,401**	**4,401**
Fair value of net assets	**1,887**	**1,887**
Goodwill deriving from combination	**236**	
Total cost of combination	**2,123**	
TOTAL COST OF COMBINATION		
Payments to seller	3,000	
Receivable from seller	(1,023)	
Ancillary acquisition costs	146	
Total cost of combination	**2,123**	
NET LIQUIDITY USED FOR THE ACQUISITION		
Ancillary acquisition costs	(146)	
Payments to seller	(3,000)	
Net liquidity used for the acquisition	**(3,146)**	

The fair value of the assets and liabilities acquired via the combination was provisionally determined to be Euro 1,887 thousand, while the total cost of the combination was Euro 2,123 thousand.
The goodwill deriving from the operation therefore amounts to Euro 236 thousand, while the net liquidity used for the combination was Euro 3,146 thousand.
Since the acquisition date, the company has contributed Euro 842 thousand to Group revenues and a net profit of Euro 16 thousand.

4.5 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 described in para. 2.3, the MFM Group has elected to apply the consistency principle in cases of this type.
Application of this 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 amounts transferred are summarised in the following table:

	RECOGNISED VALUE	CARRYING AMOUNT
Tangible fixed assets	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	

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.

Subsequent to the acquisition, MFM S.p.A. 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.

4.6 Acquisition of the Servizi Energia Calore S.r.l. (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, MFM 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.
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 carrying amount of the net liabilities transferred on 30 novembre 2008, Euro 155 thousand, was allocated in full to the contracts with customers taken over by the Group consequent to 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:

	CARRYING AMOUNTS	CARRYING AMOUNT
Tangible assets	16	16
Intangible assets	3,115	
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**	

As 31 December 2008, the amount due to the seller has not yet been paid since, under the contract terms, the consideration is payable by 30 June 2009.

4.7 Acquisition of Integra IFM BV (formerly Pirelli & C. RE IFM BV)

On 23 December 2008, the MFM Group acquired the entire equity interest in Integra IFM BV, a Netherlands company that controls a group (the Altair group) of companies active in the Facility Management and Project Management sectors. These companies mainly operate in Italy under contract to major industrial groups (Fiat, Pirelli, Telecom).

The group, previously part of the Pirelli & C. Real Estate group, also operates in France and Poland.

The structure of the group acquired is described in para. 2.4.

This acquisition means that the MFM Group has become the leader of the Integrated Facility Management market in Italy.

Accounting effects of the acquisition

This transaction is a business combination. Accordingly, the purchase method envisaged in IFRS 3 was adopted by the Group to record the transaction.

The total cost of the acquisition was Euro 142,307 thousand, including Euro 4,807 thousand in purchase-related costs (legal expenses, financial consultancy and antitrust procedures).

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

The fair value of the assets and liabilities of the acquired company was determined on a provisional basis, as was the goodwill deriving from the transaction.

The following schedule shows the amounts provisionally attributed to the assets and liabilities acquired:

	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Property, plant and equipment	15,934	15,934
Leased property, plant and equipment	984	984
Other intangible assets	3,214	3,214
Investments carried at equity	704	704
Other equity investments	434	434
Non-current financial receivables and other securities	5,167	5,167
Deferred tax assets	2,567	2,567
Total non-current assets	**29,004**	**29,004**
Current assets		
Inventories	3,570	3,570
Trade receivables and advances to suppliers	253,526	253,526
Current tax receivables	82	82
Other current operating receivables	7,182	7,182
Cash and cash equivalents	57,937	57,937
Total current assets	**322,297**	**322,297**
TOTAL ASSETS	**351,301**	**351,301**

	RECOGNISED VALUE	CARRYING AMOUNT
LIABILITIES		
Minority interests	171	171
Non-current liabilities		
Employee severance indemnities - benefits	15,404	15,404
Provisions for risks and charges - non-current portion	1,821	1,821
Loans - non-current portion	75,072	75,072
Deferred tax liabilities	1,319	1,319
Total non-current liabilities	**93,616**	**93,616**
CURRENT LIABILITIES		
Provisions for risks and charges - current portion	1,771	1,771
Trade payables and advances from customers	260,513	260,513
Current income taxes	2,605	2,605
Other current operating payables	23,284	23,284
Loans - current portion	71,117	71,117
Other current financial liabilities	770	770
Total current liabilities	**360,060**	**360,060**
TOTAL LIABILITIES	**453,847**	**453,847**
Fair value of net assets	**(102,546)**	**(102,546)**
Goodwill deriving from combination	**244,853**	
Total cost of combination	**142,307**	
TOTAL COST OF COMBINATION		
Payments to seller	137,500	
Ancillary acquisition costs	4,807	
Total cost of combination	**142,307**	
NET LIQUIDITY USED FOR THE ACQUISITION		
Cash and cash equivalents of the acquired entity	57,937	
Ancillary acquisition costs	(4,807)	
Payments to seller	(137,500)	
Net liquidity used for the acquisition	**(84,370)**	

The fair value of the assets and liabilities acquired via the combination was provisionally determined as a net liability of Euro 102,546 thousand, while the total cost of the combination was Euro 142,307 thousand.
The goodwill deriving from the operation therefore amounts to 244,853 thousand euro, while the net liquidity used for the combination was Euro 84,370 thousand.
As part of this business combination, the Group also obtained the remaining 50% interest in MP Facility S.p.A. (previously 50% owned by the Group), which has a long-term facility management contract with the Telecom Italia Group. The Altair Group did not contribute to the Group's revenues or consolidated results subsequent to the acquisition since this took place very close to year end. As such, only its balance sheet has been consolidated.

4.8 Acquisition of Gruppo Sicura S.r.l.

On 30 December 2008, MFM S.p.A. acquired 80% of the quota capital of Gruppo Sicura S.r.l., a company based in Vicenza that controls a group of about ten 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 structure of the group acquired is described in para. 2.4.

Accounting effects of the acquisition

This transaction is a business combination. Accordingly, the purchase method envisaged in IFRS 3 was adopted by the Group to record the transaction.

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 31/12/2013.

Pursuant to current accounting standards, the present value of the exercise price (if applicable) of the put option and of the additional price payable (earn-out) should have been recognised as a financial liability in these financial statements, had the amounts concerned been determinable on a reliable basis.

The Parent Company's management believes it likely that the earn-out will be payable (EBITDA 2013 greater than EBITDA 2007), but, on preparing the consolidated financial statements as of 31 December 2008, management did not have enough information to be able to estimate reliably the amount of such purchase price adjustment or the exercise price (if applicable) of the put option.

Accordingly, the related financial liability has not been recognised.

At this time, it is objectively impossible to make a reliable estimate of the above two amounts 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 total 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 100% of the investment (calculated using the 2013 data and the applicable multiple) and the amount paid in 2008 for 80% of the investment (Euro 15,145 thousand).

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, while the present value of that associated with the option would be about Euro 3.8 million. 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.

The fair value of the assets and liabilities of the acquired company was determined on a provisional basis, as was the goodwill deriving from the transaction.
The following schedule shows the amounts provisionally attributed to the assets and liabilities acquired:

DESCRIPTION	RECOGNISED VALUE	CARRYING AMOUNT
ASSETS		
Non-current assets		
Property, plant and equipment	1,494	1,398
Leased property, plant and equipment	338	338
Investment property	-	-
Other intangible assets	103	103
Investments carried at equity	-	-
Other equity investments	-	-
Non-current financial receivables and other securities	-	-
Other non-current assets	-	-
Deferred tax assets	51	51
Total non-current assets	**1,986**	**1,890**
Current assets		
Inventories	1,580	1,580
Trade receivables and advances to suppliers	10,282	10,282
Current tax receivables	959	959
Other current operating receivables	297	297
Receivables and other current financial assets	-	-
Cash and cash equivalents	538	538
Total current assets	**13,656**	**13,656**
Non-current assets held for sale	6,959	6,113
Total non-current assets held for sale	**6,959**	**6,113**
TOTAL ASSETS	**22,601**	**21,659**

DESCRIPTION	RECOGNISED VALUE	CARRYING AMOUNT
LIABILITIES		
Minority interests	840	840
Non-current liabilities		
Employee severance indemnities - benefits	661	661
Provisions for risks and charges - non-current portion	-	-
Loans - non-current portion	1,010	1,010
Deferred tax liabilities	88	88
Other non-current liabilities	-	-
Total non-current liabilities	1,759	1,759
Current liabilities		
Provision for risks and charges - current portion	-	-
Trade payables and advances from customers	5,556	5,556
Current income taxes	1,169	1,169
Other current operating payables	2,343	2,343
Loans - current portion	2,601	2,601
Other current financial liabilities	205	205
Total current liabilities	11,874	11,874
Liabilities associated with assets held for sale	5,345	5,345
Total liabilities associated with assets held for sale	5,345	5,345
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	19,818	19,818
Fair value of net assets	2,783	1,841
Goodwill deriving from combination	12,546	
Total cost of combination	15,329	
TOTAL COST OF COMBINATION		
Payments to seller	15,145	
Ancillary acquisition costs	184	
Total cost of combination	15,329	
NET LIQUIDITY USED FOR THE ACQUISITION		
Cash and cash equivalents of the acquired entity	538	
Ancillary acquisition costs	(184)	
Payments to seller	(15,145)	
Net liquidity used in the acquisition	(14,791)	

The fair value of the assets and liabilities acquired via the combination was provisionally determined to be Euro 2,783 thousand, while the total cost of the combination was Euro 15,329 thousand. The goodwill deriving from the operation therefore amounts to Euro 12,546 thousand, while the net liquidity used for the combination was Euro 14,791 thousand. The company did not contribute to the Group's revenues or consolidated results subsequent to the acquisition since this took place very close to year end. As such, only its balance sheet has been consolidated.

5. PROPERTY, PLANT AND EQUIPMENT

The following table reports the changes in tangible fixed assets (both owned and held under finance leases) during the year ended 31 December 2008. The historical cost and accumulated depreciation at the start and end of the year are shown at the bottom of the table.

(in thousands of Euro)	Property	Plant and equipment	Leased property	Leased plant and equipment	Total
As of 1 January 2008, net of accumulated depreciation and write-downs	0	39,141		5,829	44,970
Increases (business combinations)	3,835	14,708	338	1,036	**19,917**
Increases (additions)	0	19,617		239	**19,856**
Impairment		(7)		0	**(7)**
Decreases		(744)		0	**(744)**
Depreciation charge for the year	0	(19,838)	0	(1,431)	**(21,269)**
Other	0	1,015	0	(1,064)	**(49)**
As of 31 December 2008	3,835	53,893	338	4,608	62,674
As of 1 January 2008					
Cost	0	124,366		12,409	**136,775**
Accumulated depreciation and impairment		(85,225)		(6,580)	**(91,806)**
NET CARRYING AMOUNT	0	39,141	0	5,829	44,969
As of 31 December 2008					
Cost	4,768	178,973	426	11,233	**195,400**
Accumulated depreciation and impairment	(933)	(125,080)	(88)	(6,625)	**(132,726)**
NET CARRYING AMOUNT	3,835	53,893	338	4,608	62,674

The increases in owned and leased property due to business combinations, amounting to Euro 3,835 thousand and Euro 338 thousand respectively, derive from the acquisition of the Altair Group and the Sicura Group.
The increases in owned and leased plant and equipment due to business combinations, totalling Euro 15,744 thousand, relate to the plant, machinery and equipment contributed by AMG S.r.l., the Altair Group, Gruppo Sicura S.r.l. and SMAIL.
Additions to owned plant and equipment during 2008 amounted to Euro 19,617 thousand, including Euro 12,838 thousand in the form of linens used in the laundering business (2007: Euro 13,835 thousand), while the balance mainly reflects the purchase of specific plant and equipment for the laundering business and, to a lesser extent, to the purchase of equipment for the facility management business and hardware for the Group's IT systems. Additions to leased plant and equipment during 2008 amounted to Euro 239 thousand.
The decreases mainly relate to the retirement of linens that are no longer usable.
The other changes mainly reflect the redemption of leased assets.

The following table reports the changes in tangible fixed assets (both owned and held under finance leases) during the year ended 31 December 2007. The historical cost and accumulated depreciation at the start and end of the year are shown at the bottom of the table.

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

6. INTANGIBLE ASSETS

The following table reports the changes in intangible assets during the year ended 31 December 2008. The historical cost and accumulated amortisation at the start and end of the year are shown at the bottom of the table.

(in thousands of Euro)	Other intangible assets	Goodwill	Total
As of 1 January 2008, net of accumulated amortisation and impairment	5,048	112,093	117,141
Increases (business combinations)	6,467	258,683	**265,150**
Increases (additions)	3,597	6,046	**9,643**
Amortisation charge for the year	(2,145)	0	**(2,145)**
Impairment		(5)	**(5)**
Other	0	(563)	**(563)**
As of 31 December 2008	12,967	376,254	389,221
As of 1 January 2008			
Cost	9,792	112,319	**122,111**
Accumulated amortisation and impairment	(4,744)	(226)	**(4,970)**
NET CARRYING AMOUNT	5,048	112,093	117,141
As of 31 December 2008			
Cost	19,856	376,485	**396,340**
Accumulated amortisation and impairment	(6,889)	(231)	**(7,120)**
NET CARRYING AMOUNT	12,967	376,254	389,221

The increase in Goodwill includes Euro 258,683 thousand (attributable to the business combinations) reflecting the additional costs incurred by the Group with respect to the fair value of the net assets acquired on the purchase of the Altair Group, the Sicura Group, AMG S.r.l., SMAIL and the SEC line of business (see note 4).
The balance of this increase, Euro 6,046 thousand, attributable to additions, reflects acquisition of the remaining 25% interest in MCB S.p.A. by the Parent Company in July 2008, thus raising MFM's ownership of MCB to 100%. See para. 4.3 for more information.
Goodwill is subjected to impairment testing on an annual basis.
Analysis of the recoverability of the goodwill relating to Simagest 3 Soc. Cons. a r.l. highlighted the need to record a write-down of Euro 5 thousand in 2008.
The Group's other intangible assets almost entirely consist of software, which is amortised on a straight-line basis over its expected useful life.
The increases in 2008 are also almost entirely attributable to the purchase of software.

The following table reports the changes in intangible assets during the year ended 31 December 2007. The historical cost and accumulated amortisation at the start and end of the year are shown at the bottom of the table.

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

7. IMPAIRMENT TESTING OF RECORDED GOODWILL

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

(in thousands of Euro)

Carrying amount of consolidated goodwill	31 December 2008	31 December 2007
Goodwill of Facility Management	25,038	24,299
Goodwill of MP Facility (Facility Management)	4,590	2,295
Goodwill of MCB (Facility Management)	11,200	5,155
Goodwill of Teckal (Facility Management)	67,275	67,275
Goodwill of S.O./Omasa/AMG (Laundering-Sterilisation)	12,810	12,326
Goodwill of Minati (Facility Management)		738
Goodwill of Simagest3 (Facility Management)		5
Goodwill of Altair Group (Facility Management)	242,558	
Goodwill of Sicura Group (Facility Management)	12,547	
Goodwill of SMAIL Group (Facility Management)	236	
TOTAL GOODWILL	376,254	112,093

Goodwill is subjected to impairment testing on an annual basis.
Impairment is tested by comparing the carrying amounts reported in the consolidated financial statements for the individual CGUs with their value in use, determined by discounting their expected cash flows over a reasonable period (not exceeding four years). These cash flows are taken from the business plans prepared by senior management and approved by the Board of Directors of the Parent Company. The business plans used for the analyses described in this note were revised in September 2007. At the time of preparing these financial statements, Group management believes that these plans represent the most reliable estimate of the future economic and financial performance of the Group companies concerned. The prudent assumptions made include steady growth (of between 0% and 2%, being lower than the growth rates forecast by external observers and the average growth in revenues from Group activities generated by the various Group companies in recent years) in the cash flows for the periods subsequent to those for which specific estimates are available.

Goodwill of the facility management CGU

This goodwill was acquired via the 'Palladio' business combination, which took place on 29 December 2003. By this combination, the Group acquired control of the line of business relating to construction and energy. In addition, the goodwill previously attributed to Luigi Minati Service S.r.l., Euro 738 thousand, was allocated to this CGU on the absorption of that company by MFM S.p.A. in 2008.
The recoverable value of the goodwill allocated to the facility management CGU was determined with reference to its value in use. This calculation was 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 recorded in recent years, initially by the Manutencoop Group (to which the Manutencoop Facility Management Group belongs) and then by the Manutencoop Facility Management Group.

Goodwill of the MP Facility CGU

In 2004, the Group subscribed for 50% of the shares in MP Facility S.p.A., a joint venture (wholly owned since

23 December 2008 following the acquisition of the Altair Group, which held the other 50% interest) that manages the facility management contract covering the offices in Italy of the Telecom Italia Group. Also in 2004, the acquisition by MP Facility of a line of business resulted in the recognition of goodwill totalling Euro 4,590 thousand (until 23 December 2008, the Group's interest was 50%, equal to Euro 2,295 thousand, while the other 50% was recognised on acquisition of the Altair Group, see para. 4.7).

The above goodwill, also attributable to a medium-small CGU that manages the facility management contract with the Telecom Italia Group, was subjected to impairment testing using the following assumptions:

- Discounting of the cash flows contained in the financial plan approved by senior management, covering a time period equal to the residual duration of the contract with the Telecom Italia Group (which expires in 2013), without assuming further renewals;
- Application of a discounting rate to the forecast cash flows of 7.4% (2007: 7.8%), equal to that applied to the facility management CGU and to the goodwill allocated to MCB S.p.A.

Goodwill of the MCB CGU

During 2008, the Group acquired the remaining 25% interest in MCB S.p.A., thus obtaining full control over the company. MCB is a medium-small company which provides facility management services for the properties of companies with a network structure (banks, insurance companies etc.). The acquisition of the company, which took place in successive steps between 2003 and 2008, resulted in the recognition of consolidated goodwill totalling Euro 11,200 thousand.

The goodwill relating to MCB S.p.A., which is attributable to medium-small CGU operating in the facility management sector, was subjected to impairment testing on the basis of the assumptions listed below:

- Discounting of the cash flows contained in the financial plan approved by senior management, covering a time period of three years,
- Extrapolation of the cash flows beyond the third year using a constant growth rate of 2%,
- Application of a discounting rate to the forecast cash flows of 7.4% (7.8% in 2007).

Goodwill of the Simagest 3 CGU

During 2006, the Group raised its holding in Simagest 3 Soc. Cons. a r.l. by acquiring a further 34.99% interest, thus increasing its investment to 89.99%.

The Group recognised goodwill of Euro 217 thousand to the seller, which was written down by Euro 212 thousand as of 31 December 2007. A further impairment test was performed as of 31 December 2008, using the following assumptions:

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

This identified a loss in value of Euro 5 thousand.

Consistent with the fact that this contract will soon expire, the residual goodwill as of 31 December 2008 has been written off.

Goodwill of the Servizi Ospedalieri/Omasa CGU (Laundering/sterilisation)

During 2007, the Group acquired from Manutencoop Società Cooperativa the entire equity interest in Servizi Ospedalieri S.p.A. ("SO"), a company operating in the Laundering/Sterilisation segment whose main activities are (i) the rental and laundering of sheets, other linen and towels, and bed accessories, (ii) the sterilisation of linen and (iii) the sterilisation of surgical instruments. These services are mainly supplied to public entities and private clinics.

Since this was a business combination of entities under common control, the consistency principle was applied and, accordingly, no goodwill was recognised on allocation of the purchase price.

The company's financial statements do however report purchased goodwill deriving from previous business combinations (acquisition of two lines of business) with third parties, totalling Euro 5,685 thousand.

On 14 September 2007, the MFM Group acquired the entire equity interest in Omasa, one of Italy's leading providers of specialist sanitary services for the management of hospital-related technologies (especially sterilisation). Omasa specialises in the on- and off-site sterilisation of surgical instruments, enjoying a leadership position in the management of sterilisation processes for the surgical instruments of healthcare operators. Given its extensive territorial coverage, the company is able to work with public customers (hospitals) and private customers (clinics) of all sizes.

The acquisition gave rise to goodwill, attributable to the laundering-sterilisation business, of Euro 6,641 thousand, which was subsequently reduced by Euro 564 thousand to Euro 6,077 thousand. Commencing from the 4th quarter of 2008, Omasa and Servizi Ospedalieri are monitored as a single entity by the Group's senior management, in view of the proposed merger, approved in December 2008, which will result in the creation of a single legal entity during the first half of 2009. The resulting total goodwill attributable to the Laundering/Sterilisation CGU, Euro 11,762 thousand, has been subjected to impairment testing using the following assumptions:

- Discounting of the cash flows contained in the financial plan approved by senior management, covering a time period of three years,
- Extrapolation of the cash flows beyond the third year using a constant growth rate of 1%,
- Application of a discounting rate to the forecast cash flows of 6.3% (2007: 6.7%).

Goodwill of the Minati CGU

Minati was absorbed by MFM S.p.A. in January 2008. The goodwill recognised in 2007, Euro 738 thousand, on acquisition of the entire equity interest in this company was therefore added to the goodwill allocated to the facility management CGU, and subjected to a combined impairment test.

Goodwill of the Teckal CGU

The Group acquired the entire equity interest in Teckal on 12 October 2007.

The company's main activity is the optimisation of overall energy use, focusing on the management of heat energy and public utilities. Specifically, activities consist in: (i) the supply of electricity; (ii) the management of heating installations and equipment, electrical plant, and safety and fire-fighting equipment; (iii) the upgrading and modernisation of technological plant, and related compliance work.

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

- Discounting of the cash flows contained in the financial plan approved by senior management, covering a time period of three years,
- Extrapolation of the cash flows beyond the third year using a constant growth rate of 2%,
- Application of a discounting rate to the forecast cash flows of 7.4% (2007: 7.8%).

Goodwill of the Altair Group CGU

On 23 December 2008, the MFM Group acquired the entire equity interest in Integra IFM BV, a Netherlands company that controls a group (the Altair group) of companies active in the Facility Management and Project Management sectors. These companies mainly operate in Italy under contract to major industrial groups (Fiat, Pirelli, Telecom).

Based on a provisional allocation of the purchase price, the acquisition gave rise to goodwill of Euro 244,853 thousand, including Euro 2,295 thousand attributable to the MP Facility CGU which was already 50% owned by the MFM Group (see the relevant section earlier in this note). Accordingly, the provisional net goodwill strictly attributable to the Altair Group amounts to Euro 242,558 thousand.

As mentioned in para. 4.7, the MFM Group's management is currently selecting consultants to assist with the allocation of the purchase price paid for the Altair Group (and for the Sicura Group, see the relevant section later in this note).

The carrying amounts of the assets acquired have not been subjected to impairment testing as of 31 December 2008. This was not deemed necessary in view of the provisional nature of the allocation, the proximity of the transaction date to year end, and the fact that the cost of the combination was based on assessments made by Group management with reference to long-term plans that readily justify the amounts recorded.

Goodwill of the Sicura Group CGU

On 30 December 2008, MFM S.p.A. acquired 80% of the quota capital of Gruppo Sicura S.r.l., a company based in Vicenza that controls a group (the Sicura Group) of about ten 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).

Further information about this acquisition is presented in para. 4.8 above.

Based on a provisional allocation of the purchase price, the acquisition gave rise to goodwill of Euro 12,547 thousand.
The carrying amounts of the assets acquired have not been subjected to impairment testing as of 31 December 2008. This was not deemed necessary in view of the provisional nature of the allocation, the fact that the transaction date essentially coincided with year end, and the fact that the cost of the combination was based on assessments made by Group management with reference to long-term plans that, despite lacking specific detail, readily justify the amounts recorded.

Goodwill of SMAIL

On 1 October 2008, the MFM Group acquired 100% of the capital of SMAIL S.p.A., which previously belonged to the ACEA Group. SMAIL provides public lighting services for a number of municipalities, mostly situated in central and southern Italy.
Based on a provisional allocation of the purchase price, the acquisition gave rise to goodwill of Euro 236 thousand, which was subjected to impairment testing using the following assumptions:

- Discounting of the cash flows contained in the financial plan approved by senior management, covering a time period of three years,
- Extrapolation of the cash flows beyond the third year using a constant growth rate of 2% (same as the facility management CGU),
- Application of a discounting rate to the forecast cash flows of 7.4% (equal to that applied to the facility management CGU).

Assumptions used to calculate the value in use of the Group's cash-generating units as of 31 December 2008

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

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

Except as discussed in relation to Simagest 3 Soc. Cons. a r.l., analysis of all the CGUs has confirmed that their recoverable values exceed the related carrying amounts and that, therefore, no impairment adjustments are required.
The sole exception, as stated, was the impairment of the Simagest 3 CGU. The resulting write-down of Euro 5 thousand was charged to the Depreciation, amortisation, impairment and write-backs caption of the income statement (see also note 27 in this regard).

8. INVESTMENTS IN JOINT VENTURES

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

Of these, 6 are companies and consortiums not listed on regulated markets whose objects are to govern relations within temporary business associations formed to provide certain facility management services under contract. The six companies are: Global Maggiore Bellaria soc. cons. a r.l.; Consorzio Leader soc. con. a r.l., Società consortile Adanti a r.l., Servizi Sportivi Brindisi a soc. cons. a r.l., Duc Gestione sede Unica a soc. cons. a r.l., AMG S.r.l.

The Group's interest in the combined value of the assets, liabilities, revenues and results of the above companies as of and for the year ended 31 December 2008, included in the consolidated financial statements, is presented below in comparison with the related amounts as of and for the year ended 31 December 2007:

(in thousands of Euro)	31 December 2008	31 December 2007
Non-current assets	1,473	31
Current assets	6,527	5,204
	8,000	**5,235**
Non-current liabilities	711	0
Current liabilities	6,907	5,200
	7,618	**5,200**

	2008	2007
Revenues	6,347	9,170
Operating costs	(6,515)	(9,141)
OPERATING RESULTS	**(168)**	**29**
Results of financial management	(14)	(6)
PROFIT (LOSS) BEFORE TAXATION	**(154)**	**23**
Tax charge	34	(25)
NET RESULTS FOR THE YEAR	**(148)**	**(2)**

The Group previously held a 50% interest in MP Facility S.p.A., formed during 2004 upon acquisition of the facility management line of business previously operated by the Telecom Italia Group, involving the signature of a long-term Global Service contract in relation to that group's portfolio of properties. Following the acquisition of the Altair IFM Group on 23 December 2008, MP Facility S.p.A. is now a wholly-owned subsidiary.

As mentioned in para. 2.4, the investment in MP Facility S.p.A. has been consolidated on a proportional basis (50%) with regard to the 2008 income statement, and on a line-by-line basis in relation to the balance sheet.

The Group's 100% interest in the assets and liabilities of MP Facility S.p.A. and its 50% interest in that company's revenues and costs, as reported in the consolidated financial statements, are presented below in comparison with the related amounts (50% interest in each case) as of and for the year ended 31 December 2007:

(in thousands of Euro)	31 December 2008 (100%)	31 December 2007 (50%)
Non-current assets	7,234	3,736
Current assets	71,330	31,310
	78,564	**35,046**
Non-current liabilities	5,666	4,953
Current liabilities	63,416	26,440
	69,082	**31,393**

	2008	2007
Revenues	74,777	65,339
Operating costs	(69,961)	(60,996)
OPERATING PROFIT	**4,816**	**4,343**
Results of financial management	61	(21)
PROFIT (LOSS) BEFORE TAXATION	**4,878**	**4,322**
Tax charge	(2,122)	(2,040)
NET RESULTS FOR THE YEAR	**2,755**	**2,282**

9. INVESTMENTS IN ASSOCIATES MEASURED USING THE EQUITY METHOD

The following tables, covering the years ended 31 December 2008 and 31 December 2007, summarise the Group's interest in the assets, liabilities, revenues and net results of the associates (and the subsidiaries and joint ventures in liquidation) measured using the equity method.

(in thousands of Euro)

As of 31 December 2008	% interest	Revenues	Net results	Assets	Liabilities	Net assets	Value invest.	Provi-sions	Net value in cons. financial statements
Global Provincia di Rimini Soc. Cons. a r.l.	42.40%	1,533	0	765	(761)	**4**	4	0	**4**
Bologna Più Soc. Cons. a r.l.	25.68%	6,720	1	2,130	(2,053)	**77**	77	0	**77**
Como Energia Soc. Cons. a r.l.*	20.00%	584	(9)	757	(726)	**31**	31	0	**31**
Global Riviera Soc. Cons. a r.l.	23.11%	2,325	0	3,361	(3,352)	**9**	9	0	**9**
P.B.S. Soc. Cons. a r.l.	25.00%	2,692	0	2,455	(2,430)	**25**	25	0	**25**
Consorzio Energia Servizi BO	24.25%	133	(6)	19	(16)	**3**	3	0	**3**
Bologna Multiservizi Soc. Cons. a r.l.	39.00%	5,068	0	3,970	(3,966)	**4**	4	0	**4**
MCB Emirates LLC	49.00%	0	(31)	0	0	**0**	0	0	**0**
Tower Soc. Cons. a r.l.	20.17%	1,110	0	766	(746)	**20**	20	0	**20**
Ser.San. Servizi Sanitari S.p.A.	20.00%	2	(2)	86	(26)	**60**	60	0	**60**
San Martino 2000 Soc. Cons. a r.l.	40.00%	2,944	0	1,402	(1,398)	**4**	4	0	**4**
Co.S.I.S. Soc. Cons. a r.l.	26.33%	0	(17)	24	(28)	**(4)**	0	4	**(4)**
GICO Systems S.r.l.	20.00%	429	17	307	(277)	**30**	30	0	**30**
Newco DUC Bologna S.p.A.	24.90%	8,715	(246)	24,694	(23,147)	**1,547**	1,547	0	**1,547**
SE.SA.MO. S.p.A.*	20.91%	3,299	0	8,265	(7,514)	**751**	751	0	**751**
F.lli Bernard S.r.l.	20.00%	790	43	2,111	(1,657)	**454**	454	0	**454**
Terzatorre S.p.A.	32.00%	3,081	0	5,110	(3,641)	**1,469**	1,469	0	**1,469**
ROMA Multiservizi S.p.A.	45.47%	39,549	3,229	32,052	(22,401)	**9,651**	9,651	0	**9,651**
Servizi Napoli 5 Soc. Cons. a r.l.	45.00%	1,114	0	1,119	(1,114)	**5**	5	0	**5**
Steril Piemonte Soc. Cons. a r.l.	25.00%	68	(7)	1,006	(13)	**993**	993	0	**993**
Edex	45.00%	171	(110)	630	(340)	**290**	290	0	**290**
IPP	25.00%	116	(17)	405	(298)	**107**	107	0	**107**
Global Vicenza	41.25%	1,287	0	1,577	(1,573)	**4**	4	0	**4**
Alisei S.r.l. in liquidation	100.00%	0	(12)	20	(30)	**(10)**	0	10	**(10)**
Fleur Bruzia S.r.l. in liquidation*	100.00%	0	(3)	0	0	**0**	0	0	**0**
Consorzio Polo Sterilizzazione Integ.	60.00%	44	(9)	739	(716)	**23**	23	0	**23**
Gymnasium Soc. Cons. a r.l. in liq.	68.00%	5	0	28	(21)	**7**	7	0	**7**
Geslotto 6 Soc. Cons. a r.l.	55.00%	5	0	94	(44)	**50**	50	0	**50**
Legnago 2001 Soc. Cons. a r.l.	50.00%	1,213	0	1,212	(1,207)	**5**	5	0	**5**
Servizi Sanitari Treviso*	40.00%	n/a	n/a	8	0	**8**	8	0	**8**
Bologna Gestione Patrimonio *	27.58%	n/a	n/a	6	0	**6**	6	0	**6**
Promoz. Impr. e Territ. Soc. Cons. a r.l.	100.00%	0	0	14,186	(14,044)	**142**	142	0	**142**
Progetto Nuovo Sant'Anna	49.50%	924	0	57,437	(57,445)	**(8)**	0	8	**(8)**
Sanco Soc. Cons. a r.l.	37.50%	42,159	0	24,042	(24,042)	**0**	0	0	**0**
Headmost division service	25.00%	1,449	0	1,276	(756)	**520**	520	0	**520**
Telepost	20.00%	0	0	0	(24)	**24**	24	0	**24**
Costruzione Manutenzione Immobili	40.00%	100	135	3,054	(112)	**2,942**	2,942	0	**2,942**
		127,629	2,956	195,113	(175,870)	19,243	19,265	22	19,243

Approved financial statements as of 31 December 2008 for the companies marked with an (*) in the above table were not available at the time of preparing these consolidated financial statements. The amounts reported for these companies relate to the situation as of 31 December 2007.

(in thousands of Euro)

As of 31 December 2007	% interest	Revenues	Net results	Assets	Liabilities	Net assets	Value invest.	Provi-sions	Net value in cons. financial statements
Bologna Global Service Soc. Cons. a r.l.	37.50%	4	0	51	(47)	**4**	4	0	**4**
Global Provincia di Rimini Soc. Cons. a r.l.	42.40%	1,273	0	834	(830)	**4**	4	0	**4**
Bologna Più Soc. Cons. a r.l.	25.68%	6,720	(1)	2,130	(2,053)	**77**	77	0	**77**
Como Energia Soc. Cons. a r.l.	20.00%	584	5	757	(788)	**(31)**	0	(31)	**(31)**
Global Riviera Soc. Cons. a r.l.	30.66%	2,775	0	3,955	(3,946)	**9**	9	0	**9**
P.B.S. Soc. Cons. a r.l.	25.00%	2,600	0	1,777	(1,752)	**25**	25	0	**25**
DUC Gestione Sede Unica Soc. Cons. a r.l.	49.00%	4	0	13	(3)	**10**	10	0	**10**
Consorzio Energia Servizi BO	24.25%	12	6	120	(111)	**9**	9	0	**9**
Bologna Multiservizi Soc. Cons. a r.l.	39.00%	3,615	0	2,964	(2,960)	**4**	4	0	**4**
MCB Emirates LLC	49.00%	0	0	31	0	**31**	31	0	**31**
Tower Soc. Cons. a r.l.	20.17%	120	0	150	(130)	**20**	20	0	**20**
Ser.San. Servizi Sanitari S.p.A.	20.00%	2	0	86	(24)	**62**	62	0	**62**
San Martino 2000 Soc. Cons. a r.l.	40.00%	2,846	0	1,651	(1,647)	**4**	4	0	**4**
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	20.00%	0	(7)	20	(6)	**14**	14	0	**14**
Co.S.I.S. Soc. Cons. a r.l.	26.33%	3	0	18	(5)	**13**	13	0	**13**
Global Vicenza Soc. Cons. a r.l.	41.00%	0	0	4	0	**4**	4	0	**4**
GICO Systems S.r.l.	20.00%	298	(20)	263	(250)	**13**	13	0	**13**
Newco DUC Bologna S.p.A.	24,90%	9,632	(105)	16,927	(15,134)	**1,793**	1,793	0	**1,793**
SE.SA.MO. S.p.A.	20.91%	3,299	63	8,265	(7,514)	**751**	751	0	**751**
F.lli Bernard S.r.l.	20.00%	735	10	681	(271)	**410**	410	0	**410**
Terzatorre S.p.A.	32.00%	401	(3)	1,727	(258)	**1,469**	1,469	0	**1,469**
ROMA Multiservizi S.p.A.	45.47%	38,382	2,679	24,067	(14,508)	**9,559**	9,559	0	**9,559**
Fleur Bruzia S.r.l. (in liquidation)	100.00%	31	0	45	(45)	**0**	0	0	**0**
Palmanova Servizi Energetici Soc. Cons. a r.l.	60.00%	0	0	6	0	**6**	6	0	**6**
Servizi L'Aquila Soc. Cons. a r.l.	60.00%	0	0	12	0	**12**	12	0	**12**
		73,336	2,627	66,554	(52,282)	14,272	14,303	(31)	14,272

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets as of 31 December 2008 and 31 December 2007 are analysed below:

(in thousands of Euro)	31 December 2008	31 December 2007
Other equity investments	2,836	1,772
Non-current receivables and financial assets	6,708	2,225
Other non-current financial assets	1,414	826
	10,958	**4,823**

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

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 contractual regulations and restrictions that effectively prevent their transfer.

The increase during 2008 of Euro 1,064 thousand includes Euro 439 thousand attributable to the business combinations described in note 4. The remainder mainly reflects the acquisition of a minority holding in Genesi 1 S.p.A. for Euro 610 thousand.

Non-current receivables and financial assets, amounting to Euro 6,708 thousand as of 31 December 2008, comprise:

- Non-current loans to associates of Euro 513 thousand (2007: Euro 785 thousand). Certain loans to associates 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 uplifted by 0.5%. The nominal value of these loans is Euro 879 thousand (2007: Euro 1,155 thousand) while the related discounting provision amounts to Euro 366 thousand (2007: 370 thousand).
- Non-current loans to third parties of Euro 6,194 thousand (2007: Euro 1,440 thousand). The increase during the year mainly reflects the contribution made by the Altair Group (Euro 4,840 thousand), which was acquired during 2008 (see note 4).

The other non-current assets mainly consist of guarantee deposits relating to long-term production contracts and long-term deferrals on certain contracts. These amount to Euro 1,414 thousand as of 31 December 2008, up by Euro 588 thousand since 31 December 2007. This increase is also mostly attributable to the business combination with the Altair Group.

11. INVENTORIES

(in thousands of Euro)	31 December 2008	31 December 2007
Raw, ancillary and consumable materials and goods	8,454	3,539
Work in process and semi-finished products		
Finished products		
Allowance for inventories	(6)	(6)
Carrying amount	**8,448**	**3,533**

Inventories of raw materials comprise the materials held awaiting use at production sites, stated at weighted-average purchase cost, the goods (mostly safety and fire-prevention devices) held by the Sicura Group, and the fuel held in the tanks of customers who have outsourced their heat management to the Group.
The increase between 31 December 2007 and 31 December 2008, Euro 4,915 thousand, is mainly attributable to the inventories of the newly-acquired companies discussed in note 4.

12. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

(in thousands of Euro)	31 December 2008	31 December 2007
Contract work in progress	17,633	12,643
Gross trade receivables	605,869	328,799
Allowance for doubtful accounts	(13,186)	(5,522)
Provision for discounting of trade receivables	(982)	(1,011)
Due from third parties	**609,334**	**334,909**
Due from parent companies	727	150
Due from associates	23,479	14,669
Due from group companies	**24,206**	**14,819**
Advances to suppliers	1,237	1,140
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**634,777**	**350,868**
Other tax receivables due within 12 months	4,637	3,546
Other current receivables due from third parties	7,774	3,766
Due from social security institutions - short term	1,225	184
Due from employees - short term	298	69
Other current operating receivables due from third parties	**13,934**	**7,565**
Other current receivables due from MNTC Soc. Coop.	1,416	
Other current operating receivables due from group companies	**1,416**	**0**
Accrued income	12	76
Prepaid expenses	1,712	485
Accrued income and prepaid expenses	**1,724**	**561**
OTHER CURRENT OPERATING RECEIVABLES	**17,074**	**8,126**

The terms and conditions applying to the amounts due from related parties are discussed in note 34.
Trade receivables and advances to suppliers have increased from Euro 350,868 thousand to Euro 634,777 thousand. They comprise receivables that do not earn interest which, in general, are contractually collectible between 30 and 90 days.
This significant change (Euro 283,909 thousand) includes Euro 269,565 thousand attributable to the newly-acquired companies, while the remaining Euro 14,344 thousand reflects higher revenues deriving from an increase in the volume of business.
Since the Group's customers include numerous public entities, which notoriously pay very late, the trade receivables due from third parties have been discounted to their present value.

The changes in the provision for discounting of trade receivables during 2008 are analysed below:

(in thousands of Euro)	31 December 2007	Increases	Releases	Business Combinations	31 December 2008
Provision for discounting of trade receivables	1,011	400	(804)	374	981

Doubtful receivables that may not be fully recoverable are covered by a specific allowance for doubtful accounts, Euro 13,186 thousand as of 31 December 2008 (Euro 5,522 thousand as of 31 December 2007), which is deemed adequate with respect to known disputes at year end.

The changes in the allowance for doubtful accounts during the year ended 31 December 2008 are reported below:

(in thousands of Euro)	31 December 2007	Increases	Jtilisations	Releases	Business Combinations	31 December 2008
Allowance for doubtful accounts	5,522	837	(1,373)	(6)	8,322	13,302

The significant increase is mainly attributable to the allowances for doubtful accounts recorded by the newly-acquired companies at the date of acquisition, totalling Euro 1,986 thousand.
The trade receivables which were overdue but not written down or in dispute as of 31 December 2008 are analysed below on a comparative basis:

(in thousands of Euro)	Total	Not overdue or written down	OVERDUE BUT NOT WRITTEN DOWN				
			< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	beyond 120 days
31 December 2008	592,351	446,821	27,601	31,041	16,137	7,362	63,389
31 December 2007	323,277	230,475	10,140	10,725	19,949	8,165	43,822

The above balances are stated net of written-down receivables but gross of the discounting effect referred to above.
The assignment of trade receivables to Calyon S.A. Corporate & Investment Bank continued during 2008, under the contract signed in 2007 which was renewed in 2008 (the contract is renewable for 5 years). This contract envisages the factoring of receivables on a quarterly basis under a revolving facility.
The receivables are sold without recourse during the last ten days of each quarter and the total nominal value assigned during 2008 was Euro 289,773 thousand (2007: Euro 339,134 thousand). Given the characteristics of the operation, the assigned receivables have been derecognised and the costs of the credit discount (see note 26), Euro 957 thousand (2007: Euro 1,123 thousand) and the interest discount, Euro 8,084 thousand (2007: Euro 12,430 thousand), totalling Euro 9,042 thousand (2007: Euro 14,638 thousand), were charged to the income statement.
As of 31 December 2008, the receivables assigned by the Group but not yet collected by Calyon amount to Euro 96,934 thousand. 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. As part of the factoring operation, the Group has given two guarantees for a total nominal amount of Euro 14,986 thousand; in view of the characteristics of the operation and the available impediments to collection against these guarantees, the fair value of the underlying financial guarantees is estimated to be Euro 99 thousand (31 December 2007: Euro 101 thousand). This amount has been classified among the Other financial liabilities. The difference with respect to their fair value as of 31 December 2007 has been recognised as financial income. Contract work in progress, which has increased from Euro 12,643 thousand to Euro 17,633 thousand (including Euro 3,068 thousand attributable to the companies acquired during 2008), mainly relates to contracts for the construction or restructuring of buildings, and to contracts for the upgrading of installations, which are increasingly included in the long-term contracts for the provision of integrated or global services.

Other current receivables have increased from Euro 8,126 thousand in 2007 to Euro 17,056 thousand del 2008 (Euro 11,175 thousand of which relates to the new acquisitions listed in note 4). They include:

- Tax receivables totalling Euro 4,637 thousand (2007: Euro 3,456 thousand), principally comprising the VAT recoverable by certain Group companies.
- Other receivables of Euro 2,176 thousand (31 December 2007: Euro 2,117 thousand) representing 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. These accounts are currently frozen by the Court, following a dispute that arose with INPDAP. The classification of these amounts as Other current receivables is deemed to be fair, not least because they directly relate to the "Other amounts due to INPDAP" caption (see note 19).

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

The balances as of 31 December 2008 and 31 December 2007 are analysed below:

(in thousands of Euro)	31 December 2008	31 December 2007
Bank and postal current accounts and deposits	91,247	31,629
Cash and instruments on hand	669	84
Deposits with consortiums	6,011	10,705
Cash and cash equivalents	97,927	42,418
Loans to third parties - current portion	1,023	
Loans to MNTC Group - current portion	197	
Current financial receivables	1,220	0

The increase in cash and cash equivalents from Euro 42,418 thousand as of 31 December 2007 to Euro 97,927 thousand as of 31 December 2008 (+ Euro 55,509 thousand) is mainly attributable to the liquidity contributed by the newly-acquired companies (see note 4). 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 Cooperative Costruzioni (C.C.C.), comprising the deposits with consortiums, are readily available and earn interest.

The Parent Company has unused lines of credit totalling Euro 121,676 thousand as of 31 December 2008 (2007: Euro 83,639 thousand).

Current financial receivables amount to Euro 1,220 thousand as of 31 December 2008, including Euro 1,023 thousand claimed from the seller of SMAIL, which was acquired on 1 October 2008 (see note 4, para. 4.2 in this regard), while the other Euro 197 thousand is due from associates.

14. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Non-current assets held for sale and the associated liabilities relate to owned and leased property obtained on the acquisition of the Sicura Group on 30 December 2008. The disposal of this property at predetermined prices in early 2009 had already been contractually agreed prior to that date.

The non-current assets held for sale, recognised at their agreed disposal value at the time of the acquisition, amount to Euro 6,959 thousand, while the associated liabilities total Euro 5,345 thousand.

The details are set out below:

- Land and buildings owned by the Sicura Group (housing its offices until 2007) totalling Euro 980 thousand;
- Leased land and buildings (housing the current offices of the Sicura Group) totalling Euro 5,979 thousand;
- Lease liability relating to the assets in the above point totalling Euro 5,345 thousand.

15. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	31 December 2008	31 December 2007
Ordinary shares, par value Euro 1 each	109,150	77,964

The ordinary shares have a par value of Euro 1.
There are 109,149,600 issued and fully-paid ordinary shares as of 31 December 2008, compared with 77,964,000 as of 31 December 2007.
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.

Retained earnings (losses)

The following table shows the recent changes in equity reserves:

	Share premium	Legal reserve	Valuation reserves	Other reserves	Total reserves
1 January 2007 restated	0	4,940	(839)	(44,102)	(40,001)
Capital reduction		(7,603)		44,104	36,501
Allocation of prior-year results		6,394	(487)	0	5,907
Change in scope of consolidation				(46,278)	(46,278)
Valuation effects recognised in equity			(3,281)		(3,281)
31 December 2007 restated	0	3,731	(4,607)	(46,276)	(47,152)
Capital increase	148,814				148,814
Capital increase expenses	(5,129)				(5,129)
Allocation of prior-year results		10,585	797		11,382
Change in scope of consolidation				(366)	(366)
Valuation effects recognised in equity			3,306		3,306
31 December 2008	143,685	14,316	(504)	(46,642)	110,855

The following table shows the recent changes in retained earnings (losses):

	Retained earnings (losses) of Parent Company	Retained earnings (losses) of Group	Total retained earnings (losses)
1 January 2007 restated	368	5,572	5,940
Capital reduction		2,500	2,500
Allocation of prior-year results	958	898	1,856
31 December 2007 restated	1,326	8,970	10,296
Allocation of prior-year results	2,483	(2,213)	270
31 December 2008	3,809	6,757	10,566

As stated in note 3, commencing from 2008 the Group recognises directly in equity (via the Valuation reserves) the actuarial gains and losses deriving from the actuarial valuation of employee severance indemnities.
These reserves also reflect the economic effect recognised in equity of the measurement of companies carried at equity.
Lastly, the effects of the actuarial losses accumulated by MFM S.p.A. in prior years have also been reclassified to these reserves from the retained earnings (losses) of the Parent Company.

16. EMPLOYEE BENEFITS AND PENSION FUNDS

The Group 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.
As discussed in note 3, commencing from 2008 the Group has elected to recognise directly in equity, rather than through the income statement, the actuarial gains and losses deriving from application of the projected unit credit method (PUCM).
The net cost of the benefits earned is analysed below.

(in thousands of Euro)

NET COST OF BENEFITS	Year ended 31 December 2008	Year ended 31 December 2007
Curtailment		(1,838)
Cost of benefits earned (service cost)		445
Financial charges on obligations	727	1,004
Actuarial (gains)/losses (in equity)	(2,916)	3,743
Net cost of benefits	**(2,189)**	**3,354**

The financial charges associated with the obligation, as well as the service cost and the curtailment (where applicable), are recorded as payroll costs while, as mentioned, the actuarial gains and losses are recognised directly in equity.
As part of the acquisition of the Sicura Group (see note 4), the Group acquired a defined benefits obligation towards certain directors of companies in that group (end-of-mandate indemnity). In order to ensure that this liability is fully covered on the date that settlement falls due, specific insurance policies have been arranged with leading institutions. This means that there is no residual liability to be borne by the Group.
The changes in the present value of the defined benefit obligation (Employee severance indemnities) are analysed below:

(in thousands of Euro)	2008	2007
Provision as of 1 January (present value)	**26,454**	**20,644**
Increases due to business combinations	17,543	7,801
Benefits paid	(4,500)	(5,343)
Curtailment (past service cost)		(1,838)
Cost of benefits earned (service cost)		445
Financial charges on outstanding obligations	728	1,004
Actuarial (gains)/losses on obligations	(2,916)	3,743
As of 31 December	**37,309**	**26,456**

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

(percentages)	31 December 2008	31 December 2007
Discount rate	5.7%	4.8%
Inflation rate	2.0%	2.5%
Estimated employee turnover	5% - 10%	8% - 16%

The estimated rate of turnover is presented as a range of values, since its varies considerably from one Group company to another. The actuary appointed to make the recalculations used different estimated turnovers for each company.
The average number of Group employees is analysed below, together with those on secondment to the Group from Manutencoop Società Cooperativa:

	2008	2007
Executives	53	18
Clerical staff	1,610	793
Manual workers	9,539	7,856
Employees	11,202	8,667
Executives	22	16
Clerical staff	260	224
Manual workers	350	332
Seconded personnel	632	572

17. PROVISIONS FOR RISKS AND CHARGES

The changes in the provisions for risks and charges during 2008 are detailed below:

(in thousands of Euro)	Equity investments	Testing and work performed	Litigation	Tax disputes	Agents' termination indemnities	Restructuring	Employee bonuses	Total
As of 1 January 2008	31	602	880	22	34	2,029	353	3,951
Increases due to business combinations	8	270	1,387			2,029		3,694
Provisions	2	332	931		21	2,420	259	3,965
Utilisations	(4)	(184)	(50)			(2,639)	(306)	(3,183)
Releases								
Other			22	(22)				
As of 31 December 2008	37	1,020	3,170	0	55	3,839	306	8,427
Short term 31 December 2008	14	120	36			3,839	306	4,315
Medium/long term 31 December 2008	23	900	3,134		55			4,112
Short term 31 December 2007	31	184	447	22		2,029	353	3,066
Medium/long term 31 December 2007		418	433		34			885

Provision for risks in relation to testing and work performed

This provision covers risks relating to possible disputes with customers about the reporting of work performed, principally overtime, that must be approved by them before invoices are issued. During 2008, Euro 184 thousand was utilised from this provision, while new provisions totalled Euro 332 thousand and business combinations (especially the Altair Group) contributed a further Euro 270 thousand.

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 Group 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 Parent Company is jointly liable together with Manutencoop Soc.Coop., current agreements establish that the latter will make any necessary settlements. New provisions made during the year amounted to Euro 931 thousand (MFM S.p.A.: Euro 725 thousand), business combinations (Altair Group) contributed Euro 1,387 thousand and reclassifications (from the provision for tax disputes) totalled Euro 22 thousand. Utilisations totalled Euro 50 thousand during the year.

Provision for benefits due on the termination of employment

This provision, established in prior years by MP Facility S.p.A., the joint venture consolidated up to 31 December 2008 using the proportional method (50%), amounted to Euro 2,029 thousand as of 1 January 2008 (Group interest in the provision at that date). The provision then increased by the same amount (Euro 2,029 thousand) as a result of the business combinations: specifically the purchase of the remaining 50% interest in the company on the acquisition of the Altair Group in 2008 (see note 4), while Euro 2,639 thousand was utilised during 2008 to cover payments to personnel whose employment was terminated. In May 2008, MP Facility reached an agreement with the unions to shed a certain number of jobs by the end of 2009. The detail exodus plan resulted in the recognition of a further provision of Euro 2,123 thousand (only 50% of this amount is reflected in the consolidated income statement). The provision for the restructuring of MP Facility S.p.A. therefore amounts to Euro 3,542 thousand as of 31 December 2008. MCB and Servizi Ospedalieri also implemented redundancy plans during 2008, albeit on a smaller scale. These plans resulted in the recognition of additional provisions totalling Euro 297 thousand. As a consequence, the provision for restructuring recorded in the consolidated financial statements of the MFM Group as of 31 December 2008 amounts to Euro 3,839 thousand.

Employee bonuses

Following utilisations of Euro 306 thousand, the provision for employee bonuses was increased by Euro 259 thousand euro during the year. This reflects an estimate of the management performance bonuses to be paid, although the exact amounts have not yet been determined.

18. LOANS AND OTHER FINANCIAL LIABILITIES

Borrowing

The non-current and current portions of loans reflect borrowing from banks and financial institutions, as well as from consortium partners, and the amounts due from other providers of finance that have been recorded in the consolidated financial statements in accordance with lease accounting methodology. Loans are analysed below:

(in thousands of Euro)			31 December 2008			31 December 2007	
SHORT AND MEDIUM/LONG TERM	Effective rate %	Expires	within 1 year	beyond 1 year within 5	beyond 5 years	within 1 year	beyond 1 year
BNL/BNP loan – MFM	Euribor 3m +1.75%(*)	23/12/2014			73,780		
BNL/BNP loan – Altair Group	Euribor 3m +1.75%(*)	23/12/2014	(30)	62,796	11,950		
C.C.F.S. loan – MFM	Euribor 3m +1%	29/07/2013		30,000			
S.Gimignano e S.Prospero loan – SO	Euribor 3m+0.50%	30/06/2013	3,439	26,561			
Unicredit loan – Teckal	Euribor 3m+0.75%	31/12/2013	4,460	20,531			24,973
Investire Partecipazioni mortgage – SO	4%	31/12/2010	134	140		191	283
B.Pop. VR mortgage – Gruppo Sicura	Euribor 3m+1.15%	22/10/2012	26	91			
Bank loans – Gruppo Sicura	Euribor 3m+0.85-1.5%	15/04/2013	300	714			
Banca Bo – solar panels – DUC Gestione	5.50%	16/12/2028		81	429		
Finance lease obligations	Euribor 3m+0.90%	2009-2015	1,588	2,221	221	1,292	2,741
Overdrafts, advances and hot money	Euribor 3m+0.50/0.90%	On demand	64,746	112,498			
Other non-current liabilities	4.50%			2			
Loans from consortium members	Euribor 3m+0.5%		1,029	191		370	
Consortium treasury accounts		On demand	189			43	
Manutencoop intercompany account	Euribor 3m+0.5%	On demand	1,193			66,025	
Commercial paper	4.05-5.60%	Mar-09	10,250			2,000	
Loan from Calyon		31/03/2009	4,047			5,441	
TOTAL LOANS OBTAINED			91,371	143,328	86,380	187,960	27,997

(*) The spread applied on the BNL/BNP loan to MFM S.p.A. and the Altair Group depends on the level of financial parameters that are checked every 6 months.

During 2008, the management of the MFM Group decided to rationalise the Group's borrowing following the acquisitions made in 2007 and 2008. This operation resulted in the signature of a number of medium/long-term loan contracts for borrowing that, as of 31 December 2008, totals more than Euro 208 million. As a consequence, there has been:

- a significant reduction in short-term loans from financial institutions, down from Euro 112,498 thousand as of 31 December 2007 to Euro 64,492 thousand as of 31 December 2008;
- a significant reduction in borrowing from Manutencoop Soc.Coop., down from Euro 66,025 thousand as of 31 December 2007 to Euro 1,193 thousand as of 31 December 2008;
- an improvement in the profile of borrowing from third parties by the Altair Group, acquired on 23 December 2008, not apparent from comparison with the prior year, which amounts to Euro 97,643 thousand as of 31 December 2008.

BNL/BNP loan – MFM/Altair Group

Following the acquisition of Integra FM BV (formerly Pirelli & C. FM BV) on 23 December 2008, the MFM Group 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 Group has drawn down a total of Euro 150 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 Group management, the above financial parameters are also met as of 31 December 2008.

CCFS loan – MFM

During 2008, as part of the broad rationalisation of borrowing by the MFM Group discussed above, MFM obtained a loan expiring on 29 July 2013 from Consorzio Cooperativo Finanziario per lo Sviluppo (CCFS) for Euro 30,000 thousand.

Banco S.Gimignano e S.Prospero loan – Servizi Ospedalieri

This unsecured loan from Banco San Geminiano e San Prospero was granted to Servizi Ospedalieri S.p.A. on 13 March 2008. The loan is repayable by 30 June 2013 in 8 six-monthly instalments, commencing with a 12-month interest-only period. Interest is payable in arrears at 3-month Euribor plus a spread of 0.50%, with the possibility of hedging rate fluctuations via an IRS to a fixed rate plus the above spread.

Unicredit loan – Teckal

At the time of acquiring Teckal in 2007, the Group repaid a previous Unicredit loan to the company of Euro 18,437 thousand, as well as an outstanding vendor loan of Euro 11,438 thousand. These loans were replaced by a new loan from Unicredit amounting to Euro 25,000 thousand. The carrying amount of this loan as of 31 December 2008 is Euro 24,991 thousand.

Investire Partecipazioni mortgage

This mortgage granted to Servizi Ospedalieri S.p.A. is repayable in six-monthly instalments until 2010.

Overdrafts, advances and hot money

The overdrafts, advances and hot money are all unsecured; the changes during 2008 mainly reflect the work described above to rationalise the Group's borrowing.

Commercial paper

The commercial paper outstanding as of 31 December 2008 fell due in early 2009 and was repaid on time.

Manutencoop Soc.Coop. intercompany account

This intercompany current account is used to settle transactions with Manutencoop Società Cooperativa. The balance on the account as of 31 December 2008 is Euro 1,193 thousand.
This balance bears interest at 3-month Euribor plus a spread of 0.50% and is repayable on demand. The contract for this intercompany current account expires on 31 December 2009, unless automatically renewed.

Finance lease obligations

Lease contracts, all unsecured, have been arranged by Manutencoop Facility Management S.p.A, Servizi Ospedalieri, AMG, Gruppo Altair IFM S.p.A. and Gruppo Sicura. The contracts outstanding as of 1 January 2008 relate to the vehicles, plant and equipment used by Servizi Ospedalieri in the laundering and sterilisation processes.

Loans from consortium members

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

Consortium treasury accounts

These treasury accounts bear interest and are repayable on demand. They are mainly used to settle transactions between Group companies and the consortiums concerned, being Consorzio Nazionale Servizi (CNS), Consorzio Cooperative Costruttori (CCC) and Consorzio Cooperativo Finanziario per lo Sviluppo (CCFS). The total balance outstanding as of 31 December 2008 is Euro 189 thousand (as of 31 December 2007: Euro 143 thousand).

Loan from Calyon – assignment of receivables

This caption reports the non-consolidated portion of the trade amounts due to the Parent Company by MP Facility S.p.A., Euro 4,047 thousand (31 December 2007: Euro 5,441 thousand), which as of 31 December 2008 are included in the receivables assigned to Calyon S.A. Corporate & Investment Bank.
This loan is repayable on the contractual due dates of the factored receivables, which is 90 days from the end of the invoicing month.
The financial cost of the operation is represented by the total interest discount, 1.94%, on the presentation made on 19 December 2008.

Other current financial liabilities

This caption comprises the current financial liabilities that do not bear interest.
The other current financial liabilities are analysed below:

(in thousands of Euro)	31 December 2008	31 December 2007
Dividends due to shareholders	15	
Amounts collected for Calyon	8,945	11,022
Due on the purchase of investments/lines of business	8,805	
Other current financial liabilities	1,296	
Financial liabilities at fair value through the income statement	99	101
	19,160	**11,123**

The amount due to Calyon S.A. Corporate & Investment Bank (collected on behalf of Calyon), Euro 8,945 thousand as of 31 December 2008 (2007: Euro 11,022 thousand), relates to receivables assigned as part of the factoring arrangements described in note 12. This amount was collected by the Group on behalf of the factor in the final few days of 2008 and not yet paid over as of 31 December 2008.

The amounts due on the purchase of equity investments and lines of business mainly comprise:

- acquisition of the SEC line of business for Euro 2,989 thousand;
- acquisition of Gruppo Sicura S.r.l. for Euro 1,180 thousand;
- acquisition of the investment in Costruzioni Manutenzioni Immobili S.r.l. for Euro 2,600 thousand;
- acquisition of the investment in Steril Piemonte for Euro 700 thousand.

The other current financial liabilities, Euro 1,296 thousand, were recorded to match the re-recognition in the financial statements of SMAIL S.p.A. of certain trade receivables previously sold without recourse to a factoring company. The re-recognition of these receivables to match the recognition of a financial liability to the factor follows complaints from the customers concerned regarding the supply of services to them by SMAIL prior to its acquisition by the MFM Group. These receivables have been partially written down by SMAIL and are the subject of the contractual claim made by the factor, which is discussed in note 4.

The financial liabilities at fair value through the income statement reflect the fair value of the risk underlying the guarantee given to Calyon, described in note 12, of Euro 99 thousand (2007: Euro 101 thousand).

19. TRADE PAYABLES AND OTHER CURRENT PAYABLES

This caption is analysed below as of 31 December 2008 and 31 December 2007:

(in thousands of Euro)	31 December 2008	31 December 2007
Trade payables	445,228	176,380
Trade payables to third parties	445,228	176,380
Trade payables to MNTC Soc.Coop.	10,989	8,035
Trade payables to associates – within 12 months	30,885	14,420
Trade payables – intercompany	41,874	22,455
Advances from customers and work to be performed	2,947	2,611
TRADE PAYABLES AND ADVANCES FROM CUSTOMERS	490,049	198,835
Remuneration due to directors/statutory auditors	497	
Due to tax authorities	50,517	37,863
Due to social security institutions within 12 months	11,103	5,059
Collections for temp. associations	8,965	5,726
Due to employees within 12 months	34,775	22,961
Other payables within 12 months	4,220	1,318
Property collections for customers	2,176	2,117
Other current operating payables – third parties	111,756	75,044
Due to associates within 12 months – other payables	5	
Other current operating payables – group	5	0
Accrued expenses	982	566
Deferred income	1,271	171
Accrued expenses and deferred income	2,253	737
OTHER CURRENT OPERATING PAYABLES	114,014	75,781

Terms and conditions relating to the above liabilities:

The terms and conditions governing transactions with related parties are described in note 34.

Trade payables do not bear interest and are generally settled 90/120 days from the invoice date.

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

The increases since 31 December 2007 principally reflect the trade and other payables contributed by the newly-acquired companies.

20. SEGMENT REPORTING

The risks and profitability of the Group are mainly affected by differences between the types of service provided; accordingly, the primary breakdown of the Group is by business segment.

The Group's secondary reporting is analysed by geographical segment.

Until the acquisition of Gruppo Altair at the end of 2008, the Group only operated in Italy. Given that the new acquisition did not contribute any revenues or results to the consolidation (only the balance sheet of Gruppo Altair has been consolidated as of 31 December 2008), no specific geographical analysis has been prepared since the differences, in terms of profitability and risk, between the various sub-national areas in which the Group operates are not significant.

In addition, considering the insignificant contribution made to the revenues and results for 2008 by the Group's principal recent acquisitions, specifically Gruppo Altair, Gruppo Sicura and SMAIL (see note 4), the segment disclosures for the balance sheet present the new acquisitions separately from the established lines of business.
This is also consistent with the current reorganisation of the Group, described in note 4, which is likely to result in the reconfiguration during 2009 of the Group's primary and secondary sectors of activity.
Information on the primary segments for the years ended 31 December 2008 and 2007 is presented below:

Segment revenues and results for the year ended 31 December 2008

(in thousands of Euro)

31 December 2008	Facility Management	Laundering Sterilisation	Other	Eliminations	Consolidated
Revenues and results for the year ended 31 December 2008					
Segment revenues	550,980	111,331	29,518	(1,233)	690,596
Segment costs	(501,746)	(108,677)	(28,146)	1,232	(637,336)
Segment operating results	49,234	2,655	1,372	(0)	53,260
Income (charges) from associates carried at equity	2,942	(25)	25		2,942
Net financial income and charges					(17,547)
Result before taxation					38,655
Income taxes					(17,756)
Net profit for the year ended 31 December 2008					20,899

Segment assets and liabilities as of 31 December 2008

(in thousands of Euro)

31 December 2008	Facility Management	Laundering Sterilisation	Other	New acquisitions	Elimina-tions	Consoli-dated
Assets and liabilities as of 31 December 2008						
Segment assets	356,802	9,507	83,737	306,057	(15,913)	740,190
Goodwill	108,103		12,810	255,341		376,254
Investments carried at equity	13,676	3,253	1,647	689		19,265
Assets held for sale				6,959		6,959
Financial and tax assets						113,668
Assets	478,581	12,760	98,194	569,046	(15,913)	1,256,336
Segment liabilities	294,329	5,848	52,548	314,971	(17,885)	649,811
Liabilities held for sale				5,345		5,345
Financial and tax liabilities						348,958
Liabilities	294,329	5,848	52,548	320,316	(17,885)	1,004,114

Other segment information for the year ended 31 December 2008

(in thousands of Euro)

31 December 2008	Facility Management	Laundering Sterilisation	Other	Consolidated
Other segment information as of 31 December 2008				
Investment in segment assets	6,755	16,665	33	23,453
Depreciation, amortisation and writedowns of segment assets	4,484	19,314	38	23,836

Segment revenues and results restated for the year ended 31 December 2007

(in thousands of Euro)

31 December 2007	Facility Management	Laundering Sterilisation	Other	Eliminations	Consolidated
Revenues and results for the year ended 31 December 2007					
Segment revenues	484,994	93,758	28,370	(1,318)	605,804
Segment costs	(436,285)	(90,880)	(26,727)	1,318	(552,574)
Segment operating results	48,709	2,878	1,643		53,230
Income (charges) from associates carried at equity	3,140	3			3,143
Net financial income and charges					(15,501)
Results before taxation					40,872
Income taxes					(24,854)
Net profit for the year ended 31 December 2007					16,018

Segment assets and liabilities as of 31 December 2007

(in thousands of Euro)

31 December 2007	Facility Management	Laundering Sterilisation	Other	Eliminations	Consolidated
Assets and liabilities as of 31 December 2007					
Segment assets	319,880	87,295	10,410	(533)	417,052
Goodwill	99,767	12,326			112,093
Investments carried at equity	13,800	503			14,303
Financial and tax assets					51,842
Assets	433,447	100,124	10,410	(533)	595,290
Segment liabilities	254,198	49,631	9,389	(533)	312,685
Financial and tax liabilities					225,100
Liabilities	254,198	49,631	9,389	(533)	537,785

Other segment information for the year ended 31 December 2007

(in thousands of Euro)

31 December 2007	Facility Management	Laundering Sterilisation	Other	Consolidated
Other segment information as of 31 December 2007				
Investment in segment assets	4,722	17,039	36	21,797
Depreciation, amortisation and writedowns of segment assets	3,656	18,190	21	21,867

21. REVENUES FROM SALES AND SERVICES

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

REVENUES	2008	2007
Revenues from sales of products	19	
Revenues from provision of services	611,537	545,072
Revenues from construction and plant manufacture	62,810	59,727
Other revenues from sales	14,459	
TOTAL	688,824	604,799

Revenues from sales and services totalled Euro 688,824 thousand in the year ended 31 December 2008, up by Euro 84,025 thousand with respect to 2007 (Euro 604,799 thousand). This increase comprises the full year contribution made by the companies acquired in 2007 (especially Teckal S.p.A. and Omasa S.p.A.), as well as an increase in the volume of Group activities.

22. OTHER REVENUES AND INCOME

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

OTHER OPERATING REVENUES	2008	2007
Grants	67	46
Capital gains on tangible fixed assets	387	197
Recovery of cost of seconded personnel	197	233
Recovery of other costs	23	2
Loss reimbursements	307	189
Revenues from leases and rentals		1
Other revenues	790	337
TOTAL	1,772	1,005

Other revenues and income for the year ended 31 December 2008 were Euro 767 thousand greater than in the prior year. The 2008 total, Euro 1,772 thousand, compares with Euro 1,005 thousand in 2007.
The increase in capital gains on tangible fixed assets is mainly attributable to the gains realised by Servizi Ospedalieri on the disposal of linens no longer usable in its laundering business.

23. RAW MATERIALS AND CONSUMABLES

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

RAW MATERIALS AND CONSUMABLES	2008	2007
Change in inventories of fuel and raw materials	235	(220)
Fuel	49,505	32,586
Raw materials	33,272	25,908
Ancillary and consumable materials	10,499	9,348
Packaging	1,879	1,611
Other purchases	3,089	2,641
TOTAL	98,479	71,874

The consumption of raw materials and consumables during the year ended 31 December 2008 amounted to Euro 98,479 thousand. The increase in this caption by Euro 26,605 thousand reflects the growth in revenues.

24. SERVICES, LEASES AND RENTALS

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

COST OF SERVICES	2008	2007
Services received	204,669	197,726
Consortium services	7,632	6,695
Maintenance and repair of equipment	3,754	3,940
Professional services	21,480	21,987
Transport	8,069	6,528
Advertising and promotion	1,488	1,631
Rebates and commissions	323	320
Insurance and guarantees	2,596	1,887
Banking services	157	149
Utilities	7,300	6,108
Emoluments of directors and statutory auditors	1,660	1,267
Travel and expense reimbursements	2,755	2,038
Personnel services	4,787	3,676
Other services	9,441	593
Cost of services	**276,111**	**254,545**
Rental expense	9,301	7,463
Hire and other charges	1,544	766
Leases and rentals	**10,845**	**8,229**
TOTAL	**286,956**	**262,774**

The cost of services, leases and rentals amounted to Euro 286,956 thousand in the year ended 31 December 2008, up by Euro 24,182 thousand with respect to the prior year.

This increase is consistent with the growth in revenues achieved during the year.

Specifically, the main increases related to such captions as Services received (Euro 6,943 thousand), Transport (Euro 1,541 thousand, mainly in relation to laundering activities) and Other services (Euro 8,675 thousand).

The increase in leases and rentals by Euro 2,616 thousand is entirely attributable to the Rental expense caption.

25. PAYROLL COSTS

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

PAYROLL COSTS	2008	2007
Wages and salaries	133,149	115,951
Social security charges	41,495	36,715
Secondment costs	33,848	29,760
Severance indemnities paid to INPS and other funds	9,294	6,260
Other payroll costs	246	256
Current benefits	**218,032**	**188,942**
Severance indemnity provision	727	(389)
Future benefits	**727**	**(389)**
Termination benefits	734	613
Termination benefits	**734**	**613**
TOTAL	**219,493**	**189,166**

Payroll costs increased by Euro 30,327 thousand during the year ended 31 December 2008, from Euro 189,166 thousand to Euro 219,493 thousand. This rise is mainly associated with the growth in revenues described in note 20.

In particular:

- with regard to current benefits, wages and salaries rose by Euro 17,198 thousand, Social security charges by Euro 4,780 thousand, Secondment costs by Euro 4,080 thousand and Severance indemnities paid to INPS and other funds by Euro 2,084 thousand;
- with regard to future benefits, the provision for severance indemnities (TFR) has changed sign, from net income of Euro 389 thousand in 2007 to a net charge of Euro 727 thousand in 2008. This reflects the reform of TFR in 2006, which came into force in 2007 when an initial lower cost (curtailment) of Euro 1,838 thousand was recognised (see note 20).

26. OTHER OPERATING COSTS

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

OTHER OPERATING COSTS	2008	2007
Loss on disposal of fixed assets	194	30
Losses on receivables		3
Other taxes	328	316
Fines and penalties	430	575
Credit discount factoring	957	1,123
Other operating charges	3,389	2,068
TOTAL OTHER OPERATING COSTS	**5,298**	**4,115**

Other operating costs amounted to Euro 5,298 thousand in the year ended 31 December 2008, up by Euro 1,183 thousand compared with the prior year.

This rise is mainly attributable to the Other operating charges caption, which has increased by Euro 1,321 thousand, as offset by the Euro 166 thousand reduction in the Credit discount factoring caption.

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

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

DEPRECIATION AND AMORTISATION	2008	2007
Amortisation of intangible assets	2,155	1,433
Depreciation of property, plant and equipment	21,325	20,344
Write-back of assets	(200)	(45)
Impairment of goodwill	5	116
Write-down of receivables	551	1,949
Write-down of equity investments	1	28
Other write-downs		90
Depreciation, amortisation, write-downs and write-backs	23,836	23,915

Depreciation, amortisation, write-downs and write-backs decreased from Euro 23,915 thousand in the year ended 31 December 2007 to Euro 23,836 thousand in 2008. Together, the depreciation and amortisation charge increased by Euro 1,703 thousand. Conversely, the write-down of receivables declined by Euro 1,398 thousand.

28. DIVIDENDS, INCOME AND CHARGES FROM EQUITY INVESTMENTS

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

DIVIDENDS	2008	2007
Dividends	182	86
TOTAL DIVIDENDS, INCOME AND CHARGES FROM EQUITY INVESTMENTS	182	86

Dividend income increased in 2008 by Euro 96 thousand, from Euro 86 thousand in 2007 to Euro 182 thousand in the year ended 31 December 2008.

29. FINANCIAL INCOME

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

FINANCIAL INCOME	2008	2007
Bank interest	221	181
Interest on I/C and settlement accounts	395	325
Interest on trade receivables	1,221	746
Discounting interest on interest-free loans	1,941	2,897
Income from derivatives	6	
Other financial income	20	46
TOTAL FINANCIAL INCOME	3,802	4,195

Financial income for the year ended 31 December 2008 was Euro 393 thousand lower than in the prior year. The increase in interest on trade receivables (Euro 475 thousand) and in bank interest income was more than offset by the decrease in discounting interest on interest-free loans.

30. FINANCIAL CHARGES

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

FINANCIAL CHARGES	2008	2007
Bank loans and current account overdrafts	7,031	3,203
Other loans	4,019	1,278
Financial charges on finance leases	211	209
Financial charges on Group treasury accounts	1,950	1,846
Interest discount factoring	8,084	12,430
Interest on trade payables		2
Charges from derivatives	4	101
Other financial charges	228	713
TOTAL FINANCIAL CHARGES	21,527	19,782

Financial charges amounted to Euro 21,527 thousand in 2008, up by Euro 1,745 thousand with respect to the prior year (Euro 19,782 thousand). The financial charges on bank and other loans rose by Euro 6,569 thousand due to the generalised increase in interest rates during the first three quarters of 2008, with respect to the situation in the prior year. This increase was heavily offset by the reduction of Euro 4,346 thousand in the interest discount on the assignment of trade receivables to Calyon (see note 12), given the larger volume of assignments during 2007.

31. TAXATION

This caption is analysed below for the years ended 31 December 2008 and 2007:

(in thousands of Euro)

	2008	2007
Current IRES	12,106	13,960
Current IRAP	8,887	8,846
(Income)-charges from tax group	(4,091)	(1,293)
Adjustments to current taxation in relation to prior years	(309)	57
Current taxation	16,593	21,570
Change in deferred taxation	1,163	3,284
Change in deferred taxation	1,163	3,284
CURRENT AND DEFERRED TAXATION	17,756	24,854

The Group's total tax charge for 2008 was Euro 17,756 thousand, Euro 7,098 thousand lower than in 2007. The main changes were as follows:

- Decrease in IRES by Euro 1,854 thousand;
- Increase in IRAP by Euro 41 thousand;
- Increase in tax group income by Euro 2,798 thousand, almost entirely due to the utilisation of an IRES tax loss written off in prior years as unrecoverable, but recovered and used by Servizi Ospedalieri during 2008;
- Decrease in the change in deferred tax assets and liabilities by Euro 1,158 thousand.

The reduction in the tax charge was mainly due to:

- Reduction in the IRES rate from 33% to 27.5%;
- Reduction in the standard IRAP rate from 4.25% to 3.9%;
- Increase in the benefit from the so-called tax wedge, which came into full effect during 2008;
- Use in 2008 by Servizi Ospedalieri of accelerated depreciation recorded in 2007, resulting in lower tax depreciation and the consequent reversal of the related deferred tax assets. In addition, the taxable income generated in 2008 was fully offset by the use of carried-forward tax losses corresponding to unrecorded deferred tax assets of Euro 2,366 thousand;
- 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. As a consequence of this law and the payment of a flat tax on the off-book deductions, the tax charge for 2008 was lowered by Euro 607 thousand.

As of 31 December 2008, the Group has a total net current tax recoverable (IRES and IRAP) recorded in the balance sheet of Euro 234 thousand, compared with Euro 4,696 thousand as of 31 December 2007.

Reported current income taxes are reconciled below with the theoretical taxes calculated by applying the IRES rate in force for the years ended 31 December 2008 and 2007 to the related profit before taxation:

RECONCILIATION OF THEORETICAL IRES RATE WITH EFFECTIVE RATE	31 December 2008 (in thousands of Euro)	%	31 December 2007 (in thousands of Euro)	%
Profit before taxation	38,655		36,613	
Standard tax rate		27.5%		33%
Effect of tax disallowances (allowances):				
• Temporary differences	(4,859)	(12.6%)	(3,568)	(9.7%)
• Permanent differences	3,353	8.7%	5,340	14.6%
IRES taxable income	37,149		38,385	
TAX / EFFECTIVE TAX RATE	10,216	26.43%	12,667	34.60%

The actual effective IRES current tax charge (Euro 10,216 thousand) comprises the current IRES charge shown in the above table, Euro 12,106 thousand, net of tax group income of Euro 4,091 thousand, plus the current tax charge of Euro 2,201 thousand on the actuarial profits for 2008 of MFM S.p.A. and MBC S.p.A. reflected directly in the income statement.

The effective and theoretical IRAP rates are reconciled below:

RECONCILIATION OF THEORETICAL IRAP RATE WITH EFFECTIVE RATE	31 December 2008 (in thousands of Euro)	%	31 December 2007 (in thousands of Euro)	%
Results before taxation	38,655		36,613	
Standard tax rate		3.90% 4.73%		4.25% 5.25%
Effect of tax disallowances (allowances):		4.82%		
• Payroll costs	219,493		192,909	
• Results of financial management	14,605		15,587	
• Other differences between taxable income and pre-tax profits	(53,615)		(44,331)	
IRAP taxable income	219,138		200,778	
• inc. at 3.90%	182,063		169,527	4.25%
• inc. at 4.73%	847		31,251	5.25%
• inc. at 4.82%	36,228			
TAX / EFFECTIVE TAX RATE	8,887	22.99%	8,846	24.2%

Deferred taxation

The principal temporary differences as of 31 December 2008 giving rise to deferred tax assets of Euro 7,579 thousand (31 December 2007: Euro 4,412 thousand) and deferred tax liabilities of Euro 8,719 thousand (31 December 2007: Euro 5,682 thousand) are summarised below:

- Differences between the depreciation and amortisation charged in relation to tangible and intangible fixed assets and goodwill and the related tax-deductible amounts;
- Differences deriving from the recognition of finance leases in accordance with IAS 17;
- Non-deductible write-downs of assets;
- Provisions for risks and charges;
- Financial charges in excess of the tax-deductible amounts;

- Discounting of employee severance indemnities to present value.
  The changes in deferred tax assets and liabilities reflected in the 2008 income statement total Euro 1,163 thousand (2007: Euro 3,284 thousand).

32. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the consolidated net profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share of the Manutencoop Facility Management Group are equal to the basic earnings per share, since the parent company has not issued any convertible bonds or stock options.

The profits and share information used to calculate the consolidated basic earnings per share are provided below:

(in thousands of Euro)

YEAR ENDED 31 DECEMBER	2008	2007 restated
Net profit attributable to shareholders	20,595	15,318
Number of ordinary shares (excluding treasury shares) used to calculate basic earnings per share	78,732,960	114,079,068
BASIC EARNINGS PER SHARE *(in Euro)*	**0.262**	**0.134**

(in thousands of Euro)

YEAR ENDED 31 DECEMBER	2008	2007
Net profit from continuing activities	20,899	16,018
Net loss / (profit) from continuing activities attributable to third parties	(304)	(700)
Group interest in net profit from continuing activities	20,595	15,318
Number of ordinary shares used to calculate basic earnings per share	78,732,960	114,079,068
BASIC EARNINGS PER SHARE FROM CONTINUING ACTIVITIES *(in Euro)*	**0.262**	**0.134**

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

DIVIDENDS	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**

33. COMMITMENTS AND CONTINGENCIES

Finance leases

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

(in thousands of Euro)	31 December 2008		31 December 2007	
	Instalments	Present value	Instalments	Present value
Within one year	1,702	1,588	1,385	1,292
Beyond one year, but within five years	2,398	2,221	2,470	2,288
Beyond five years	232	221	475	452
Total lease instalments	4,332	4,030	4,330	4,032
Financial charges	-302		-298	
Present value of lease instalments	4,030	4,030	4,032	4,032

Guarantees given

As of 31 December 2008, the Group has given sureties to third parties as follows:

- guarantees in favour of associates totalling Euro 10,782 thousand (2007: 10,470 thousand euro);
- other sureties given to third parties: i) to guarantee the proper performance of commercial contracts with customers; ii) in lieu of deposits payable for the activation of utilities or on the signature of rental contracts, and to obtain VAT refunds from the Tax Authorities, totalling Euro 100,048 thousand (2007: Euro 90,863 thousand);
- in favour of Calyon S.A. Corporate & Investment Bank to guarantee the proper performance of the contract for the assignment of trade receivables totalling Euro 14,986 thousand (2007: Euro 16,711 thousand), for a maximum overall amount of Euro 125,816 thousand (as of 31 December 2007: 118,044 thousand). The sureties issued to Calyon cover risks of a financial nature. The fair value of this risk has therefore been calculated, Euro 99 thousand, and recorded as a financial liability (see notes 12 and 18). The loan of Euro 25,000 thousand granted to Teckal by Unicredit (see note 17) is guaranteed by a pledge of company's shares that does not confer voting rights. A building owned by one of the companies in the Sicura Group is mortgaged for Euro 350 thousand to secure a loan recorded among the financial liabilities.

Contingent liabilities

On 15 April 2008, Teckal S.p.A. was notified of a tax dispute. The tax authorities claim that the interest expense generated by a Leveraged Buy Out, as part of a merger operation that took place prior to acquisition of the company by the Group, is not deductible for tax purposes. The authorities believe that the provisions of art. 2358 of the Italian Civil Code, which forbids the granting of loans for the purchase of treasury shares, were violated. Accordingly, they consider non-deductible the interest expense generated as a result of that operation, which totals Euro 1,437 thousand spread across the 2005, 2006 and 2007 tax years. This situation could give rise to a liability, having regard for the formal assessments that the tax authorities could make. At this time, no such assessments have been notified.

34. RELATIONS WITH RELATED PARTIES

The tables below analyse the balances deriving from transactions between the Parent Company and related parties:

PARENT COMPANY	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Manutencoop Soc. Coop.	2008	4,845	28,926	51	1,846	744	4.027	8,036	66,025
	2007	1,723	26,276	2	116	1,326	2	3,943	2,766

ASSOCIATES	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Roma Multiservizi S.p.A.	2008	1,088	3,699			827		3,213	
	2007	1,049	3,331			366		2,177	
Ge.Im.S. Soc. Cons. a r.l.	2008								
	2007	67							
Gico Systems S.r.l.	2008	4	252			2	20	109	
	2007	3	170			2	20	117	
Se.Sa.Mo. S.p.A.	2008	4,457	8	46		6,990	606	2	
	2007	3,816	12	43		5,342		12	
Bologna Global Service Soc. Cons. a r.l.	2008		5			257		5	
	2007	583	501			232	1,253	501	
Global Provincia di RN Soc. Cons. a r.l.	2008	392	1,402			479	170	727	
	2007	395	1,752			252		748	
Consorzio Rizzoli Energia Soc. Cons. a r.l.	2008								
	2007	99				78			
Bologna Più Soc. Cons. a r.l.	2008	6,651	577			1,507	193	323	
	2007	6,546	564			4,408	193	628	
Global Riviera Soc. Cons. a r.l.		2008	1,092	4,248		2,448		4,840	
	2007	971	3,639			1,518		3,711	
Como Energia Soc. Cons. a r.l.	2008	23	741					371	
	2007	19	524					339	
DUC Gestione Sede Unica Soc. Cons. a r.l.	2008		8					12	
	2007		3					4	
Cons.Energia Servizi Bologna Soc. Cons. a r.l.	2008	308				197			
	2007	2				2			
P.B.S. Soc. Cons. a r.l.	2008		2,624			0		1,504	
	2007	20	2,697			0		1,059	134
Tower Soc. Cons. a r.l.	2008	46	111			46		111	
	2007								
Gestioni Sanitarie Toscane Soc. Cons. a r.l.	2008								32
	2007								
Bologna Multiservizi Soc. Cons. a r.l.	2008	1,113	3,638			1,139		2,817	
	2007								

SUBSIDIARIES of Manutencoop Soc. Coop.	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Manutencoop Immobiliare S.p.A.	2008	6,840	1,471			602		187	
	2007	10,314	295			3,263		170	
Manutencoop Servizi Ambientali S.p.A.	2008	987	423			807		192	
	2007	708	651			377		294	
Servizi Ospedalieri S.p.A.	2008								
	2007	319	51			149		4	
Sies S.r.l.	2008	2,398				2,487			
	2007								
Cerpac S.r.l. (in liquidation)	2008	2				1			
	2007	2							

ASSOCIATES of Manutencoop Soc. Coop. or other Group companies	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Segesta S.r.l.	2008								
	2007	4							
Consorzio Cooperativo Karabak Soc. Cons. a r.l.	2008	44		36		22		2	1
	2007	50				75			
Consorzio Segantini	2008	11				5			
	2007	20				27			
Bar.S.A. S.p.A.	2008	126				126			
	2007	116				116			
Codiser Società Cooperativa	2008	72	197			86		152	
	2007		2						
Flor Company S.r.l.	2008		3					3	
	2007								
San Martino 2000 Soc. Cons. a r.l.	2008	1,577	2,826			780		671	
	2007								

GRAND TOTAL	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial and other receivables	Trade payables	Financial and other payables
Transactions with related parties	2008	32,076	51,159	133	1,846	19,552	5,016	23,277	66,058
	2007	26,826	40,468	45	116	17,533	1,468	13,707	2,900

Terms and conditions applying to transactions with related parties

These transactions were carried out on normal market terms i.e. those that would have been applied between independent parties. Market prices are applied for both commercial and financial transactions; interest-free loans are only made in the case of proportional lending by consortium members to their consortiums, where any interest charges would only be charged back to the members by the consortiums concerned. Such loans are stated at their present value in the financial statements of MFM S.p.A. In addition to technical and productive services relating to its core businesses, the Parent Company also provides administrative and IT services to certain Group companies. No guarantees have been given or received in relation to the amounts due to or from related parties. The Group has not recorded any allowances for doubtful accounts regarding amounts due from related parties in the years under review. 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 companies in the Manutencoop Group, controlled by Manutencoop Società Cooperativa, are analysed below:

- 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 Società Cooperativa has sub-leased to MFM S.p.A. a portion of the building at via Poli 4, Zola Predosa (Bologna), covering a total area of 5147 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, MFM S.p.A. 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 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	2007	2006
FINANCIAL STATEMENTS 31 December 2007		
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 the Board of Directors, other executives with strategic responsibilities and the Board of Statutory Auditors

The remuneration paid to members of the Parent Company's administrative and control bodies, and to executives with strategic responsibilities, including that for any work performed for other Group companies, is set out below:

(in thousands of Euro)	2008	2007
BOARD OF DIRECTORS/MANAGEMENT BOARD		
Short-term benefits	1,052	1,053
Future benefits (severance indemnities)	5	17
TOTAL BOARD	1,057	1,070
OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		
Short-term benefits	522	639
Future benefits (severance indemnities)	32	45
TOTAL OTHER EXECUTIVES	554	684
BOARD OF STATUTORY AUDITORS / SUPERVISORY BOARD		
Short-term benefits	317	147
TOTAL BOARD OF STATUTORY AUDITORS / SUPERVISORY BOARD	317	147

During 2008, MFM S.p.A. implemented a dual-board governance system which replaced the Board of Directors and the Board of Statutory Auditors with a Management Board and a Supervisory Board.
The remuneration of these bodies has been presented together for this reason.
The fees of the Group's independent auditors, recorded in the consolidated income statement for 2008, totalled Euro 500 thousand.

35. 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 Parent Company's Management Board 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 and the purchase of companies and lines of business.

The Group also uses the trade payables deriving from operating activities as financial instruments.
It is Group policy not to trade in financial instruments. This policy was 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 consolidated financial statements of the MFM Group in accordance with classification defined in IAS 32, together with the related economic effects for the year ended 31 December 2008:

FINANCIAL ASSETS	31 December 2008	Available-for-sale financial assets	Loans and receivables
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	2,836	2,836	
Non-current financial receivables	6,708		6,708
Other non-current assets	1,414		1,414
Total non-current financial assets	10,958	2,836	8,122
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	634,777		634,777
Current tax receivables	234		234
Other current operating receivables	17,076		17,076
Receivables and other current financial assets	1,220		1,220
Cash and cash equivalents	97,927		
Total current financial assets	751,234	-	653,307
TOTAL FINANCIAL ASSETS	762,192	2,836	661,429
Financial income (charges)	3,979	182	3,797

FINANCIAL LIABILITIES	31 December 2008	Financial liabilities at fair value through income statement	Financial liabilities at amortised cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	229,708		229,708
Other non-current liabilities	12		12
Total non-current financial liabilities	229,720	-	229,720
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	490,049		490,049
Other current operating payables	114,014		114,014
Current loans	91,371		91,371
Other current financial liabilities	19,160	99	19,061
Total current financial liabilities	714,594	99	714,495
TOTAL FINANCIAL LIABILITIES	944,314	99	944,215
Financial income (charges)	(13,147)	2	(13,149)

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

FINANCIAL ASSETS	31 December 2007	Available-for-sale financial assets	Loans and receivables
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	1,772	1,772	
Non-current financial receivables	2,225		2,225
Other non-current assets	826		826
Total non-current financial assets	4,823	1,772	3,051
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	350,868		350,868
Current tax receivables	4,696		4,696
Other current operating receivables	8,126		8,126
Receivables and other current financial assets	-		1,220
Cash and cash equivalents	42,418		
Total current financial assets	406,108	-	364,910
TOTAL FINANCIAL ASSETS	410,931	1,772	367,961
Financial income (charges)	4,281	86	4,195

FINANCIAL LIABILITIES	31 December 2007	Financial liabilities at fair value through income statement	Financial liabilities at amortised cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	27,997		27,997
Total non-current financial liabilities	27,997	-	27,997
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	198,835		198,835
Other current operating payables	75,781		75,781
Current loans	187,960		187,960
Other current financial liabilities	11,123	101	11,022
Total current financial liabilities	473,699	101	473,598
TOTAL FINANCIAL LIABILITIES	501,696	101	501,595
Financial income (charges)	(7,297)	(101)	(7,196)

Liquidity risk

The Group's objective is to keep a balance between the maintenance of funding and the flexibility deriving from the use of overdrafts, short-term bank loans (hot money and advances), lease finance and medium/long-term loans.

Risk of changes in the prices of raw materials

The Group's exposure to price risk solely relates to the purchase cost of petroleum 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 fuel consumption costs (amounts preceded by a plus sign indicate potential cost increases and vice versa), assuming constant volume, to reasonably foreseeable changes in the price of fuel. These fluctuations are largely 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, the effect on Group profit for the year would have been largely insignificant and, in any event, considerably less than that indicated in the table.

	Percentage increase/decrease	Effect on fuel consumption
31 DECEMBER 2008		
Euro	+20%	9,901
Euro	-5%	(2,475)
31 DECEMBER 2007		
Euro	+20%	6,517
Euro	-5%	(1,629)

Credit risk

Following the recent acquisitions, the Group has diversified its portfolio which, up to the third quarter of 2008, mainly consisted of contracts with the Public Administration. These are not subject to insolvency problems, but do however require continual contact with the customers concerned, in order to minimise bureaucratic delays and resolve together the related financial management issues.

The new acquisitions have shifted the customer mix towards major Italian industrial groups in the private sector (especially following the purchase of the Altair Group) and, to a less extent, towards the SME sector (via purchase of the Sicura Group).

There are no significant risks associated with the concentration of receivables..

Fair value

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

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

(in thousands of Euro)	CARRYING AMOUNT		FAIR VALUE	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
FINANCIAL ASSETS				
Cash and cash equivalents	97,927	42,418	97,927	42,418
Receivables and other current financial assets	1,220	0	1,220	0
Other minority equity investments	2,836	1,772	2,836	1,772
Non-current financial receivables	6,708	2,225	6,708	2,225
FINANCIAL LIABILITIES				
Loans:				
• Floating-rate loans	320,293	215,957	320,293	215,957
• Fixed-rate loans	786	0	786	0
Other current financial liabilities	19,160	11,123	19,160	11,123

Interest-rate risk

Current Group policy gives preference to floating-rate loans for the management of financial charges.

During 2008, the management of the MFM Group decided to rationalise the Group's borrowing following the acquisitions made in 2007 and 2008. This operation improved the mix between short-term and medium/long-term borrowing, reducing the ratio of short-term loans to total gross borrowing to 32% as of 31 December 2008, compared with 88% as of 31 December 2007 (see note 18).

The Group has not considered it necessary to hedge its interest-rate risk and holds only a marginal amount of fixed-rate loans.

The financial instruments exposed to interest-rate risk comprise those listed as Loans in note 18, as well as those included in the following balance sheet captions:

- Cash and cash equivalents (note 13)
- Receivables and other current financial assets (note 13),
- Non-current financial receivables (note 10).

Analysis of sensitivity to interest-rate risk

The following table shows the sensitivity of pre-tax profit for the year to reasonably foreseeable changes in interest rates, holding constant all other variables.

(in thousands of Euro)	Increase/decrease	Effect on pre-tax profit
Year ended 31 December 2008	+80 bps	(2,890)
	-30 bps	1,085
Year ended 31 December 2007	+50 bps	(1,663)
	-30 bps	996

Exchange-rate risk

The Group is mostly active in Italy, where it is not subject to exchange-rate risk.

As a consequence of acquiring the Altair Group, the MFM Group now controls two Polish companies: one operational and one at the start-up stage.

This exposes the Group to a moderate translation risk deriving from the consolidation of assets and liabilities denominated in zloty. As of 31 December 2008, the Group has elected not to hedge this limited risk.

Management of capital structure

The Parent 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 Group manages its capital structure, taking account of changes in economic conditions.
In order to maintain or adjust its capital structure, the Group can modify the dividends paid to shareholders, repay capital or issue new shares. The Group calculates its debt ratio by dividing net borrowing by the total of shareholders' equity plus net borrowing.
The Group includes the following within net borrowing: interest-bearing loans, trade and other payables, tax payables, employee severance indemnities, and cash and cash equivalents.

(in thousands of Euro)	31 December 2008	31 December 2007 restated
Employee severance indemnities	37,309	26,456
Interest-bearing loans	321,079	215,957
Trade payables and advances from customers	490,049	198,835
Other current payables	114,014	75,781
Other current financial liabilities	19,160	11,123
Cash and cash equivalents	(97,927)	(42,418)
Other current financial assets	(1,220)	0
Net borrowing	882,464	485,734
Group shareholders' equity	251,166	56,426
Undistributed net profit	(20,595)	(15,318)
Total equity	230,571	41,108
EQUITY PLUS NET BORROWING	1,113,035	526,842
Debt/Equity ratio	0.79	0.92

The debt/equity ratio has improved significantly since 31 December 2007.

36. SUBSEQUENT EVENTS

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.

The Chairman of the Management Board
Claudio Levorato

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 consolidated 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. and subsidiaries ("Manutencoop Facility Management Group") 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 consolidated 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 consolidated 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 consolidated financial statements as of and for the year ended 31 December 2008.
   Another auditing firm is responsible for the audit work performed on the accounting schedules of Roma Multiservizi S.p.A., a subsidiary carried at equity, which represents about 1% of consolidated assets and which contributes income representing about 16% of the net results of the Group.
3. In our opinion, the consolidated 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 the Manutencoop Facility Management Group 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

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indicated in Auditing Standard 001 issued by the Italian Accounting Profession. In our opinion, the report on operations is consistent with the consolidated financial statements of the Manutencoop Facility Management Group as of and for the year ended 31 December 2008.

Bologna, 14 April 2009

Reconta Ernst & Young S.p.A.

s/Alberto Rosa - Partner

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