ANNUAL REPORT 2012

INDEX

GENERAL INFORMATION

CORPORATE OFFICERS

REGISTERED OFFICE
Via U. Poli, 4
Zola Predosa (Bo)

MANAGEMENT BOARD
APPOINTED BY THE SUPERVISORY BOARD
on 31/05/2012

CHAIRMAN AND MANAGING DIRECTOR
Claudio Levorato

MANAGING DIRECTOR
Mauro Casagrande
(left office on 6 March 2013)

MANAGEMENT BOARD MEMBERS
Benito Benati
Leonardo Bruzzichesi
Marco Bulgarelli
Marco Canale
Giuliano Di Bernardo
Massimo Ferlini
Mauro Masi
Marco Monis
Stefano Caspani

SUPERVISORY BOARD
APPOINTED BY THE SHAREHOLDERS' MEETING
OF 29/04/2011

CHAIRMAN
Fabio Carpanelli

DEPUTY CHAIRMAN
Antonio Rizzi

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

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


Ferrari Challenge
Slick
295/680-18
360 Challenge
PIRELLI
Ferrari challenge
Slick
295/680-18
F355 Challenge
PIRELLI

REPORT ON OPERATIONS
FOR THE YEAR ENDED
31 DECEMBER 2012

INTRODUCTION

The Report on Operations for Manutencoop Facility Management S.p.A. ("MFM") was drafted in accordance with art. 2428 of the Civil Code and, as provided for under art. 40 of Legislative Decree 127/91, it is presented in a single document. Where appropriate, priority is given to issues considered important to the companies included in the scope of consolidation as a whole.

1. MACROECONOMIC AND MARKET SCENARIO

Also in 2012 the Italian and European economies continued to show signs of significant weakness. Last year the Italian Gross Domestic Product (GDP) fell by 2.2%[1] compared to the previous year. According to ISTAT, it fell by 0.9% in the last quarter of 2012 alone, making it the sixth consecutive quarterly drop: a situation that has not been seen since 1992-1993. On a YoY basis GDP fell by 2.7% in Q4 2012. In comparison, in the United States GDP remained the same as the previous year, whereas GDP in the United Kingdom decreased by 0.3%. On a YoY basis, instead, it rose by 1.5% in the United States and did not change in the United Kingdom. The monthly decrease, according to ISTAT, represents the general fall in added value in all segments of the economy: agriculture, industry and services.

Europe as a whole remains in a recession: according to Eurostat[2] the GDP of the 17 countries in the Eurozone fell by 0.6% in Q4 2012. This is a decrease for the third consecutive quarter, which is the worst performance in the last four years of the crisis. On a YoY basis, GDP dropped by 0.9% in the Eurozone and by 0.6% in the entire EU. As a whole, in 2012 the GDP decreased by 0.5% in the 17 countries of the Eurozone and 0.3% in the entire EU.

For the moment in Italy, the public facility management market has been impacted less than other segments affected by the general economic crisis: there is still a tendency to outsource non-core services. According to the annual Facility Report[3] produced by Cresme the comprehensive value of tenders published in 2012 rose by 3.5%, from € 35.8 to € 37.1 billion. The increase was concentrated in a lower number of tenders (-17.2%), which shows a considerable increase in the average size of tenders. The lower number of contracts awarded (-31% compared to 2011), however, offset the increase.

The difference between the overall value of tenders and the actual value of contracts awarded led many competitors to take legal action related to the tenders, which resulted in longer timescales necessary for final awarding of contracts, as well as an increase the average value of the discount applied to bids.

In addition, as mentioned the extreme delay in payment by public administration continues: on average companies wait for about 180-190 days to be paid, the record being in the south were payment even exceeds 1,500 days[4].
The continuing macroeconomic crisis proceeded to have a serious impact on the private facility management segment, which is increasingly characterised by general a decrease in prices and the duration of contracts.

1. Source: ISTAT, GDP *preliminary estimate* – Q4 2012, 14 February 2013

2. Source: Eurostat - *Flash estimate for the fourth quarter of 2012*, 14 February 2013.

3. Source: Cresme, 2012 *Annual Facility Management Report*

4. Source: Sole 24 ore, "Dal 2013 pagamenti entro 30 giorni" [from 2013 payment within 30 days] by Marzio Bortoloni, 1 November 2012

2. SIGNIFICANT FACTORS THAT CHARACTERISED THE 2012 FINANCIAL YEAR

In 2012, continuing on with the actions undertaken in previous years targeted at achieving external growth, albeit at a lower rate, the Group's Management implemented some business combinations aimed at optimising certain business sectors.
Corporate acquisitions and contractual relations are geared towards entering new regional markets and strengthening the Group's position in existing markets, also by taking advantage of opportunities for synergies with other Group entities and insourcing maintenance services for elevating systems managed by the MFM Group.

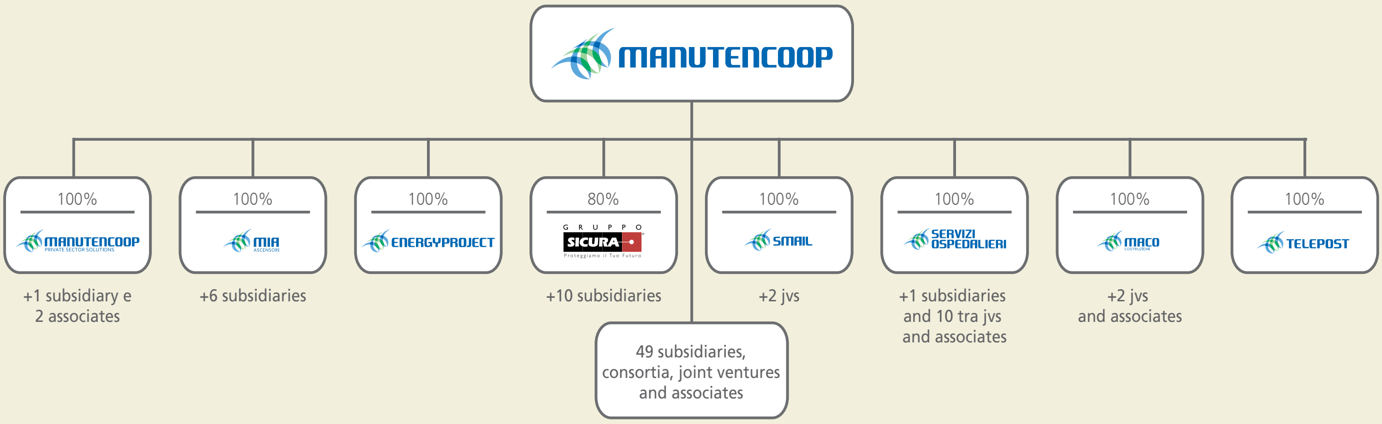
Within the corporate Group relating to the sub-holding Gruppo Sicura S.r.l., a company branch located in Uboldo (VA) was acquired from the company "DO-CI Antincendio s.n.c.". It operates in the installation, expansion and maintenance of fire prevention and the wholesale of extinguishers and fire prevention material.

During the year, the sub-holding MIA S.p.A. acquired a 76.6% stake in ABM S.r.l., with registered office in Cadoneghe (PD). MIA S.p.A. also acquired 100% of the share capital of MIND S.r.l., with registered office in Rome (RM), and SIE S.r.l., with registered office in Aci Catena (CT). Lastly, 70% of the share capital of EP Servizi S.r.l., with registered office in Prato, was acquired. These companies operate in the local segment of installation, repair and maintenance of lifts and goods lifts.
The reorganisation of the MIA Group also continued in the year through business combinations by merger. In particular, MIA S.p.A. carried out mergers by incorporation of the newly acquired companies MIND S.r.l. and SIE S.r.l., while Unilift S.r.l. incorporated the company ABM S.r.l..
Under the investment agreement stipulated in 2011, on acquisition of Lenzi S.p.A. a call option on an additional 11% interest in the subsidiary was exercised, thereby raising the interest held by MIA S.p.A. to 60%.

In September 2012 the project company Synchron Nuovo San Gerardo S.p.A. was formed. Its company object is the execution of a concession to build and operate the San Gerardo hospital in Monza through a project financing agreement that will be effective for over twenty years. 26.16% of its share capital is held by MFM S.p.A., 9.62% by MACO S.p.A., and 0.04% by Servizi Ospedalieri S.p.A.

Lastly, in December 2012, Manutencoop Private Sector Solutions S.p.A. (formerly MP Facility S.p.A., which changed its company name during the year) formed the company PIB Service S.r.l., with registered office in Zola Predosa S.p.A.. It participated in a project to outsource asset administration and management by acquiring a 33.3% interest in a consortium set up for that purpose by a group of banks (Palazzo della Fonte S.c.p.a.).

Also as a result of the business combinations described and the companies formed in the year, the MFM Group's corporate structure as at 31 December 2012 was as follows:



More details regarding the aforementioned acquisitions are shown in the explanatory notes to the consolidated financial statements, to which reference should be made.

Transactions for business combinations of previous years

On 22 February 2012, the Parent Company MFM S.p.A. entered into an agreement with Servizi Energia Calore S.r.l., with which it had signed an agreement in 2008 for the purchase of a business unit handling the management and maintenance of technological systems in some health care facilities in Sicily. Following the business unit transfer certain disputes arose, which led to arbitration proceedings against the seller in 2010 aimed at obtaining a decision that would order the return of the business unit as a result of invalidity, cancellation or termination due to breach of purchase contract.

The transaction, which was an amicable settlement to the dispute, redefined the transfer price, returned the sureties given in 2008, and resulted in the parties giving up the Arbitration.

In addition, on 26 September 2012 the Parent Company MFM S.p.A. and subsidiary SMAIL S.p.A. entered into an agreement with Acea S.p.A. (also as the agent of Acea Reti e Servizi Energetici S.p.A.) to settle the disputes that arose following MFM's acquisition of Acea Luce S.p.A. (which later became SMAIL S.p.A.), in 2008. Following the assessments made after the purchase and due to certain guarantees on the minimum amount of net assets sold, MFM S.p.A. formally complained and claimed that the selling parties Acea S.p.A. and Acea Reti e Servizi Energetici S.p.A. were in breach of contract and that the asset did not conform to what was agreed on.

In 2011 MFM S.p.A. and SMAIL S.p.A. initiated arbitration proceedings against the sellers, demanding termination or cancellation of the agreement, a refund of the amount paid to purchase the shares in Acea Luce S.p.A. and payment of a penalty for allegedly violating the non-competition agreement.

A settlement was reached by the parties in September 2012 to put an end to the dispute, thus all disputes have been definitively closed.

3. COMMERCIAL DEVELOPMENT

In 2012, the Group's commercial activities were focused on domestic market opportunities, which consolidated the company's market position.

The technical and design skill of workers in the MFM Group has helped drive success in a context where commissioning bodies are subject to increasingly stringent economic limitations, which also in 2012 did not show signs of improvement and have actually worsened, causing even more market tension.
The ability of the companies in the Group to reorganise and reinvent their offer makes it possible to meet customer needs, both public and private. They are called on to guarantee high standards of service for their users and at the same time ensure they are more cost-effective.

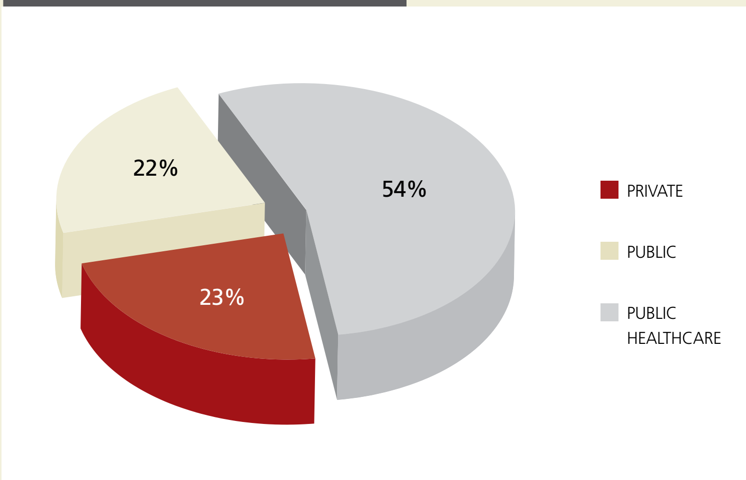
Control of Public Spending (so-called "spending review") is slowly leading to certain special government actions, however, so far the financial impact on the market has not taken full effect: indeed, the time needed for implementation is linked to a national bureaucratic system that follows a complex legislative and regulatory process, which has not yet found simple and clear application.
This translates into a climate of uncertainty and a general reduction in spending and investments by public companies, which appears to be irreversible. On the other hand, the spending review was already undertaken by private customers in previous years to improve flexibility and reaction time to negative external factors.

Thus, business development should meet the widespread need of Customers to make their companies more efficient by proposing new management solutions.

Newly acquired contracts and renewed job orders already in the portfolio contributed to the Group's commercial base, recording a total contractual value of around € 1,031 million, € 710 million of which for new contracts awarded. € 164 million of these will contribute to the economic results of the Group already in 2013.

Contracts acquired by type of customer are broken down as follows:

CONTRACTS ACQUIRED BY CLIENT



ndeed, already in July 2012 the "Public Healthcare" customer portfolio acquired a major project-financing contract for a multi-year value of € 272 million. The object of the concession is the renovation, improvement and extension of "San Gerardo" Hospital in Monza, under a thirty-year contract for construction and operating non-core services.

New contracts in the Private market played a more important role than the previous year in terms of absolute value (€ 240 million compared to € 123 million in 2011) and incidence rate (23% of total, compared to

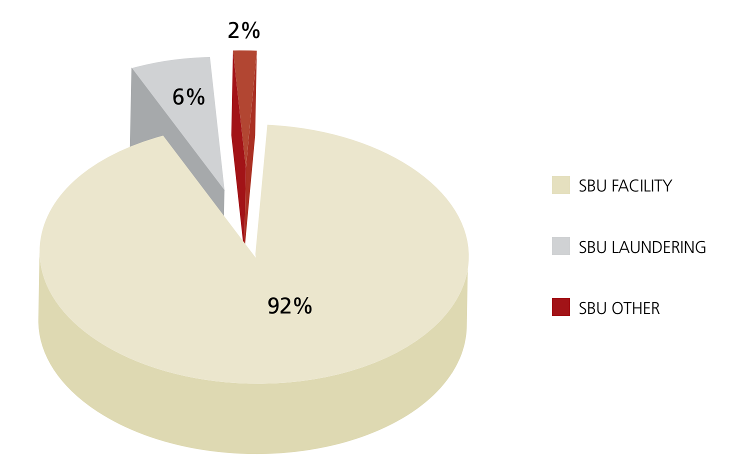
13% in 2011). It is in this market where the Group is developing important business opportunities related to the reorganisation of major customers on a national scale, for whom outsourcing of facility activities is an excellent means to lower operating costs.

Healthcare remains the primary business area of the Group, however, it is one of the segments where public spending is expected to be limited and rationalised the most (under Legislative Decree 95/2012 "spending review"). The measure requires that regions undertake a gradual process of reorganising their health care services in order to improve efficiency and effectiveness, while still maintaining the objective to safeguard health, which is at the base of the National Healthcare Service. The intent of the decree, in this specific segment, is to lower current spending by € 8 billion in 2012-2014, by implementing top-down measures[5].

An assessment of the acquisition of contracts in terms of SBU ("Strategic Business Unit") shows that Facility Management acquired job orders totalling € 944 million, Laundering & Sterilisation (relating almost completely to the company Servizi Ospedalieri S.p.A.) for € 62 million and other secondary activities amounting to € 25 million.

The breakdown of contracts in terms of SBU is summarised as follows:

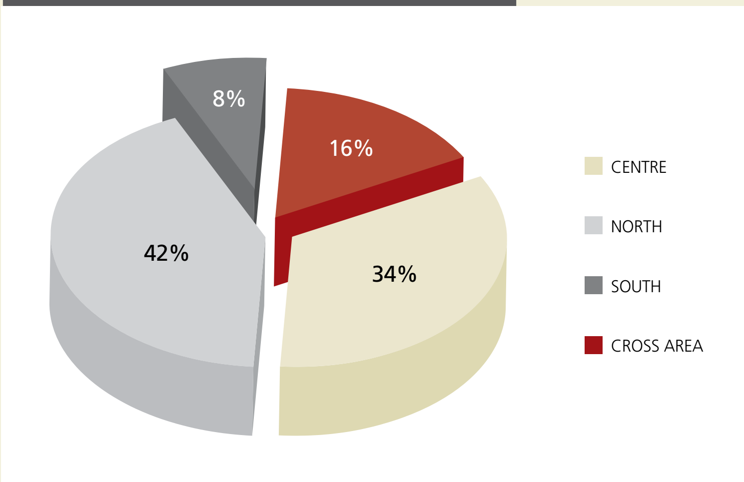
CONTRACTS ACQUIRED BY SBU



The average duration of contracts is higher than previous years as it is influenced by the fact that several contracts for project-financing services, or similar, lasting over twenty years have entered the portfolio.

The composition of acquisitions by geographic area is shown below:

CONTRACTS ACQUIRED BY GEOGREPHIC AREA



5. In particular, once Legislative Decree 95/2012 takes effect the amounts and services of each contract are to be lowered by 5 percent for the entire duration of the contract. These are actually measures provided for by Legislative Decree 98/2011 but brought forward to 2012, based on the obligation for procurement centres to take into account prices of reference provided by the Authority for public contracts. For contracts already stipulated are to be renegotiated between Health Care Facilities and suppliers, or public facilities are given the option to rescind from the contract where there is a significant difference (20 percent) between the price in place and the price of reference (departing from article 1171 of the civil code).

In the Public and Health segment, the job orders acquired during the year include the following, by importance and contractual amount:

Facility Management SBU

› Acquisition of contracts amounting to € 88 million for heat management services to be provided in Emilia Romagna, Campania, Abruzzo and Molise for health care entities and Public Administration, for a duration of 5 years under Consip Agreements.
› Acquisition and extension of services rendered to public administrations, universities and museums in Tuscany and Umbria, under Consip Agreements, amounting to about € 80 million with a duration of 4 to 7 years.
› Acquisition of cleaning services at Hospitals located in Lazio amounting to roughly € 57 million with an average duration of 3 years.
› Awarding (some new and some renewed) of maintenance service contracts amounting to about € 32 million for public administrations in Veneto with a total duration of up to 9 years.
› Acquisition of 2 contracts for a total of € 18 million for cleaning services at two hospitals in Lombardy with an average duration of 5 years.

It should also be mentioned that the parent company MFM S.p.A., together with Servizi Ospedalieri S.p.A. and MACO S.p.A., were awarded a concession contract in project-financing with Infrastrutture Lombarde S.p.A. for the renovation, improvement and extension of "San Gerardo" hospital in Monza, as well as subsequent management of non-core services for the facility. The duration is for thirty years at a total value of € 272 million starting in 2013.

Laundering & Sterilisation SBU

› Acquisition and re-awarding of contracts for a total of € 14 million in Emilia Romagna for linen rental and industrial laundering services for public health care facilities.
› Re-awarding of linen rental and industrial laundering services for health care facilities located in Trentino for a total amount of roughly € 13 million and an average duration of 4 years.
› Re-awarding of contracts for linen rental and industrial laundering service in Abruzzo for a period of 4 years, for a total payment of € 10 million.
› Acquisition and renewal of the service for sterilisation of surgical instruments in Italy for a total of € 10 million, with variable duration of up to 9 years.

Other SBU

› In relation to project financing for renovation and extension of the Monza Hospital, construction work amounting to € 16 million.
› In relation to project financing for construction and renovation of technological systems at Sant'Orsola Malpighi Hospital in Bologna, amounting to € 2.6 million.

The main contracts acquired in 2012 in the Private customer market are as follows:

Facility Management SBU

› Re-awarding a global service maintenance contract with a major utilities company amounting to € 18 million and a duration of 5 years.
› Re-awarding of a cleaning services contract at an important large-scale retail company for a total amount of about € 10 million and a duration of 1 to 3 years.
› Acquisition and renewal of maintenance and cleaning services contracts with a national banking and insurance group, amounting to roughly € 18 million with an average duration of over 2 years.
› Renewal of a global service contract at the offices of a banking group, for a contractual amount of € 7.5 million on a yearly basis.

- Acquisition of a global service contract lasting over twenty years with a asset management Consortium for the national network of bank branches amounting to € 131 million.

Other SBU

- Acquisition of a contract for the execution of construction work on behalf of an Emilia-based cooperative amounting to about € 5.8 million and an estimated duration of about 1.5 years.

Commercial activities developed in the first few months of 2013

In the first few months of 2013, the Group continued its business development, which has already brought interesting results, on the basis of the tenders in which it participated in 2012.

We should mention that in the public market the Consip agreement proceeded for offices in Tuscany and Umbria. In the Health Segment a cleaning and auxiliary services contract was acquired for a major hospital in Abruzzo serving Vasto, Chieti and Lanciano and contract was awarded for logistics services at ESTAV Sud Est.

Lastly, in the Private market significant contracts were acquired for maintenance and hygiene services for the networks of branches and secondary offices in Italy for Caterpillar Inc. and GI Group S.p.A..

4. ANALYSIS OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION IN 2012

4.1 Consolidated economic results

The main consolidated profit data relating to the year ended 31 December 2012 are shown below, as well as a comparison with the data from the same period in the previous year.

	Year ended 31 December		difference	difference
	2012	**2011**	**Euro/000**	**%**
Revenues	1,072,629	1,068,753	3,876	+0.4%
Cost of production	(958,216)	(945,013)	(13,203)	+1.4%
EBITDA (1)	**114,413**	**123,740**	**(9,327)**	**-7.5%**
EBITDA %	**10.7%**	**11.6%**		
Amortisation/depreciation, write-downs and write-backs of assets	(44,388)	(37,732)	(6,656)	+17.6%
Accrual of provisions for risks and charges	(10,390)	(18,378)	7,988	-43.5%
Operating Income	**59,635**	**67,630**	**(7,995)**	**-11.8%**
Operating Income %	**5.6%**	**6.3%**		
Share of net profit of associates	3,251	1,426	1,825	+128.0%
Net financial charges	(19,755)	(23,192)	3,437	-14.8%
Profit before taxes from continuing operations	**43,131**	**45,864**	**(2,733)**	**-6.0%**
Profit before taxes from continuing operations %	**4.0%**	**4.3%**		
Income taxes	(9,823)	(33,408)	23,585	-70.6%
Profit from continuing operations	**33,308**	**12,456**	**20,852**	**+167.4%**
Profit (losses) from discontinued operations	(6)	(227)	221	-97.4%
NET PROFIT	**33,302**	**12,229**	**21,073**	**+172.3%**
NET PROFIT %	**3.1%**	**1.1%**		
Minority interests	(728)	(1,105)	377	-34.1%
GROUP NET PROFIT	**32,574**	**11,124**	**21.450**	**+192.8%**
GROUP NET PROFIT %	**3.0%**	**1.0%**		

Revenues

Revenues for the MFM Group in 2012 stood at € 1,072.6 million, substantially in line with the previous year.

It should be pointed out that there were certain changes in the scope of consolidation in terms of each entity's contribution to consolidated results. In the current year there were several business combinations in the "special services" segment, which led to the acquisition of majority interests in certain companies operating in the core business. The positive contribution of these acquisitions to consolidated revenues of the MFM Group in 2012 amounted to about € 4.0 million.

It should also be pointed out that the subsidiary Telepost S.p.A. was acquired only in Q4 2011 and so in 2012 contributed revenues estimated at € 9.7 million.

Net of the acquisitions described, and so within a perimeter of homogenous activities, net revenues in 2012 stood at € 1,058.9 million, with a net decrease of € 9.8 million compared to the previous year.

1) EBITDA represents the operating profit (loss) before allocations to the provisions for risks, transfer of provisions and amortisation/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criterion applied by the Group may not be the same as the one adopted by other entities and, therefore, may not be comparable.

Analysis of revenues by Segment
The business segment were identified on the basis of IFRS 8 and correspond to the following business areas: "Facility Management", "Laundering & Sterilisation" and Complementary Activities (so-called "Other").

A comparison of Group revenues by segment of business in 2012 and 2011 is provided below.

SEGMENT REVENUES

	2012	% of total revenue	2011	% of total revenue
Facility Management	925,330	86.27%	916,081	85.71%
Laundering & Sterilisation	134,352	12.53%	128,013	11.98%
Other	14,622	1.36%	27,127	2.54%
Intercompany infra-SBU	(1,675)	-0.16%	(2,468)	-0.23%
TOTAL	**1,072,629**	**100%**	**1,068,753**	**100%**

Revenues in the Facility Management sector amounted to € 925.3 million in 2012, marking an increase of € 9.2 million compared to the previous year.
All of the above-mentioned acquisitions between 2011 and 2012 relate to this sector: without these revenues it would be € 911.6 million.

The Laundering & Sterilisation sector, which mainly includes the revenues of the companies Servizi Ospedalieri S.p.A. and AMG S.r.l., generated revenues of € 134.4 million in 2012, marking an increase of € 6.4 million compared to 2011. The increase recorded, amounting to +5.0% compared to the previous year and +0.6% of total consolidated revenue, is entirely due to the natural growth of SBU.

The complementary activities under *Other* SBU include construction work and activities related to the market of photovoltaic systems and project management. In 2012 the sector generated a total of € 14.6 million in revenues, with a decrease of € 12.5 million compared to 2011. The Group considered project and building management, energy management and construction no longer within its strategic interest, also as a result of the crisis that struck the real-estate sector and photovoltaic segment and its key customers, and so it abandoned the development of these business areas.

EBITDA and Operating Income

EBITDA

Group's EBITDA totalled € 114.4 million in 2012, a net decrease of € 9.3 million (-7.5%) compared to € 123.7 million in the previous year.
The contracts acquired, as described above, contributed a total of € 5.6 million to consolidated EBITDA in 2012, which means under the scope of consolidation the Group's EBITDA decreased by € 14.9 million (-12.1%).
The margin of production volumes fell from 11.6% to 10.7% due to a combination of several factors.

On the one hand, certain activities no longer considered strategic are gradually being abandoned, especially the photovoltaic market and construction sector, which mainly pertains to the companies Energyproject S.p.A. and MACO S.p.A.: indeed, the negative impact on the consolidated result decreased by € 1.4 million compared to the same period of the previous year due to a substantial fall in related revenues. In addition, there was a positive contribution from so-called "specialist services". After the start-up phase and reorganisation following the numerous contracts acquired in previous years this segment contributed higher profitability to the Group (€ 1.8 million).

Lastly, it should be pointed out that in recent years the companies in the Group undertook significant and effective actions to control and limit general overhead costs, also by reorganisation and redefining them, in order to limit their operating costs and provide a positive contribution in terms of recovering profitability in economic results.

On the other hand, the traditional Facility Management segment was affected by the financial crisis and stagnant domestic market, both public and private.
Although the commercial action of the Group, as described above, shows positive results in terms of contracts acquired, the difficult situation of the economy should also be taken into account. Indeed, in our market segment payments and margins for newly acquired contracts are falling sharply.
The spending review undertaken by government bodies in public administration and healthcare has led our sector to lower expectations for the future, both in terms of volumes and profitability. The legislation enacted in 2012 have still not been thoroughly applied and in any case it appears to be geared towards constant cuts in financial resources, raising uncertainty in their availability in the future, which means limiting services and lowering prices.
The MFM Group has also seen this trend arising in relations with large private customers, whose reaction has been even more substantial than public customers since their contractual leverage is more flexible and effective in terms of renegotiation.

Non-recurring events and transactions in the period

During the year, the Group entered into transactions which generated "non-recurring" costs, which influence the normal trends in EBITDA as defined above.
Pursuant to Consob Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring or those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the financial position, economic result and cash flows of Group companies.

The Group incurred non-recurring costs in 2012 for:

- Voluntary redundancy and mobility schemes for € 4,140 thousand, higher than the amount set out in the company restructuring plans launched by the Group companies and reflected in the financial statements in previous years. In 2011, similar costs were incurred amounting to € 1,897 thousand.
- M&A costs for potential acquisitions by Group companies (due diligence, advisory and consultancy) amounting to € 573 thousand (€ 1,576 thousand as at 31 December 2011).
- Costs due to advance termination of contracts amounting to € 529 thousand (€ 744 thousand as at 31 December 2011).
- Up-front costs (accounting, legal and notary consultancy) amounting to € 19 thousand, related to the non-recourse factoring agreement with Banca IMI for trade receivables stipulated by Manutencoop Private Sector Solutions S.p.A. and MFM S.p.A. (€ 803 thousand as at 31 December 2011).

Net of said costs, EBITDA in the year would total € 119,674 thousand.

Analysis of EBITDA by Segment

The table below shows a comparison of EBITDA by segment in 2012 with the amounts recorded in 2011:

SEGMENT EBITDA

	2012	% of Segment Revenues	2011	% of Segment Revenues
Facility Management	81,918	8.85%	94,130	10.28%
Laundering & Sterilisation	33,035	24.59%	31,560	24.65%
Other	(540)	-3.69%	(1,950)	-7.19%
TOTAL	**114,413**	**10.7%**	**123,740**	**11.6%**

Compared to the previous year a negative result was recorded in the facility management segment in terms of profit margin (down € 12.2 million in absolute terms, with a loss of 1.4% in terms of relative profit margin). By contrast, in terms of EBITDA, the contribution of new acquisitions came to about € 5.6 million.

The Laundering & Sterilisation segment also contributed to the increase in EBITDA in absolute terms (up € 1.5 million), however, the profit margin for the segment settled at about the same level as the previous year (-0.1%).

By contrast, the other activities (Other segment) closed 2012 with a negative EBITDA of € 0.5 million, which, however, had less of a negative impact than the previous year (+ € 1.4 million). The result reflects the progress of restructuring measures in the segment, which already started up last year and are showing their effects through the management of contract backlog still existing on activities that have become marginal.

Operating Income (EBIT)

Concerning consolidated Operating Income (EBIT), which in 2012 stood at € 59.6 million (5.6% of revenues), it was lower than the previous year by € 8.0 million (-11.8%).

In this regard, it should be noted that the item amortisation, depreciation, write-downs and write-backs of assets rose by € 6.7 million compared to 2011.

In 2012 the Group reported significant write-downs (€ 12.9 million, +€ 8.2 million compared to the previous year), which reflects the increasingly frequent financial difficulty caused by the negative economic situation and impacting certain customers, especially in the private market. In this area, over recent months there have been significant circumstances of insolvency, even leading to bankruptcy, involving not only the companies in question but also parties related to them and their customers. So the market has been struck by additional and stronger financial tensions.

Lastly, as at 31 December 2012 there were provisions allocated (net of any transfers) for € 10.4 million (€ 18.4 million as at 31 December 2011). These provisions constitute the valuation of risks related to the closure of particular commercial transactions and specific risks linked to production contracts or ongoing legal cases with customers, suppliers or employees.

Furthermore, the item includes provisions some companies in the Group deemed necessary in relation to internal restructuring processes, with a view to streamlining and reorganising production resources. These allocations amounted to € 1.3 million in 2012 (made by the company MACO S.p.A.) compared to € 12.2 million in 2011 (made by companies Telepost S.p.A. and EnergyProject S.p.A.).

Analysis of Operating Income by business segment

A comparison of EBIT by segment in 2012 with the amounts recorded in 2011 is shown below:

OPERATING INCOME BY SEGMENT

	2012	% of Segment Revenues	2011	% of Segment Revenues
Facility Management	56,564	6.11%	61,385	6.70%
Laundering & Sterilisation	11,805	8.79%	13,308	10.40%
Other	(8,734)	-59.73%	(7,063)	-26.04%
TOTAL	**59,635**	**5.6%**	**67,630**	**6.3%**

The Group's EBIT was significantly affected by the performance of the Facility Management segment, which fell by € 4.8 million (- 7.9%).
The EBIT of the segment settled at € 56.6 million (6.11% of related revenues) while in 2011 it stood at € 61.4 million (6.70% of related revenues), thereby showing that profit margins remained substantially the same. In any case, it should be pointed out that this result was affected by the lower provisions for future risks and charges compared to the previous year (by € 5.7 million), following the increasing write-downs for trade receivables (by € 1.8 million).

In 2012, the Laundering-Sterilisation segment, mainly pertaining to the company Servizi Ospedalieri and its investee companies, reported an EBIT of € 11.8 million (8.7% of related revenues). A comparison with the amounts reported in 2011 shows a decrease in EBIT (- € 1.5 million) as well as relative profit margin (- 1.7% of related revenues). The segment's negative performance is mainly due to the impact of higher amortisations and depreciation for € 1.8, in relation to contracts in the segment of linen rental and industrial laundering services (which requires significant investments in linen) and sterilisation (which requires investments in surgical instruments) in addition to increased provisions for write-downs and job order risks for € 1.3 million.

In 2012, complementary activities under Other SBU (construction work and activities related to the photovoltaic market) make up a negative EBIT for € 8.7 million compared to a negative result of € 7.1 million in the previous year. Although, as mentioned, these activities are no longer considered strategic for the Group and they will be abandoned, the difficult situation of the market and financial tensions impacting customer solvency led to higher write-downs in the sector for € 5.1 million.

Profit before taxes

Operating Income is augmented by net income from companies valued using the equity method, amounting to € 3.3 million, compared to € 1.4 million in the previous year, less net financial charges of € 19.8 million (€ 23.2 million in 2011), thereby generating a pre-tax result of € 43.1 million in 2012, marking a decrease of € 2.7 million (- 6.0%) compared to the previous year.
Net income from equity investments in shareholders' equity reflect, among other things, year-end profit from the associated company Roma Multiservizi S.p.A. (45.47%), which reported a pro-rata profit amounting to € 3 million as at 31 December 2012 (€ 1.2 million as at 31 December 2011), partly pertaining to the effects of the IRAP reimbursement claim the associate submitted pursuant to current tax law.

Concerning income the Group recently started up a programme to diversify its sources of third-party equity and disposal of its working capital. In this sense the revolving agreement for non-recourse factoring, stipulated in September 2011 by the parent company MFM S.p.A. and Manutencoop Private Sector Solutions S.p.A. (formerly MP Facility S.p.A.) with Banca IMI (now Intesa San Paolo), started showing its benefits in 2012.
Included under net financial charges are financial costs (interest discount) for factoring transactions amounting to € 7.6 million (€ 9.6 million as at 31 December 2011).

Lastly, it should be mentioned that dividends received by other companies amounted to € 0.7 million (€ 0.1 million as at 31 December 2011).

Net Profit of the year

Taxes amounting to € 9.8 million are deducted from the pre-tax profit (loss) for 2012, with a tax rate of 23% applicable at consolidated level (73% as at 31 December 2011), showing a net profit for the year deriving from continuing operations of € 33.3 million (€ 12.5 million as at 31 December 2011).
The positive effect in terms of tax burden on Group profit is mainly related to the application of Decree Law 201 of 6 December 2011, converted with amendments by Law 214 of 22 December 2011, which enabled certain companies in the Group to submit a claim for IRES reimbursement for failure to deduct IRAP relating to staff expenses and similar from 2007 to 2011. Following this claim the Group recognised a tax income corresponding to the amounts claimed for reimbursement, totalling € 12.6 million, in addition to lower taxes for the current year, estimated at about € 2.5 million.
The tax rate for the period decreased also due to "Decreto Salva-Italia" [Save Italy Decree] of December 2011, the effects of which were felt in 2012. This enabled the companies in the Group, among others, to consolidate the effects of the lower "tax wedge" and lower taxes estimated at just over € 1.6 million. Net of these effects the consolidated tax rate would be around 62%.

As at 31 December 2012, a loss € 6 thousand from discontinued operations was recorded separately, represented by the capital loss emerging from the sale of property classed as assets held for disposal in business combinations in the year.
Finally, the consolidated income statement posted net income pertaining to the Group of € 32.6 million, compared to a net profit of € 11.1 million pertaining to the Group as at 31 December 2011.

4.2 Analysis of the statement of financial position as at 31 December 2012 and 31 December 2011

Information on the performance of the main equity and financial indicators of the Group as at 31 December 2012 is shown below, compared with the figures for year ended 31 December 2011.

	31 December 2012	31 December 2011	Change
LOANS			
Trade receivables	655,497	682,271	(26,774)
Inventories	11,240	12,448	(1,208)
Trade payables	(441,551)	(462,823)	21,272
Other elements of working capital	(132,078)	(159,420)	27,342
Net working capital	**93,108**	**72,476**	**20,632**
Tangible assets	86,272	75,368	10,904
Intangible assets	445,643	438,617	7,026
Equity investments	27,881	15,931	11,950
Other non-current assets	39,792	41,772	(1,980)
Capital assets	**599,588**	**571,688**	**27,900**
Long-term liabilities	(55,131)	(55,393)	262
Net invested capital	**637,565**	**588,771**	**48,794**
SOURCES			
Minority interests	2,500	13,242	(10,742)
Group shareholders' equity	309,485	279,512	29,973
Shareholders' equity	**311,985**	**292,754**	**19,231**
Net financial indebtedness	325,580	296,017	29,563
TOTAL SOURCES OF FINANCING	**637,565**	**588,771**	**48,794**

Net working capital

Consolidated net working capital totalled € 93.1 million as at 31 December 2012, marking an increase of € 20.6 million compared to 31 December 2011.

Net commercial working capital, composed of trade receivables and inventories, net of trade payables, stood at € 225.2 million as at 31 December 2012, compared to € 231.9 million as at 31 December 2011.
As at 31 December 2012 the amount of receivables transferred by companies in the Group, under 2 revolving contracts described in the explanatory notes, and not yet collected by the factoring agents, totalled € 146.3 million (€ 176.4 million as at 31 December 2011).
Added to this is € 52.7 million in non-recourse factoring transactions on a non-recurring basis (€ 36.7 thousand as at 31 December 2011). The latter were all collected already by 15 January 2013.
Considering, therefore, the non-recourse factoring transactions, the net commercial working capital would amount to a decrease of € 20.8 million, mainly due to a combination of improved average collection time from customers and supplier payment. Indeed, the Group increased its actions to dispose of its trade receivables by means of the non-recourse factoring transactions described above, and it implemented more efficient procedures to collect past due receivables, which improved cash flow.

As mentioned above, in 2012 there were additional significant write-downs on trade receivables, which is a sign of the increasing difficulty of customers (especially private) to guarantee solvency. As at 31 December 2012 the Group adjusted its provisions for bad debts, bringing them to € 33.1 million (€ 24.4 million as at 31 December 2011).

In addition to the changes mentioned above there was an improvement amounting to € 27.3 million in other expense elements of net working capital, mainly due to higher tax assets for IRES reimbursement claims submitted by companies in the Group for the failure to deduct IRAP, amounting to € 12.6 million, € 10.0 of which under tax consolidation with the parent company Manutencoop Società Cooperativa.
In addition, the company restructuring plans undertaken by companies in the Group continued, which entailed reducing their respective provisions for short-term charges by € 5.8 million following their utilisation during the year.
Lastly, the parent company MFM recorded € 5.3 million in lower trade receivables collected on behalf of other parties under the temporary association of companies, in which it participates as holding company.

Net financial indebtedness

Details of net financial indebtedness as at 31 December 2012 are shown below, compared with the figures as at 31 December 2010, determined on the basis of the indications contained in Consob Communication no. DEM/6064293 of 28/07/2006.

	31 December 2012	31 December 2011	Change
A. Cash in hand	115	235	(120)
B. c/a, bank deposits and consortia	51,872	42,421	9,451
D. Liquidity (A) + (B) + (C)	**51,987**	**42,656**	**9,331**
E. Current financial receivables	11,202	7,786	3,416
F. Current bank loans	(147,100)	(39,794)	(107,306)
G. Current portion of non-current debt	(85,957)	(120,825)	34,868
H. Other current financial payables	(35,277)	(37,842)	2,565
I. Current financial indebtedness (F)+(G)+(H)	**(268,334)**	**(198,461)**	**(69,873)**
J. Current net financial indebtedness (I) – (E) – (D)	**(205,145)**	**(148,019)**	**(57,126)**
K. Non-current bank loans	(81,671)	(121,210)	39,539
L. Other non-current financial payables	(37,542)	(25,359)	(12,183)
M. Financial liabilities for derivatives	(1,222)	(1,429)	207
N. Non-current net financial indebtedness (K)	**(120,435)**	**(147,998)**	**27,563**
O. Net financial indebtedness (J) + (N)	**(325,580)**	**(296,017)**	**(29,563)**

Net financial indebtedness increased by € 29.6 million in 2012, up from € 296.0 million at 31 December 2011 to € 325.6 million at 31 December 2012.

The change during the year mainly reflects:

- Positive cash flow from current operations for € 89.6 million generated by operations, not including absorption of net working capital for € 20.6 million and utilisation of provisions for risks and charges and the provision for employee severance indemnity for € 18.7 million.
- Cash flow absorbed by financial operations amounting to € 18.4 million, against dividends from equity investments collected by the Group totalling € 0.7 million and net financial charges of € 19.0 million paid, € 7.6 million of which for the non-recourse factoring of receivables already in place.
- Net investments in tangible and intangible fixed assets amounting to € 43.2 million, € 31.9 of which relating to the Laundering SBU.
- Net cash flow absorbed and generated from financial investments for € 26.7 million, € 17.7 million of which deriving from business combinations and € 12.7 from financial investments made in the year.
- Dividends paid to third parties for € 0.8 million.
- A drop in the amount of non-recourse factoring for € 14.1 million.

Changes during the year continued with an increase in current financial debt, rising from € 198.5 million as at 31 December 2011 to € 268.3 million as at 31 December 2012, in addition to a higher amount of cash in hand and cash equivalents, up by € 9.3 million compared to 31 December 2011. Towards the end of the year certain amounts for medium/long-term loans reached maturity, which will be replaced by new transactions of the same duration in 2013. This led to a temporary rise in short-term financial indebtedness.

Investments

Investments in tangible and intangible fixed assets carried out by the MFM Group in 2012 came to € 44.4 million (€ 36.7 million as at 31 December 2011), € 35.8 million of which in tangible assets (€ 30.1 million as at 31 December 2011). The investments made in tangible assets during the year mainly pertain to Servizi Ospedalieri S.p.A. (€ 33 million), used for linen rental and industrial laundering and sterilisation services, and relate mostly to the purchase of linen and surgical instruments. Furthermore, an industrial building in Lucca was bought and renovated during the year for a total of € 5.8 million. It is not yet in use, but it will serve the linen rental and industrial laundering services rendered in the area.

Disposals of tangible fixed assets in 2012 totalled € 1.0 million and relate mainly to the sale of linen and machines by Servizi Ospedalieri.

The investments in intangible assets (€ 8.6 million) mainly refer to costs incurred by the Parent Company MFM for company IT systems.

4.3 Financial ratios

The main financial balance sheet ratios as at 31 December 2012 are shown below, calculated at consolidated level, compared with the ratios recorded as at 31 December 2011.

PROFITABILITY RATIOS

	2012	2011
ROE	11.8%	4.1%
ROI	4.3%	5.0%
ROS	5.6%	6.3%

ROE (return on equity), which provides a summary measurement of the return on capital invested by shareholders, stood at 11.8% in 2012, compared to 4.1% in 2011. The ratio mainly reflects the increase in net profit over the previous year, up from € 11.1 million to € 32.6 million.

ROI (return on investments), which provides a summary measurement of the operating return on capital invested in the company, stood at 4.3% in 2012, compared with 5.0% in the previous year. The decrease reflects the considerable fall in EBIT recorded by the Group, down from € 67.6 million in 2011 to € 59.6 million in 2012, against invested capital essentially in line with that of the previous year (€ 1,378.1 million versus € 1,344.4 million in 2011).

ROS (return on sales), which provides a summary measurement of the Group's ability to convert turnover to EBIT, stood at 5.6% in 2012, compared to 6.3% in 2011, due to a decrease in the Group's profit performance.

LIQUIDITY RATIOS

	2012	2011
Liquidity ratio	87.4%	91.1%

The general liquidity ratio (current ratio), represents the ratio of current assets to current liabilities and expresses the company's ability to cover current outflow (i.e. current liabilities) with current income (i.e. current assets).

RATIOS OF COMPOSITION OF ASSETS AND LIABILITIES

	2012	2011
Rigidity ratio	43.5%	42.5%
Total liquidity ratio	55.7%	56.6%
Indebtedness ratio	0.77	0.78
Medium/Long-term debt ratio	12.8%	15.1%

The rigidity ratio, which expresses long-term loans as a percentage of total loans, stood at 43.5% in 2012 at consolidated level, as opposed to 42.5% in 2011, essentially the same.

The total liquidity ratio, which measures the company's elasticity in terms of the ratio of cash and cash equivalents and trade and other receivables (current assets net of inventories) to total loans, stood at 55.7% in 2012, compared to a ratio of 56.6% in the previous year.

The debt ratio, which is the ratio of net debt to the sum of net debt and own equity, as defined in the explanatory notes to the consolidated financial statements, to which reference should be made, stood at 0.77 compared to 0.78 in the previous year.

The medium/long-term debt ratio, expressed as the ratio of consolidated liabilities and total sources of funding fell from 15.1% in the previous year to 12.8%.
See the section on Net Financial Indebtedness for details.

Productivity ratios

The growing diversification of services provided by companies in the Group entails a mix of work carried out by employees ("internal" workers) and work carried out by third parties ("external" workers). It can also vary significantly depending on the organisation/economic choices made in order to maximise overall productivity.

The productivity ratio considered as a good indicator is the ratio between sales revenues and services rendered and the total amount of costs for internal personnel and external personnel used in production (*cost of employed workers, cost of external workers, services provided by consortia and professional services*), expressed as a percentage.

	2012	2011
Turnover/internal and external personnel costs	155%	152%

The figures show that productivity increased between 2011 and 2012.

Sales ratios

Breakdown of revenues

Details of revenues in 2012 are provided below, compared with the previous year, broken down by Customer:

REVENUES BY CUSTOMER

	2012	% of total revenue	2011	% of total revenue
Public	282,859	26.37%	286,718	26.83%
Public Healthcare	386,673	36.05%	365,398	34.19%
Private Customers	403,097	37.58%	416,637	38.98%
TOTAL	**1,072,629**	**100%**	**1,068,753**	**100%**

The breakdown of turnover by type of customer shows substantial consistency in the number of customers represented by Public compared to 2011. The Group also consolidated its turnover in the Public Healthcare segment, whose share of total turnover increased by around 1.9%, at the expense of the Private customer segment (-1.4%).

Backlog

The Backlog as at 31 December 2012 is expressed in millions of Euro:

	2012	2011
BACKLOG	**2.979**	**2.707**

The Backlog is the amount of contractual revenues related to the residual duration of the job orders in the portfolio at that date.

The final Backlog amount as at 31 December 2012 was higher than the opening backlog amount (+10.0%), as a result of positive business performance and development in 2012. This confirms the essential stability of the Group in terms of prospective long-term turnover already obtained.

5. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION OF MANUTENCOOP FACILITY MANAGEMENT S.P.A.

The observations made regarding the trend in consolidated results and business development of the Group also directly apply to the Parent Company Manutencoop Facility Management S.p.A. ("MFM").
Indeed, the Group is structured around its Parent Company, in which the main facility management activities were centralised and developed in the past, which are now coupled with more specialist and industry-based activities carried out for investee companies.

5.1 Economic figures

The main consolidated income data of the parent company MFM for the year ended 31 December 2012 are shown below, as well as a comparison with the figures from the same period of the previous year.

	Year ended 31 December		difference	difference
	2012	2011	Euro/000	%
Revenues	771,001	765,270	5,731	+0.7%
Cost of production	(705,050)	(693,054)	(11,996)	+1.7%
EBITDA (1)	**65,951**	**72,216**	**(6,265)**	**-8.7%**
EBITDA %	**8.6%**	**9.4%**		
Amortisation/depreciation, write-downs and write-backs of assets	(21,137)	(21,027)	(110)	+0.5%
Accrual of provisions for risks and charges	(6,457)	(5,237)	(1,220)	+23.3%
Operating Income	**38,356**	**45,951**	**(7,595)**	**-16.5%**
Operating Income %	**5.0%**	**6.0%**		
Share of net profit of associates	9,946	3,915	6,031	+154.1%
Net financial charges	(16,382)	(19,769)	3,387	-17.1%
Profit before taxes from continuing operations	**31,920**	**30,097**	**1,823**	**+6.1%**
Profit before taxes from continuing operations %	**4.1%**	**3.9%**		
Income taxes	(5,675)	(22,934)	17,260	-75.3%
Profit from continuing operations	**26,246**	**7,163**	**19,083**	**+266.4%**
Profit (losses) from discontinued operations	0	(253)	253	-99.9%
NET PROFIT	**26,246**	**6,909**	**19,336**	**+279.9%**
NET PROFIT %	**3.4%**	**0.9%**		

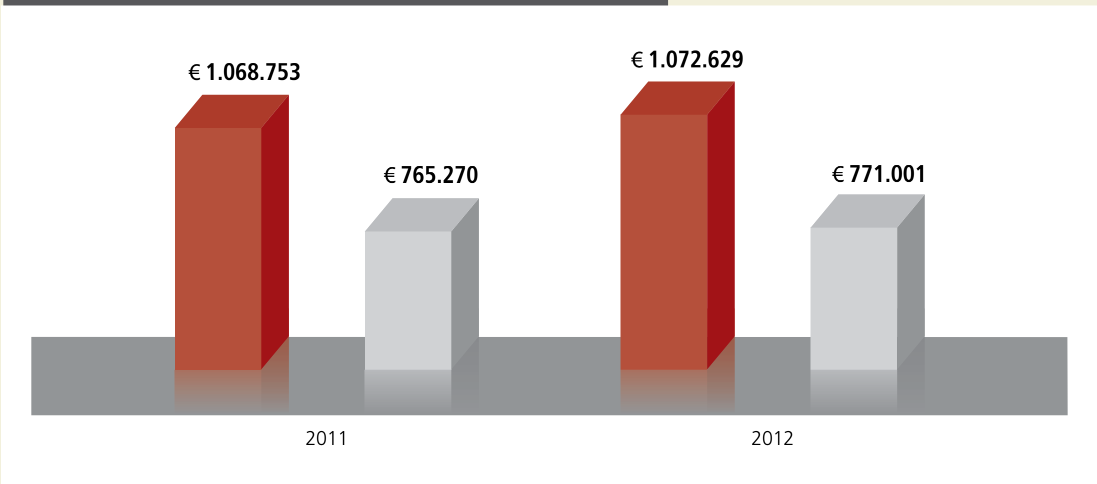
Revenues for MFM S.p.A. in 2012 stood at € 771.0 million, substantially in line with the previous year.

1) EBITDA represents the operating profit (loss) before allocations to the provisions for risks, transfer of provisions and amortisation/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criterion applied by the Group may not be the same as the one adopted by other entities and, therefore, may not be comparable.

As shown by the final data of the last two financial years, MFM S.p.A. guarantees the Group a sizeable portion of the consolidated results (72%), internally developing operational structures for the traditional business of facility management, as well as administrative and technical structures for the other companies in the Group as well as the parent company itself.

The Parent Company's contribution to consolidated revenues is shown below:

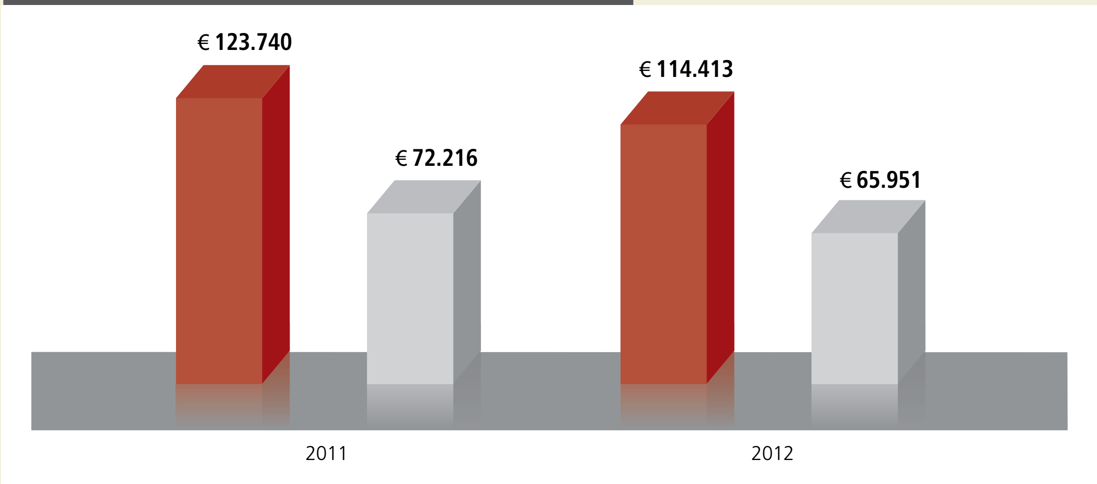
CONTRIBUTION OF MFM S.P.A. ON CONSOLIDATED REVENUES



Group EBITDA totalled € 66.0 million in 2012, a net decrease of € 6.3 million (-8.7%), compared to € 72.2 million in the previous year.
Profit margins fell from 9.4% to 8.6% of revenues.
Also the traditional Facility Management segment, as mentioned, was affected by the crisis and stagnation of the domestic market, both public and private, resulting in a significant fall in payments and company margins, though to a lesser degree.

The Parent Company MFM S.p.A.'s contribution to consolidated EBITDA is shown below:

CONTRIBUTION OF MFM S.P.A. ON CONSOLIDATED EBITDA



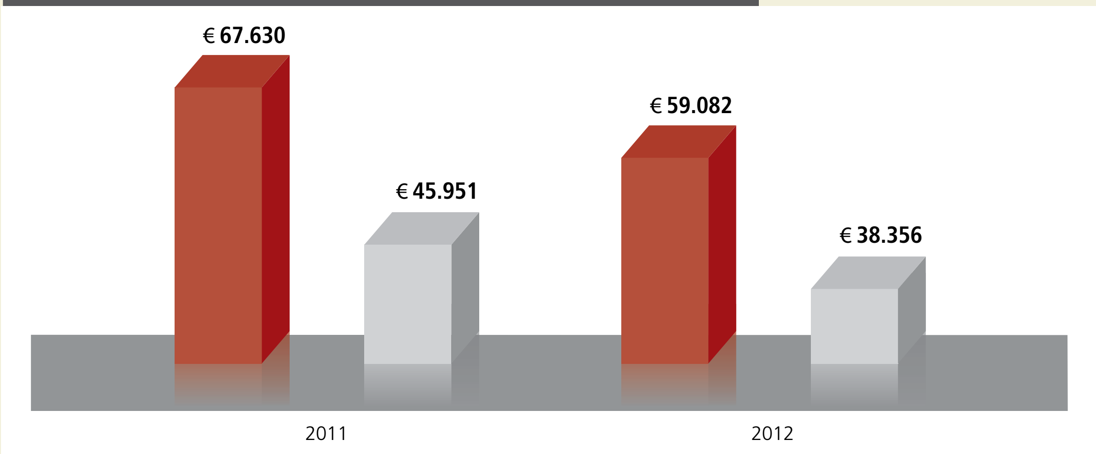
Although lower in terms of absolute value compared to the previous year, the EBITDA of MFM S.p.A. maintains a level of contribution that is substantially the same as the previous year (58%).

Concerning EBIT, which in 2012 stood at € 38.4 million (5.0 % of revenues), it was lower than the previous year by € 7.6 million.

The amount of the item "amortisations, depreciation, write-downs and value adjustments" remains substantially the same as 2011. In 2012 the company recognised amortisations and depreciation for € 10.2 million (€ 11.6 million as at 31 December 2011) in addition to significant net write-downs (€ 4.0 million, compared to € 2.2 the previous year), as a direct consequence of the widespread financial difficulty in its market. There were also write-downs on investments amounting to € 8.1 million (€ 7.1 million as at 31 December 2011), particularly related to the difficult financial situation of the investee companies operating in the building management and photovoltaic segments, which, as mentioned above, are in the process of being phased out. Lastly, as at 31 December 2012 there were provisions allocated (net of any transfers) for € 6.5 million (€ 5.2 million as at 31 December 2011), mainly due to future risks and charges related to production contracts or legal cases in progress.

The Parent Company MFM S.p.A.'s contribution to consolidated EBIT is shown below:

CONTRIBUTION OF MFM S.P.A. ON CONSOLIDATED OPERATING INCOME



In addition to EBIT are dividends and net income from equity investments amounting to € 9.9 million, compared to € 3.9 million in the previous year. The income reflects, among others, dividends from subsidiaries for € 8.1 million (€ 2.4 million as at 31 December 2011), in addition to € 1.6 million from associated companies and minor companies (€ 1.6 million as at 31 December 2011). Among these, in 2012 the subsidiary Servizi Ospedalieri distributed dividends for € 6.5 million, compared to € 1.6 million as at 31 December 2011.
Lastly, the company recognised net financial charges for € 16.4 million (€ 19.8 million in 2011), thereby attaining a pre-tax profit of € 31.9 million in 2012, an increase of € 1.8 million (+6.1%) over the previous year. Included under net financial charges are financial costs (interest discount) for non-recourse factoring transactions amounting to € 5.7 million (€ 6.8 million as at 31 December 2011).

Taxes amounting to € 5.7 million are deducted from the pre-tax profit (loss) for 2012, with a tax rate of 18% (76% as at 31 December 2011), showing a net profit of € 26.2 million for the year (€ 6.9 million as at 31 December 2011).
The positive effect in terms of tax burden on Group profit is mainly related, also for the parent company, to the application of Decree Law 201 of 6 December 2011, which enabled certain companies in the Group to submit a claim for IRES reimbursement for failure to deduct IRAP relating to staff expenses and similar from 2007 to 2011. Following this claim the company recognised a tax asset corresponding to the amounts claimed for reimbursement, totalling € 8.0 million, in addition to lower taxes for the current year, amounting to € 1.8 million. The tax rate of the period also felt the benefits of the reduction in the "tax wedge" following "Decreto Salva-Italia" [Save Italy Decree] in December 2011, which resulted in lower taxes for € 1.4 million. Net of these effects it is estimated that the tax rate would be around 69%.

5.2 Statement of financial position

Information on the performance of the main equity and financial indicators of the parent company as at 31 December 2012 is shown below, compared with the figures for year ended 31 December 2011.

	31 December 2012	31 December 2011	Change
LOANS			
Trade receivables	512,681	532,237	(19,556)
Inventories	2,224	2,552	(328)
Trade payables	(323,371)	(342,964)	19,592
Other elements of working capital	(97,372)	(105,788)	8,415
Net working capital	**94,161**	**86,038**	**8,123**
Tangible assets	16,666	18,562	(1,896)
Intangible assets	309,201	308,753	447
Equity investments	168,145	166,250	1,895
Other non-current assets	25,265	26,206	(941)
Capital assets	**519,277**	**519,773**	**(495)**
Long-term liabilities	(32,508)	(32,257)	(251)
Net invested capital	**580,930**	**573,554**	**7,377**
SOURCES			
Shareholders' equity	**323,568**	**298,401**	**25,167**
Net financial indebtedness	257,362	275,153	(17,790)
TOTAL SOURCES OF FINANCING	**580,930**	**573,554**	**7,377**

Net working capital

Net working capital totalled € 94.2 million as at 31 December 2012, marking an increase of € 8.1 million compared to 31 December 2011.

Net commercial working capital, composed of trade receivables and inventories, net of trade payables, stood at € 191.5 million as at 31 December 2012, substantially in line with the amount as at 31 December 2011 (€ 191.8 million). The parent company also recognised "off balance sheet" receivables amounting to € 102.2 million (€ 123.2 million as at 31 December 2011): in consideration of these the balance of net commercial working capital would fall by € 21.3 million mainly due to the reduction in average collection times, to the benefit of cash flow used in current operations, which contributed in lowering short-term payables.

In addition to the changes mentioned above there was a decrease of € 8.4 million in other expense elements of net working capital, mainly due to recognition of reimbursement of taxes following the claim amounting to € 8.1 million as mentioned above.

Net financial indebtedness

Details of net financial indebtedness as at 31 December 2012 are shown below, compared with the figures as at 31 December 2011, determined on the basis of the indications contained in Consob Communication no. DEM/6064293 of 28/07/2006.

	31 December 2012	31 December 2011	Change
A. Cash in hand	64	74	(10)
B. c/a, bank deposits and consortia	29,772	20,938	8,834
D. Liquidity (A) + (B) + (C)	**29,836**	**21,012**	**8,824**
E. Current financial receivables	95,905	54,213	41,692
F. Current bank loans	(123,101)	(34,148)	(88,953)
G. Current portion of non-current debt	(80,490)	(119,706)	39,216
H. Other current financial payables	(85,469)	(69,939)	(15,530)
I. Current financial indebtedness (F)+(G)+(H)	**(289,060)**	**(223,793)**	**(65,267)**
J. Current net financial indebtedness (I) – (E) – (D)	**(163,318)**	**(148,568)**	**(14,750)**
K. Non-current bank loans	(80,874)	(112,683)	31,809
L. Other non-current financial payables	(11,948)	(12,473)	525
M. Financial liabilities for derivatives	(1,222)	(1,429)	207
N. Non-current net financial indebtedness (K)	**(94,044)**	**(126,584)**	**32,540**
O. Net financial indebtedness (J) + (N)	**(257,362)**	**(275,153)**	**17,790**

It should be mentioned that during the year there was a partial payment of € 57 million for the loan the parent company MFM received from a pool of banks to deal with the significant business combinations set up in 2008. The loan was posted at 31 December 2012 as a current part of non-current indebtedness. To date the remainder of the loan to be paid back (€ 42 million) was reclassified for € 21 million as a medium-term liability following agreements stipulated with the same pool of banks in 2012, which made up for not respecting the financial parameters at the date of recognition (31 December 2010) and restored the benefit of the maturity term for the debtor Company.

5.3 Reconciliation of shareholders' equity and income for the year of the Parent Company with corresponding consolidated figures

Manutencoop Facility Management S.p.A.	31 December 2012		31 December 2011	
(in thousands of Euro)	Profit (loss)	SE	Profit (loss)	SE
Shareholders' equity and result for the year as shown in the financial statements of the Parent Company	**26,246**	**323,568**	**6,909**	**298,401**
› Elimination of consolidated equity investment values	0	(166,313)	0	(165,220)
> Accounting of Shareholders' Equity to replace the values eliminated	0	70,522	0	70,182
› Allocation to consolidation difference	(16)	64,428	0	65,767
› Allocation tangible assets	(4)	82	(4)	79
› Allocation intangible assets (relations with customers)	0	0	0	0
› Recognition of financial charges on PUT options	52	52	(647)	(647)
› Dividends distributed to Group companies	(8,080)	0	(2,360)	0
› Profit generated by consolidated companies	4,754	4,754	632	632
> Valuation of non-consolidated companies using the equity method	1,847	4,685	(63)	3,647
› Tax effects on consolidation adjustments	(85)	(367)	(257)	(283)
› Reversal of statutory write-downs	8,108	8,108	6,954	6,954
› Other consolidation adjustments	(248)	(34)	(40)	0
Total consolidation adjustments	**6,328**	**(14,083)**	**4,215**	**(18,889)**
Shareholders' equity and profit (loss) for the year pertaining to the Parent Company	**32,574**	**309,485**	**11,124**	**279,512**
Shareholders' equity and profit (loss) for the year pertaining to minority interests	728	2,500	1,105	13,242
Shareholders' equity and profit (loss) for the year as shown in the consolidated financial statements	**33,302**	**311,985**	**12,229**	**292,754**

6. RISK FACTORS

In 2010, MFM S.p.a. launched a project for the development of the ERM (EnterprisRisk Management Integrated Framework) framework, in order to better structure the process to assess the Group's exposure to risk and comply with the provisions of art. 2428(I) of the Civil Code (description of the main risks and uncertainties in the Report on Operations).
In particular, this is the reference model for the management of company risk, as described in the report presented by COSO (Committee of Sponsoring Organisations of the Treadway Commission) on 29/09/2004. The Italian version of the framework defines the management of company risk as "*a process implemented by persons, used for the formulation of strategies throughout the entire organisation; designed to identify potential events that may affect company activities, manage the risk within acceptable company limits and provide a reasonable degree of certainty as regards the achievement of company objectives*".

Over the last two financial years the Group has developed the framework for the Facility SBU and, more specifically, in relation to the companies Manutencoop Facility Management S.p.A. and Manutencoop Private Sector Solutions S.p.A., with the objective to analyse operating, compliance, strategic and financial risks. The method used is based on the identification of the main risks applicable to the entity under analysis, grouped together by type. Based on the list of risk factors, a series of interviews were conducted with management to validate the measures formulated and identify existing controls.

The main risks linked to the market in which the Group operates (market risks), to the unique activities performed by Group companies (operating risks) and financial risks are shown below.

Risks related to competition

The market in which the Group operates is characterised by increasing competitiveness due to the business combination processes underway between operators already equipped with significant organisations in the market of reference and able to develop models for the provision of the service mainly geared towards minimising prices for the customer. Over recent years, this has led to an increasingly tight competitive context which will probably continue in the future too.

Financial risks

Concerning financial risks (liquidity, credit, interest rates, exchange rates and price risks) the Group deals with in its operations and how they are managed, the subject is discussed in detail under note 35 in the explanatory notes to the consolidated financial statements, to which reference should be made.

7. HUMAN RESOURCES AND ORGANISATION

The MFM Group employed 14,740 workers in 2012 (14,465 in 2011), including personnel on lease from the Parent Company Manutencoop Società Cooperativa to Group companies.
A total of 604 workers were on lease in 2012 (591 in 2011).

Details of the different employee categories as at 31 December 2012 are provided below:

	2012	2011
Executives	65	61
White-collar workers	1,648	1,652
Blue-collar workers	13,027	12,752
EMPLOYEES	**14,740**	**14,465**

11 white-collar workers and 20 blue-collar workers were hired in 2012.

Prevention and protection

In accordance with Legislative Decree 81/08 on occupational health and safety, in 2012 the Risk Assessment document was revised following changes in the organisation and the start-up of new services provided in the railway sector.
The draft document was presented to the Coordinating Occupational Physicians and Workers' Safety Representatives with the goal to complete it in December 2012 and distribute it in the first weeks of 2013. The document has not yet received final approval and formalisation because its content needs to be brought in line with the OHSAS 18001 certification (safety management system), obtained at the end of December 2012.
The Prevention and Protection Service conducted 66 audits in the Operations structure, distributed throughout all the areas in which the MFM Group operates. These audits were carried out to verify compliance with the regulations governing occupational safety and, in the event of any non-conformities, generated an improvement plan, shared with Area Operations Managers.
Healthcare supervision, performed by occupational physicians widely distributed throughout the country, concerned all personnel exposed to "regulated" risks, i.e. occupational risks that may adversely affect health. As a result all the workplaces of Manutencoop Facility Management S.p.A. are under supervision, with the exception of the hygiene sector for services provided in non-industrial areas. Concerning the latter specific issue, following several inspections carried out by the authorities (Labour Inspection Office, Local National Healthcare Agency), in December 2012 a roundtable was held with the participation of the Human Resources Department, Operations, Prevention and Protection Service and Occupational Physicians.

In 2012, no workplace accidents occurred which involved serious or critical injury to the workers concerned, and the company was not held liable or subject to charges for any occupational illnesses of employees or former employees. There were no deaths at the workplace.
The Group also has a company procedure to identify the specific details of each accident so as to obtain more accurate statistical reporting which, starting with a survey of the causes - the dynamics - relating to the material agents, makes it possible to more accurately define the areas of intervention and their priority in order to reduce accidents.

Furthermore, in 2012 training of personnel on workplace safety continued, especially for supervisors and operators with particular duties, for a total of 27,130 training hours.

There are currently 25 Workers' Safety Representatives at Manutencoop Facility Management S.p.A. distributed throughout the areas of Operations. In 2012, they were involved in the process to update the Risk Assessment document and took part in periodic meetings held in their area of Operations. Lastly, they were involved in a training/education plan on occupational safety.

Training

In 2012, 79 training courses were organised, and they were held over 452 editions. The total number of training hours reached 39,208.

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

	2012				2011			
Subject	**Courses**	**Editions**	**Participants**	**Hours**	**Courses**	**Editions**	**Participants**	**Hours**
Safety	27	290	2,172	27,442	37	204	2,848	14,860
Technical-professional	16	74	519	4,789	8	34	323	4,789
IT	10	17	247	1,200	20	77	1,424	5,807
Quality and Environment	8	16	413	889	5	11	102	588
Management	18	55	480	4,888	17	44	727	3,509
Total	**79**	**452**	**3,831**	**39,208**	**87**	**370**	**5,424**	**29,553**

In 2012 a great deal of attention was paid to financing most of the courses through the Foncoop category fund. This way 57% of the courses received funding: management training was funded by 94%, whereas the safety and IT courses were funded by 50%.
Concerning content and subject matter, courses in the safety and technical/professional areas were provided with updated programmes in line with the new State-Region agreement of 21/12/2011 and new regulatory provisions (e.g.: Italian Refrigeration Engineer License).

Concerning management training an important programme was started up on human resource management that involved service managers and account managers from the Operations Department. The first three editions were held in the areas of Piedmont, Liguria and Valle d'Aosta, Lombardy and Lazio, Campania and Basilicata, comprising 24 hours each, in addition to a series of individual coaching sessions and self-assessment tests as well as classroom tests (28 participants total).
There were also courses on conflict management and negotiations for the Human Resources and Organisation Department and for the Purchasing Department (2 32-hour editions per participant for a total of 32 participants) as well as courses on time management and meeting management for the Administration and Control Department (3 24-hour editions for a total of 30 participants). Business development courses were also held for the Promotion and Development Department (25 participants for 40 hours of course time each) and a development course on "Mind Maps", which is a special course for the Technical Business Department to provide support for technical specialists on creating mind maps for projects submitted for tenders.
Training courses were also held on Public Tenders and Purchasing Management for service companies.

Lastly, training courses were also held on Quality Assurance and Environment, and IT courses to improve the use of company management systems and the Office Suite, particularly Excel and Access.

8. ENVIRONMENT AND QUALITY ASSURANCE

In 2012, MFM successfully passed audits for UNI EN ISO 14001:2004 certification (Environmental Management System) and UNI EN ISO 9001:2008. SA8000:2008 certification was also maintained (Social Responsibility System).

In 2012 the company acquired the following additional certification:
UNI CEI EN ISO 50001:2011 - Energy Management Systems
UNI CEI 11352:1020 - Energy Management - Companies providing energy services (ESCO)
BS OHSAS 18001:2007 - Occupational Health and Safety Management System.

MFM also maintained certification for complying with the ANMDO CERMET standard for the voluntary accreditation of suppliers of hospital cleaning and sanitation services.

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

SMAIL S.p.A.	Recertification according to the UNI EN ISO 14001:2004 standard (Environmental Management System). Recertification according to the UNI EN ISO 9001:2008 standard (Quality Management System). Maintenance of the Social Responsibility System according to the requirements of the SA8000:2008 standard.
Manutencoop Costruzioni S.p.A.	Recertification according to the UNI EN ISO 14001:2004 standard (Environmental Management System). Recertification according to the UNI EN ISO 9001:2008 standard (Quality Management System).
MIA S.p.A	Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System). Extension of the system to Attachment XIV - Production Quality Guarantee provided for under Presidential Decree no. 162 of 30/04/1999. Certification of compliance with BS OHSAS 18001:2007 - Occupational Health and Safety Management System.
Manutencoop Private Sector Solutions S.p.A.	Recertification according to the UNI EN ISO 9001:2008 standard. (Quality Management System).
EnergyProject S.p.A.	Maintenance of certification of compliance with the UNI EN ISO 9001:2008 standard (Quality Management System). Maintenance of certification of compliance with the UNI EN ISO 14001:2004 standard (Environmental Management System).
Telepost S.p.A.	Recertification according to the UNI EN ISO 9001:2008 standard (Quality Management System).

In 2012, no environmental damage was reported for which the company was found responsible, nor were any definitive fines or penalties imposed on the company for environmental offences or damages.

9. RELATED PARTY TRANSACTIONS

Concerning disclosure requirements laid down in art. 2428 of the Civil Code regarding transactions between Group companies and related parties, it should be noted that all transactions carried out, including those between the Parent Company and its subsidiaries and their subsidiaries, fall within the scope of ordinary Group operations and are regulated under market conditions.
Equity and economic transactions as at 31 December 2012 are detailed thoroughly in the explanatory notes to the consolidated financial statements and the separate financial statements for 2012, to which reference should be made.

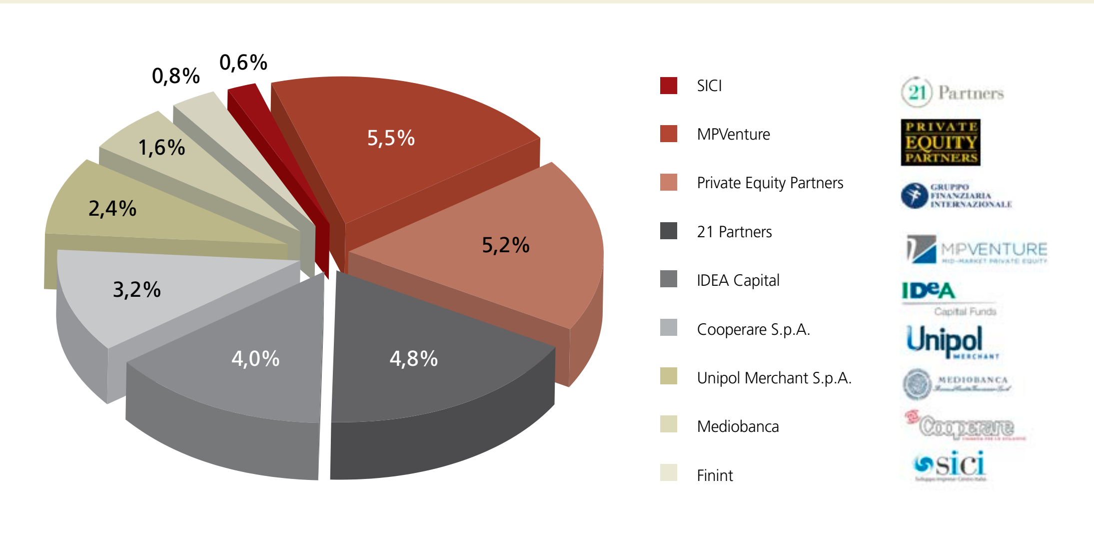
10. CORPORATE GOVERNANCE

The Corporate Governance structure of Manutencoop Facility Management S.p.A. is set up under a two-tier administration and control system, as regulated by articles 2409-octies et seq. of the Civil Code, widely used in other EU countries.
This model provides a clear distinction between ownership and management, given that the Supervisory Board, composed entirely of independent members, acts as a barrier between the shareholders and the Management Board and, therefore, is able to more effectively meet the need of greater transparency and lower potential conflict of interest risk as opposed to the "traditional" model.

11. SHARE CAPITAL

Ordinary shares issued by the MFM Group and fully paid up as at 31 December 2012, totalled 109,149,600, with a nominal value of € 1 each.
There are no other share classes.

The Parent Company does not hold any own shares. In 2008 it extended its shareholder base to a pool of private equity investors, which now holds a total of 28.11%, as follows:



12. RESEARCH AND DEVELOPMENT (ART. 2428 OF THE CIVIL CODE)

In 2012, the MFM Group did not capitalise any research and development costs.

13. ADDITIONAL INFORMATION REQUIRED BY ART. 2428 OF THE CIVIL CODE

The company does not hold own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.
In 2012, the company did not purchase or dispose of own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

14. INFORMATION REQUIRED BY ART. 2497 OF THE CIVIL CODE

Manutencoop Facility Management S.p.A. is subject to the management and coordination activities of Manutencoop Società Cooperativa.
For details on transactions with both the entity that exercises management and coordination activities and with other companies that are subject to these activities, please refer to the explanatory notes to the consolidated financial statements and the separate financial statements of the Parent Company Manutencoop Facility Management S.p.A..

15. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

In the second half of 2012, significant changes were made to the legislation concerning the legal rules affecting the scope of application of Legislative Decree 231/01.
In particular, Law 190/2012 introduced in the range of offences laid down by Legislative Decree 231/2001, art. 25 the crime of "undue incitement to give or promise benefits" - art. 319 quater penal code; amended the criminal offences of corruption (art. 318 penal code) and official misconduct (art. 317 penal code), also under art. 25, and inserted the offence "corruption between private persons" (art. 2635 civil code), art. 25 ter.
In addition, Legislative Decree 109/2012 art. 25-duodecies introduced the crime "utilisation of foreign nationals whose stay is irregular", which the company deemed it necessary to include in its model under a new dedicated part.

As a result of the changes made Manutencoop Facility Management S.p.A. updated the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the Model).
The update to the Model, considering both the legal assessments and in-depth examination of the new legislative framework, is based on amendments to procedures, the introduction of new activities and observations/suggestions resulting from the controls performed.
The procedure to update the model was approved by the Supervisory Authority, a collective body whose functioning is governed by Regulations which are communicated to the Management Board.

The Supervisory Authority formally met 4 times in 2012.
As regards audit activities, at the first meeting in 2012, the Supervisory Authority approved the proposed audit plan for 2012, as envisaged in the Model.
A total of 4 audit cycles were performed, the outcomes of which are summarised in the associated "internal reports on the audit activities of the Supervisory Authority", which were sent to the Chairman of the company's Management Board in a timely fashion.

16. SECONDARY OFFICES

The Group has no secondary offices.

17. TAX CONSOLIDATION

The Manutencoop Group opted to apply the Group taxation system, pursuant to articles 117 et seq. of the TUIR (Consolidated Law on Income Tax), which involves Manutencoop Società Cooperativa as consolidating company and the following consolidated companies:

- Manutencoop Facility Management S.p.A.
- Servizi Ospedalieri S.p.A.
- Alisei S.r.l. in liquidation
- SI.MA.GEST 2 Soc. Cons. a r.l.
- Società Manutenzione Illuminazione S.p.A.
- Manutenzione Installazione Ascensori S.p.A.
- Manutencoop Private Sector Solutions S.p.A.
- Energyproject S.p.A.
- MACO S.p.A.
- Telepost S.p.A.

On 13 June 2012 the company Telepost S.p.A. exercised the tax consolidation option for 2012-2014.

The above-mentioned Companies participate in tax consolidation together with the following Manutencoop Società Cooperativa Subsidiaries but which are not part of the MFM Group:

- Manutencoop Immobiliare S.p.A.
- Sies S.r.l.
- Manutencoop Servizi Ambientali S.p.A.
- Segesta Servizi per l'ambiente S.r.l.

18. SUBSEQUENT EVENTS

There are no significant events to report after the close of the year.

19. BUSINESS OUTLOOK

The serious economic crisis, which has lasted longer than anyone expected, is greatly affecting any possibility to draft a budget for sustainable growth for the Group, making CAGR at an estimated 4%. This requires choices geared towards consolidation of the customer portfolio and safeguarding profitability, but also measures to limit comprehensive financial exposure.

Among all the objectives, the latter appears to be the most challenging. Indeed, the Group has to deal with the widespread state of financial tension not only linked to the drop in customer spending, but also due to the increasingly frequent insolvency striking both public and private customers.
Forecasts for the future are not encouraging, however, hope has been raised by certain institutional measures that would correct payment time by public administrations.
In any case, the Group is still gearing towards restructuring its financial sources to meet its needs.
Constant reorganisation and streamlining of the operational structure, together with a plan for restructuring and overhead reduction that was started up a few years ago, enabled the Group to offset lower profit margins offered by the market.
In this frame of mind the choice was made to rationalise business activities, which led to the decision to dispose of company units dedicated to project and building management (Energyproject S.p.A.) in addition to those dedicated to more traditional activities related to construction (MACO S.p.A.).

From a business standpoint, the Group is committed to safeguarding its leadership position on the domestic market, also with respect to private customers, in line with the actions undertaken in the latter part of last year.

The Group will continue to investigate emerging foreign markets, which could ensure significant business prospects, both in terms of profitability and financial sustainability.

Energy Efficiency Goal

As mentioned in previous reports, for some time now the Group has considered it strategic to implement sophisticated management models that enable energy efficiency in the "building-plant system".
On a governmental level, the National Energy Strategy published in 2012, also following a push received from the related EU directive, makes energy efficiency a number one priority in future development, thereby marking increasing awareness on the subject, especially in times of widespread financial difficulty impacting public administrations.
In any case, the governmental policies enacted so far have not been decisive enough in driving this line of conduct, which could combine the objective to revamp real-estate, energy savings and environmental protection, together with an adequate level of profitability for qualified operators on the market.
The trials initiated by the Group are geared towards promoting these initiatives, thereby proving with facts their sustainability and also their soundness.

Development of linen rental and industrial laundering and sterilisation services

The negative effects of lower public spending on healthcare have had a major impact on the Company operating in the segment of linen rental and industrial laundering and sterilisation services. Indeed, in the next financial year, although significant commercial development is expected in the sterilisation segment, according to forecasts there will be a slight decrease in comprehensive revenues, which will be met with measures to rationalise and streamline production processes.

Development of Specialist Services

The companies in the Group providing specialist services for the retail market, namely the Sicura Group (sale, installation and maintenance of fire prevention and safety systems) and the Mia Group (specialised maintenance for elevating systems), have grown progressively and stabilised their contribution to company results.

The Sicura Group, in particular, is gearing its activity to strengthen its commercial network in order to extend its operations to new geographic areas that are not yet served, by means of targeted acquisition of small local companies and affiliation agreements with professionals in the sector in new geographic areas.

2012 also market the end of the first part of the business development project for the MIA Group. The Group currently manages about 16,700 installations and about 9,000 customers. 2013 will be an important year for final consolidation of the operations undertaken in previous years.

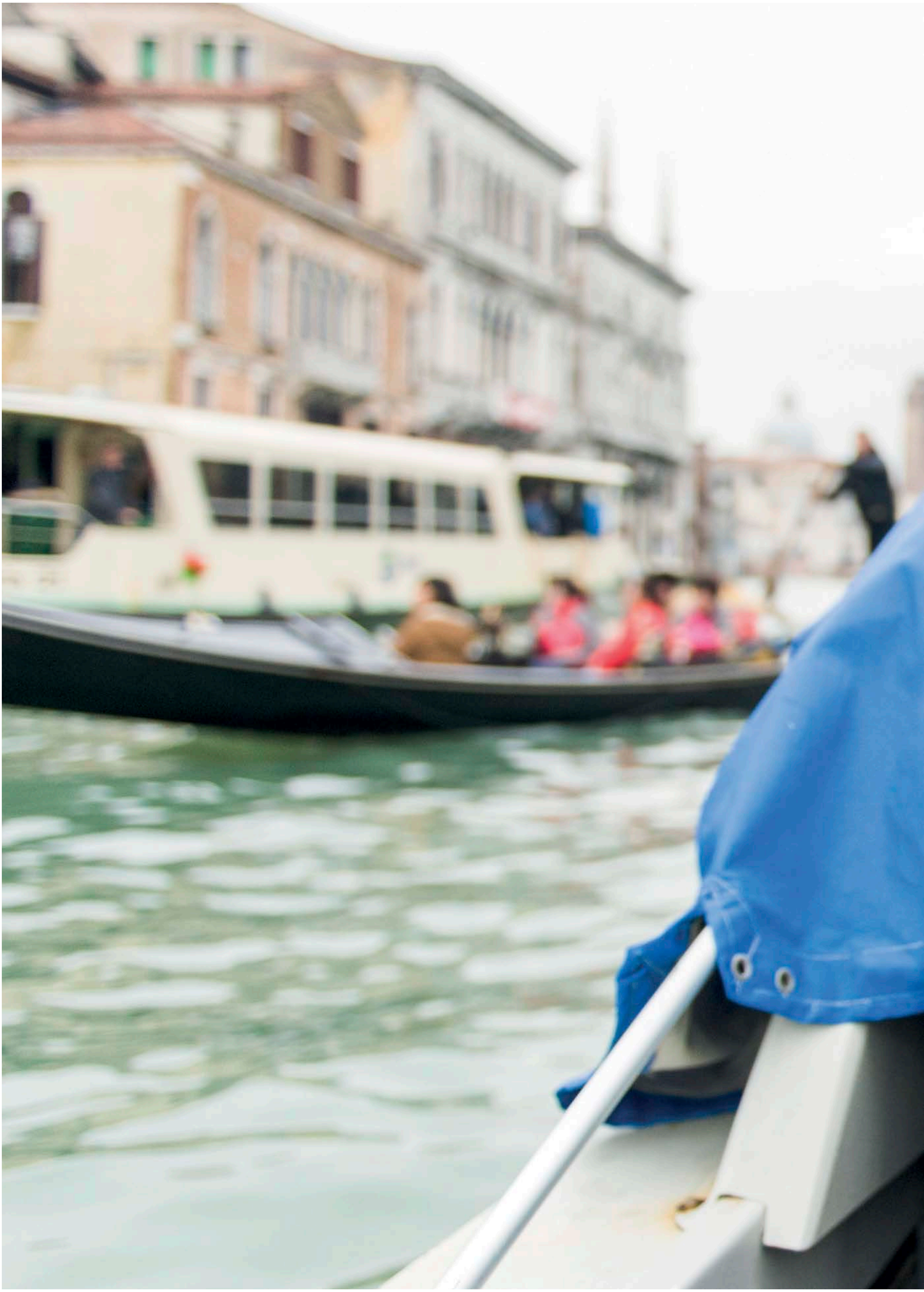
21. ALLOCATION OF PROFIT FOR THE YEAR

In concluding the report on 2012, the Directors encourage you to approve the Financial Statements for the year ended 31 December 2012 and allocate the year-end profit of € 26,245,608.44 as follows:

› € 1,312,280.42 to the legal reserve
› € 24,933,328.02 to the extraordinary reserve.

Zola Predosa, 25 March 2013

The Chairman of the Management Board
Claudio Levorato



MANUTENCOOP

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31-Dec-12	31-Dec-11
ASSETS			
NON-CURRENT ASSETS			
Property, plant and machinery	4	16,179,244	17,906,915
Property, plant and machinery under lease	4	486,782	655,373
Goodwill	5-6	288,649,098	288,649,098
Other intangible assets	5	20,551,475	20,104,318
Investments in Subsidiaries, Joint-ventures, Associates	7	168,145,212	166,250,466
Other investments	8	2,521,223	2,045,981
Nono-current financial assets	9	9,610,428	11,103,648
Other receivables and non-current assets	10	1,071,439	1,128,808
Deferred tax assets	34	12,062,192	11,927,930
TOTAL NON-CURRENT ASSETS		**519,277,093**	**519,772,537**
CURRENT ASSETS			
Inventories	11	2,223,955	2,551,780
Trade receivables and advances to suppliers	12	512,680,766	532,236,952
Current taxes receivables		12,560,633	3,980,302
Other current assets	13	11,224,084	8,525,554
Current financial assets	14	95,905,000	54,212,675
Cash and cash equivalents	15	29,836,243	21,011,895
TOTAL CURRENT ASSETS		**664,430,681**	**622,519,158**
Assets classified as held for sale			-
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE			-
TOTAL ASSETS		**1,183,707,774**	**1,142,291,695**
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		109,149,600	109,149,600
Share premium reserve		145,018,390	145,018,390
Reserves		39,345,007	33,514,596
Retained earnings		3,808,981	3,808,981
Profit/(Loss) for the year		26,245,608	6,909,443
TOTAL SHAREHOLDERS' EQUITY	17	323,567,586	298,401,010
NON-CURRENT LIABILITIES			
Employee termination indemnity	18	15,709,578	15,300,563
Provisions for risks and charges, non-current	19	7,445,871	6,823,386
Long-term debt	20	92,821,991	125,155,684
Deferred tax liabilities	32	9,352,405	10,132,684
Derivatives	21	1,222,067	1,428,801
TOTAL NON-CURRENT LIABILITIES		**126,551,912**	**158,841,118**
CURRENT LIABILITIES			
Provision for risks and charges, current	19	11,275,207	9,361,472
Trade payables and advances from customers	22	323,371,405	342,963,528
Other current liabilities	23	109,881,988	108,931,942
Bank borrowings, including current portion of long-term debt, and other financial liabilites	20	289,059,676	223,792,624
TOTAL CURRENT LIABILITIES		**733,588,276**	**685,049,567**
Liabilities directly associated with assets classified as held for sale			
TOTAL LIABILITIES DIRECTLY ASSOCIATED WUTH ASSETS CLASSIFIED AS HELD FOR SALE			**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,183,707,774**	**1,142,291,695**

STATEMENT OF INCOME

	NOTES	31-Dec-12	31-Dec-11
REVENUES			
Revenues from sales and service	24	769,222,580	764,106,115
Other revenues	25	1,778,744	1,163,913
TOTAL REVENUES		**771,001,324**	**765,270,029**
OPERATING COSTS			
Costs of raw materials and consumables	26	(118,281,406)	(111,347,770)
Costs for services and use of third party assets	27	(297,244,746)	(302,567,877)
Personnel costs	28	(281,938,447)	(271,313,737)
Other operating costs	29	(7,585,884)	(7,824,916)
Amortization, depreciation, write-downs and write-backs of assets	30	(21,137,035)	(21,027,388)
Accrual of provisions for risks and charges		(6,457,424)	(5,237,056)
TOTAL OPERATING COSTS		**(732,644,943)**	**(719,318,744)**
OPERATING INCOME		**38,356,381**	**45,951,285**
FINANCIAL INCOME AND EXPENSES			
Dividends and income (loss) from sale of investments	31	9,945,566	3,914,612
Financial income	32	4,268,682	2,250,431
Financial expenses	33	(20,649,338)	(22,017,601)
Gains (losses) on exchange rate		(888)	(1,619)
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		**31,920,403**	**30,097,108**
Income taxes	34	(5,674,612)	(22,934,254)
PROFIT FROM CONTINUING OPERATIONS		**26,245,791**	**7,162,854**
Loss after tax for the year from discontinued discontinued operations	16	(183)	(253,411)
NET PROFIT FOR THE YEAR		**26,245,608**	**6,909,443**

(in thousands of Euro)	31 december 2012	31 december 2011
Profit/(Loss) for the year	**26,245,608**	**6,909,443**
Effects on the shareholders' equity from associate accounted for under the equity method		
Net actuarial gains (losses) on defined benefit plans (SORIE)	(1,228,915)	(118,951)
Net actuarial gains (losses) on defined benefit plans (SORIE)	**(1,228,915)**	**(118,951)**
Net movement on cash flow hedge	149,883	95,156
Net movement on cash flow hedges	**149,883**	**95,156**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAXES	**25,166,576**	**6,885,648**

(in thousands of Euro)	**31 December 2012**	**31 December 2011**
Profit before taxes from continuing operations	31,920	30,097
Amortization, depreciation, write-downs and write-backs of assets	21,137	21,027
Accrual to provisions for risks and charges	6,457	5,237
Employee termination indemnity provision	616	781
Income taxes paid	(15,169)	(24,677)
CASH FLOW FROM CURRENT OPERATIONS	**44,961**	**32,465**
Decrease (increase) of inventories	328	(10)
Decrease (increase) of trade receivables and advances to suppliers	15,526	11,916
Decrease (increase) of other current assets	(2,641)	(621)
Increase (decrease) of trade payables and advances from customers	(19,592)	12,209
Increase (decrease) of other current liabilities	2,210	4,195
Payments of employee termination indemnity and other benefits plans	(1,436)	(2,811)
Utilization of provisions	(3,921)	(9,408)
CHANGE IN OPERATING ASSETS AND LIABILITIES	**(9,526)**	**15,471**
NET CASH FLOW FROM OPERATING ACTIVITIES	**35,435**	**47,936**
Purchase of intangible assets, net of sales	(6,913)	(5,263)
Purchase of property plant and machinery	(2,205)	(2,829)
Proceeds from sale of property plant and machinery	330	37
Acquisition of investments	(10,501)	(17,398)
(Decrease) increase of non-current assets	(40,199)	(16,326)
Change in goodwill		6,042
Net cash used in business combinations		(236)
Gain/(loss) from sale of assets classified as held for sale		559
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(59,488)**	**(35,413)**
Net proceeds from/(reimburse of) borrowings	32,877	(19,430)
Change in share capital and reserves		
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**32,877**	**(19,430)**
CHANGES IN CASH AND CASH EQUIVALENTS	**8,825**	**(6,907)**
Cash and cash equivalents at the beginning of the period	21,012	27,919
Changes in cash and cash equivalents	8,825	(6,907)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**29,836**	**21,012**
DETAILS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	29,836	21,012
TOTAL CASH AND CASH EQUIVALENTS	**29,836**	**21,012**

Supplementary information

(in thousands of Euro)	**31 December 2012**	**31 December 2011**
Interest paid	20,252	13,822
Interest received	3,665	2,143
Dividends received	9,945	7,868

(in thousands of Euro)	Share capital	Share premium reserve	Reserves	Retained Earnings Net	Result of the year	Total Shareholders' Equity
Balance as at 31 December 2010	**109,150**	**145,018**	**28,631**	**3,809**	**4,811**	**291,418**
Allocation of prior year result			4,811		(4,811)	0
Business Combination under common control			97			97
Total comprehensive profit/(loss) for the year			(24)		6,909	6,885
Others						0
Balance as at 31 December 2011	**109,150**	**145,018**	**33,515**	**3,809**	**6,909**	**298,401**
Allocation of prior year result			6,909		(6,909)	0
Total comprehensive profit/(loss) for the year			(1,079)		26,246	25,167
Others						0
Balance as at 31 December 2012	**109,150**	**145,018**	**39,345**	**3,809**	**26,246**	**323,567**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. GENERAL INFORMATION

Manutencoop Facility Management S.p.A. (the Company or MFM) is an Italian joint-stock company with registered office in Via U. Poli no. 4 - Zola Predosa (BO).
The Company is 71.89% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa – BO, which exercises management and coordination activities, and 28,11% owned by financial shareholders.
Manutencoop Facility Management S.p.A. drafts its financial statements (financial statements based on the definition used by IAS 27) in application of art. 2423 of the Civil Code, as amended by Legislative Decree 127/1991.
Publication of Manutencoop Facility Management S.p.A.'s financial statements for the year ended 31 December 2012 was authorised by resolution of 25 March 2013 of the Management Board.
The Company also drafts the Consolidated Financial Statements, which are attached, as expressly required by statutory provisions.

1.1 Activity

Manutencoop Facility Management operates throughout Italy in the management and provision of integrated services, to public and private customers, targeted at properties and property assets, logistics and organisational support, in order to optimise the management of property-related activities (also known as "Integrated Facility Management").
Therefore, the Company provides a wide and coordinated range of integrated services, aimed at rationalising and improving the quality of the non-strategic and auxiliary activities of major private groups and Public Authorities.

The traditional Facility Management services provided by the Company include the following activities:
› Cleaning;
› Technical services;
› Landscaping.

Cleaning activity includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of company employees.
The second type of activity performed comes in the form of Technical Services, which constitute the group of services involving the management, running and maintenance of property-related systems (including heating and air conditioning systems, cogeneration, electrical, water, sanitary, telephone and electronic systems in general), including therein:
› design and implementation of redevelopment work and adjustment into line with the legislation;
› design and installation of devices for energy saving and for the reduction of emissions of pollutants into the atmosphere;

Lastly, the third type of activity relating to Facility Management services provided by the Company regards landscaping services, which include the planning and creation as well as maintenance of property green areas, and services for the area.

In order to expand the range of facility management services offered to customers, coupled with the aforementioned facility management services, the Company offers a series of additional, auxiliary services, targeted at property users, including document management, building management, concierge/reception, switchboard and surveillance, porterage and internal relocation, management of computer workstations and other support services.

The Company performs the aforementioned integrated service activities at offices, factories, warehouses, commercial and service industry buildings in general, green areas, car parks, crèches and schools and universities, hotels, sports complexes, barracks and welfare buildings.

2. ACCOUNTING STANDARDS AND DRAFTING CRITERIA

The financial statements for the year ended 31 December 2012 comprises the statement of financial position, statement of income, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and the explanatory notes.

The financial statements for the year ended 31 December 2012 have been prepared on a historical cost basis except for the derivative financial instruments that have been measured at fair value.
The statement of financial position sets for assets and liabilities distinguishing between current and non current. The statement of income shows income and by nature while the statement of comprehensive income sets forth the results for the period added with income and expenses, that in accordance with IFRS, are directly recognized in the shareholders' equity. The consolidated statement of cash flows has been prepared on the basis of the indirect method and is presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.
The financial statement has been presented in Euro, the Group's functional currency.
All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with the International Financial Reporting Standards ("IFRS").
adopted by the European Union, as provided by article 6 of the European Regulation No. 1606/2002 issued by European Parliament and Commision on july 19, 2002.
The Company is subject to Letter f) of Article 2 from the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Community Regulation no.1606/2002 about the International Financial Reporting Standards and pursuant to Article 3, Subsection 2 and to Article 4 par. 5 of the aforesaid Italian Legislative Decree, the Group has the First Time Application of the IFRS adopted by the EU in its Consolidated Financial Statements and Financial Statements for the year ended as of 31 December 2005.

2.2 Discretionary assessments and significant accounting estimates

Preparation of the annual financial statements requires directors to carry out discretionary assessments, prepare estimates and make assumptions that affect the values of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the balance sheet date. However, the uncertainty of these assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

The only significant decisions taken by directors in applying the accounting standards, based on discretionary assessments (excluding those relating to accounting estimates), with a significant effect on the financial statement values are as follows:

› the adoption, starting from 2007, of the continuity of values principle for the recognition of business combinations under common control.

Application of the continuity of values principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquired entity and the acquiring entity, therefore, are recorded at the carrying amounts the entities recorded in their respective accounts before the transaction.

Uncertainty of estimates

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates at the balance sheet date are shown below.

Impairment tests

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

As at 31 December 2012, the carrying amount of the goodwill stood at € 288,649 thousand, which is the same as the previous year. More details are shown in the appropriate notes.

Other financial statement items

Management also needed to use estimates in determining:

› Prepaid tax assets, relating to the likelihood of these being transferred in the future,

› Allocations to the bad debt provision and the provisions for risks and charges,

› Main assumptions applied to the actuarial recalculation of the ESI provision (employee benefits), such as the turnover rate, rate of inflation and expected future discount rates,

› Inventories of contract work in progress, particularly in relation to the total amount of estimated completion costs to be used to calculate the percentage of completion.

2.3 Summary of the main accounting criteria

Conversion of foreign currency items

The financial statements are presented in Euro, the Company's functional currency. No foreign currency transactions were carried out by the Company.

Business combinations

Business combinations are recorded using the acquisition method. According to this method, the amount transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities undertaken by the Company at the acquisition date and the equities issued in exchange for control of the acquired company. Accessory charges involved in the transaction are generally recorded in the income statement when they are incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value on the acquisition date; the following items constitute an exception, and are, by contrast, valued according to their reference principle:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equities relating to share-based payments of the acquired company or share-based payments relating to the Company issued in replacement of the contracts of the acquired company;
- Assets held for sale and Discontinued Operations.

Goodwill is calculated as the excess between the sum of consideration paid in the business combination, the value of shareholders' equity pertaining to minority interests and the fair value of the equity investment held previously in the acquired company with respect to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of consideration paid, value of shareholders' equity pertaining to minority interests and fair value of the equity investment held previously in the acquired company, this excess is recorded immediately in the income statement as income deriving from the transaction.

Any payments subject to conditions set out in the business combination agreement are measured at fair value at the acquisition date and included in the value of the amounts transferred in the business combination for the purposes of determining its goodwill. Any subsequent changes of such fair value, which is qualified as adjustments that emerged in the measurement period, are included retrospectively in goodwill. Changes in fair value which are qualified as adjustments that emerged in the measurement period are those that derive from more information on events and circumstances that existed at the acquisition date, obtained during the measurement period (which cannot exceed one year from the business combination).

In the event of business combinations taking place in phases, the equity investment held previously by the company in the acquired company is re-measured at fair value on the date of acquisition of control and any resultant profit or loss is booked in the income statement. Any values deriving from equity investments held previously and recorded under "Other Comprehensive Profits or Losses" are reclassified in the income statement as if the equity investment had been sold.

If the initial values of a business combination are incomplete by the end of the reporting period in which the business combination took place, the Company reports in its financial statements the temporary values of the elements for which the recognition cannot be completed. These temporary values are adjusted in the measurement period to take into account the new information obtained on events and circumstances existing at the acquisition date which, if known, would have had effects on the value of the assets and liabilities recognised at that date.

Property, plant and machinery

Property, plant and machinery are stated at historical cost, net of ordinary maintenance costs, less the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the machinery and plants at the moment they are incurred if certain criteria are met. Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date on which the asset become available for use, until the date of sale or disposal.

The carrying amount of the properties, plant and machinery is subject to impairment testing when events or changes suggest that the carrying amount may not be recoverable.

A tangible asset is derecognized from the financial statements upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the assets) is included in the statement of income in the year the asset is derecognized.

The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

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

CLASS OF TANGIBLE ASSETS	USEFUL LIFE
Property	33 years
Plant and machinery, maintenance and creation of green areas	11 years
Plant and machinery and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Equipment for cleaning and gardening services	6.5 years
Equipment for facility infrastructure management services	3 years
Equipment for building construction and maintenance	2.5 years
Vehicles	From 4 to 5 years
Furniture and office equipment	From 5 to 8 years
Leasehold imporovements (including plant and equipment)	< between useful life and lease duration

Financial charges

During the year, as well as in previous years, no assets were identified which justified their capitalisation, i.e. assets that required a significant period of time to be ready for use as required by IAS 23.

Goodwill

Goodwill acquired in a business combination is initially measured at cost on the date of acquisition, as defined in the appropriate section 'Business Combinations'. Goodwill represents the excess of the cost of the business combination with respect to the share pertaining to the Company in the net fair value relating to the identifiable values of assets, liabilities and contingent liabilities. After the initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is not amortised, but it is subject to an analysis of consistency on an annual basis, or more frequently if events or changes are identified which may give rise to impairment losses.

For the purposes of this analysis of consistency, goodwill is allocated, from the date of acquisition, when the allocation is possible without arbitrariness, to each of the cash-generating units (or groups of units) of the Company which believes that it will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units (or groups of units). Each unit or group of units to which goodwill is allocated:

› represents the lowest level, within the Company, at which goodwill is monitored for internal management purposes;

› is not broader than the segments identified on the basis of either the primary or secondary presentation layout regarding segment reporting, as set out in IFRS 8 - Operating Segments -.

An impairment loss is determined by defining the recoverable value of the cash-generating unit (or group of units) to which goodwill is allocated. When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying amount, an impairment loss is recorded.

Impairment losses cannot be reversed.

Other intangible assets

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations are capitalised at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of accumulated amortization and accumulated impairment losses.
All intangible assets have either definite or indefinite useful lives.
Intangible assets with a definite useful life are amortized on a systematic basis reflecting the pattern of use over their estimated useful life and subject to consistency tests when there is an indication of potential impairment losses. The amortization period and method applied are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period and methods and are dealt with as changes is accounting estimates. The amortization charges of intangible assets with a finite useful life are recorded in the income statement under the cost category 'amortization, write-downs and write-backs of assets'.
The Company did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Company applied for intangible assets are summarised as follows:

	OTHER INTANGIBLE ASSETS
Detail	Software, trademarks and patents, Backlog
Useful Life	Definite
Method used	*Software, Trademarks and Patents:*
	Amortization on a straight line basis over the shortest time period between:
	> legal duration of the right.
	> expected period of use.
	Backlog
	Amortization proportional on consumption of related backlog.
Produced at low cost or purchased	Purchased.
Impairment tests / tests on recoverable value	Yearly or more frequently when there are signs of impairment.

	OTHER INTANGIBLE ASSETS
Detail	Concessions and licenses
Useful Life	Indefinite
Produced at low cost or purchased	Purchased.
Impairment tests / tests on recoverable value	Yearly or more frequently when there are signs of impairment.

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

Investments in subsidiaries, joint-ventures and associates

Subsidiaries are companies over which Manutencoop Facility Management S.p.A. has the independent power to determine the strategic decisions of the company and obtain the associated benefits. Generally speaking, control is said to exist when, directly or indirectly, more than half of the voting rights which can be exercised at the ordinary shareholders' meeting are held, also considering so-called potential votes, i.e. voting rights deriving from convertible instruments.

Associates are companies over which Manutencoop Facility Management S.p.A. exercises a significant influence as regards the determination of the company's strategic decisions, despite not having control, also considering so-called potential votes, i.e. voting rights deriving from convertible instruments; a significant influence is said to exist when Manutencoop Facility Management S.p.A. holds, directly or indirectly, more than half 20% of the voting rights which can be exercised at the ordinary shareholders' meeting.

Equity investments in subsidiaries and associates are measured at purchase costs, and reduced in the event of the distribution of capital or capital reserves, or in the presence of impairment losses determined by impairment testing. The cost is written back in subsequent years if the reasons for the write-downs no longer exist. For all companies, a list of which is supplied in the appropriate notes, the cost criterion was applied in Manutencoop Facility Management S.p.A.'s financial statements.

The carrying amount of the properties, plant and machinery is subject to impairment testing when events or changes indicate that the carrying amount may not be recoverable.

Impairment of assets

At each reporting date, the Company assesses whether there are any indicators of impairment of assets. If any such indicators exist, or in the event an annual impairment test is required, the Company prepares an estimation of the recoverable value. The recoverable value is the higher between the fair value of an asset or cash-generating unit net of sales costs and its value in use and it is determined per individual asset, except when said asset does not generate cash flows that are fully independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, the asset is impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Company discounts estimated future cash flows at the current value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recorded in the income statement under the category 'amortization, write-downs and write-backs of assets'.

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

Financial assets

IAS 39 - "Financial Instruments: recognition and measurement" identifies the following categories for the classification of the financial assets:

- 'Financial assets valued at fair value through profit or loss" include the securities held for trading in the short-term period.
- "Loans and receivables" defined as financial instruments, excluding derivatives, with fixed or determinable payments which are not listed.

- "Financial assets held-to-maturity" include financial instruments, excluding derivatives, with fixed maturity and fixed or determinable payments which the entity intends to, and is able to, hold to maturity.
- "Financial assets available-for-sale", include securities, excluding derivatives, that have been identified for this purpose o are not classified in the previous categories.

When financial assets are recognized initially, they are measured at fair value and, in the case of investments not at fair value through profit or loss, increased for the directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. The financial assets held by the Company in the year ended 31 December 2012, as well as those held in the previous year, relate exclusively to the categories 'loans and receivables' and 'available-for-sale financial assets'.
The accounting policies applied by the Company are the followings:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets and liabilities
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for sale financial assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of income. For the year ended 31 December 2011, as in the previous year, the Company classified as Available for sale financial assets, the investments with shareholdings less than 20%, which are accounted for at cost if there is no reliable measurement to determine their fair value. In particular, investments in consortia that are not traded on regulated markets and whose primary purpose is to manage and regulate legal and business relationships among the consortium member-owners, are evaluated at cost, represented by the share in the equity, as there is no reliable measurement to determine their fair value.

Inventories
Inventories are valued at the lower between cost and net realizable value based on cost of replacement.

Raw materials (excluding fuel)	Purchase cost based on the average weighted cost method
Fuel	Purchase cost based on FIFO method

Trade receivables and other receivables
Trade receivables, whose terms are consistent with market conditions (generally 30-90 days), are recorded at nominal value, stated in the invoice net of the bad debt provision. The provision is made when there is objective evidence that the Company will not be able to collect the receivable. Uncollectible receivables are written off when identified. Manutencoop Facility Management S.p.A. customers are mainly public authorities and health care facilities, whose payment time can significantly exceed contractual terms. For this reason, trade receivables are discounted at a risk-free discount rate (given that the risks of non-collectability are already considered in the determination of the bad debt provision), for the period running between the presumed collection date (calculated on the basis of the average weighted payment delay of the Company's customers taken from historical data) and the average payment extension granted to customers by similar companies that operate in the same sector.

Transfer of receivables

Receivables transferred as a result of factoring transactions are derecognized from the Statement of financial position assets only if the risks and rewards related to their ownership have been transferred to the factoring agent. Receivables transferred as part of recourse and non-recourse factoring transactions which do not satisfy this requirement remain in the Company's financial statements, even if duly transferred; in such case, a financial liability for the same amount is recorded under liabilities against the advance received.

Contracts for construction work and plant building

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. Contract revenue include the initial amount of revenue agreed in the contract; and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and that they are capable of being reliably measured.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. An expected loss on the construction contract shall be recognized in the statement of income as an expense immediately. The gross amount due from customers for contract work is the net amount of costs incurred plus recognized profits; less the sum of recognized losses and progress billings for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billings. The gross amount due from customers shall be classified as trade receivable. The gross amount due to customers for contract work is the net amount of: costs incurred plus recognized profits; less the sum of recognized losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses). The gross amount due to customers shall be classified as liability.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand and short-term deposit with an original maturity of three months or less.

Interest bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of consideration received net of directly attributable transaction costs.

After the initial recognition, interest bearing loans and borrowings are measured according to the amortised cost criterion using the effective interest rate method.

All gains or losses are recognized in the statement of income when the liability is derecognized as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or parts of a group of similar financial assets) is derecognized when:

› the contractual rights over cash flows deriving from financial assets have expired;

› the Company has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is completely derecognized, but the result is such that the Company obtains a new financial asset or assumes a new financial liability, the Company records the new financial asset, financial liability or liability originating from service at fair value.

Financial liabilities

A financial liability is derecognized when the underlying obligation is extinguished, cancelled or fulfilled. Where an existing financial liability is replaced by another from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new one, and any differences in the respective carrying amounts are recognized in the statement of income.

Impairment of financial assets

At each statement of financial position, the Company assesses whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

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

The Company first assesses the existence of objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of objective evidence of impairment of a financial asset valued individually, whether it is significant or not, it is included in a group of financial assets with similar credit risk characteristics and such group is subject to collective impairment testing assessment. The assets valued at individual level and for which an impairment loss is recorded or continues to be recorded, will not be included in a collective assessment of impairment.

If, in a subsequent financial year, the size of the impairment loss decreases and the decrease can be related objectively to an event occurring after the recognition of the impairment loss, the previously reduced value can be reversed. Any subsequent reversal of impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed the amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence of an impairment of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative assets which is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured by the difference between the carrying amount of the asset and the present value of estimated future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets available-for-sale

In case of impairment of an available-for-sale financial asset, a transfer from shareholders' equity to the statement of income for a value equal to the difference between its cost (net of the repayment of capital and amortization) and its present fair value, net of any impairment losses recognised previously in the income statement. Revelsals of equities classified as available for sale are not recognised in the income statement. Reversals of debt instruments are recognised in the statement of income when the increase in the fair value of the instrument can be related objectively to an event which occurred after the loss was initially recognized.

Non-current financial liabilities, Other non-current liabilities, Trade payables, Current financial liabilities and Other liabilities.

Non-current financial liabilities, Other non-current liabilities, Trade payables, Current financial liabilities and Other liabilities are initially recorded at fair value in the financial statements (normally represented by the cost of the transaction), including the transaction's accessory costs.

Subsequently, with the exception of derivative financial instruments and liabilities for financial guarantee contracts, financial liabilities are stated at amortised cost using the effective interest rate method.

Derivative financial instruments

At the initial recognition, then subsequently, derivative instruments are recognized at fair value, changes in fair value are recorded in the statement of income, with the exception of cash flow hedges (as per IAS 39), whose fair value changes are charged to shareholders' equity.

If they meet the requirements set out in IAS 39 for the application of hedge accounting, these derivative instruments are accounted for using such method.

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

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

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

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

Provisions for risks and charges

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

When the Company believes an allocation to the provision for risks and charges will partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recorded separately under assets only if it is practically certain. In this case, the cost is stated in the income statement of the associated allocation net of the amount recorded for the compensation.

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

Provision for employee termination benefits

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

Employee benefits

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

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

Following the 2007 reform of national legislation which governs, for companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a "defined contribution" plan, whose payments are booked directly to the income statement, as a cost, when recognised. The ESI accrued as at 31/12/2006 remains a defined benefit plan, without future contributions. The company recorded actuarial gains (losses) in the accounts deriving from the application of the aforementioned method (Projected Unit Credit Method), in an appropriate shareholders' equity reserve according to the provisions of IAS 19 par.93B and 93D.

Actuarial gains (losses) relating to defined benefit plans, accumulated up to 2007 and which reflect the effects of changes in the actuarial assumptions used, which were recorded in full in the income statement up until 31 December 2007, are reclassified in a shareholders' equity reserve.

Therefore, the so-called "*corridor method*" was not applied, which makes it possible to record in the income statement, on a pro-rata basis, actuarial gains (losses) for the remaining average working life of employees, up to the limits in which their net value, not recognised at the end of the previous year, exceeds 10% of the liability. The actuarial valuation of the liability was entrusted to an independent actuary.

The Company has no other defined benefit pension plans.

Leasing

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

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

(a) there is a change in the contractual conditions, other than a contract renewal or extension;

(b) a renewal option is exercised or an extension granted, provided that the terms of the renewal or extension were not initially included in the terms of the leasing transaction;

(a) there is a change in conditions according to which fulfilment of the contract depends on a specific asset;

(d) there is a substantial change in the asset.

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

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

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

Capitalised leased assets are amortised over the estimated useful life of the asset and the duration of the lease, whichever is the shorter, if there is no reasonable certainty that the Company will obtain ownership of the asset at the end of the contract.
Operating lease rental fees are recorded as costs in the income statement on a straight line basis over the duration of the contract.

Revenue recognition

Revenues are recorded to the extent in which it is likely that economic benefits can be achieved by the Company and the associated amount can be reliably determined. The following specific revenue recognition criteria must be adhered to before revenues are booked to the income statement:

Provision of services

The Company's main activity is the provision of services.
The main types of service provided, separately or jointly as part of "Integrated Services", are:

› management and maintenance of real estate and plants, often associated with the provision of heat (energy service);
› cleaning and environmental hygiene services;
› landscaping;
› property management services.

Revenues are recognised on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (metres squared, hours, costs incurred).
The provision of services, which are still not complete at the balance sheet date, constitute "contract work in progress" and are classified under trade receivables.
Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under advances from customers, and classified under trade payables.
The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is measured at fair value.
When the outcome of a services transaction cannot be measured reliably, revenues are only recognised to the extent it is believed the costs incurred can be recovered.

Building activity

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

Sale of assets

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

Interest

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

Dividends

Income from dividends is recognised when the right of shareholders to receive the payment arises.

Government grants

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

Income taxes

Current taxes

Current tax assets and liabilities for the current and previous years are valued at the amount which is expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued or substantially issued at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the temporary differences recorded at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values stated in the financial statements.
Deferred tax liabilities are recorded against all temporary taxable differences, except:

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

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

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

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

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

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

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

VAT

Revenues, costs and assets are recorded net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item booked to the income statement.

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

Segment reporting

The Company did not adopt IFRS 8 - Segment reporting or IAS 33 Earnings per share in these financial statements, given that they are only mandatory for companies quoted on regulated markets; this information is provided in the Group consolidated financial statements.

2.4 Changes in accounting standards and disclosures

The drafting criteria adopted for the preparation of the financial statements are the same as those to prepare the financial statements for the previous year, with the exception of the cases detailed below for newly issued standards and interpretations, applicable from 01 January 2012.

New or revised IFRS and interpretations applicable as of 1 January 2011

The process of drafting and approval of accounting standards constantly leads to the issuing or revision of certain documents.

The following accounting standards, amendments and interpretations are applicable for Manutencoop Facility Management S.p.A. for the first time starting on 01 January 2012. Adoption of the amendments described had no impact on the Company's financial position or result.

IFRS 7 – Financial instruments: Disclosures. The amendment requires additional qualitative and quantitative disclosures regarding the transfer of financial assets, if the asset has only been partially derecognised or if the entity maintains restrictions on the asset (e.g. options or guarantees on the asset transferred). If the assets transferred are not fully cancelled from the financial statements, the company shall disclose information that would allow users of the financial statements to understand the correlation between the assets that have not been cancelled and the liabilities associated to them. If the assets are fully cancelled, but the company maintains some involvement, information should be disclosed that allows users of the financial statements to assess the nature of the remaining involvement, the extent of the assets cancelled and the risks associated to them. Comparative data is not required. The company does not hold any financial assets with this characteristic and so there was no effect on the financial statements.

IAS 12 – Income taxes. The amendment introduces an exception to the general criteria for determining deferred taxes on assets measured at fair value. Therefore, an assumption was introduced that the carrying amount of said investments will be recovered through sale, unless the entity has a business model based entirely on the use of said assets and on the economic benefits they will guarantee. In particular, IAS 12 requires that deferred tax assets originating from an asset, not subject to amortization/depreciation, that is valued using the revaluation model provided in IAS 16 should always reflect the tax effects of recovering the carrying value of the asset through sale. National tax legislation, however, does not provide a different tax rate in the case of sale or use of the assets. The amendment, therefore, had no effect on the company's financial statements.

IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The IASB provided guidelines on how an entity should resume the presentation of IFRS-compliant financial statements after its functional currency emerges from severe hyperinflation. The actual date of adoption for the amendment is for the financial years starting on or after 1 July 2011. This amendment is not applicable to the company's financial statements.

New or revised IFRS and interpretations applicable from 2013 and not adopted early by the Company.

The international accounting standards and interpretations detailed below will be effective from the year 2013, for which the effects on the Company's financial statement valuations are currently being assessed. The Company did not provide for the early adoption of any standard, interpretation or improvement that has been issued but still not mandatory.

IAS 1 - Presentation of financial statements. The standard was amended with respect to how the items are presented in the statement of comprehensive income. The change does not affect the determination of profit items or comprehensive losses, but it requires that changes in shareholders' equity that do not entail recognition or reclassification in the income statement of future financial statements should be presented separately. The amendment is to be applied retroactively.

IAS 19 revised – Employee benefits. The new standard reorganises the disclosures to be provided in relation to employee benefits and introduces the obligation to record actuarial gains and losses in the statement of comprehensive income, eliminating the possibility of adopting the "corridor method". Actuarial gains and losses recorded in the statement of comprehensive income will not then be charged to the income statement. It should be pointed out that the company adopted this option (already recognised by IAS 19 in the previous version) starting from the financial statements for the year ending 31 December 2008.

Amendment to IAS 32 – Financial instruments: Presentation. The change requires disclosure of information on assets and liabilities that are offset. In particular, it prescribes rules for when offsetting is allowed, specifying that the entity should have a legal enforceable right to set off the amounts. The company does not feel the change entails a significant impact on its financial position or on its performance ratios.

IFRS 1 Government Loans – Amendments to IFRS 1

This amendment requires that entities adopting IFRS for the first time should apply the provisions of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance at the date of adopting IFRS. The entity can choose to apply the provisions of IAS 39 and IAS 20 to government grants retrospectively if the information needed to do so was obtained at the time of initially accounting for those transactions. The exception gives the first-time adopter the benefit of not having to value government grants retrospectively at an interest rate lower than the market rate. The amendment will take effect for the financial years starting on or after 1 January 2013. The amendment has no impact on the company.

IFRS 7 Disclosure - Offsetting financial assets and liabilities – Amendments to IFRS 7

These amendments require the entity to disclose any rights to offsetting and related agreements (e.g. guarantees). The disclosure shall give users of the financial statements information needed to evaluate the effect of offsetting agreements on the entity's financial position. The new disclosure is required for all financial instruments subject to offsetting according to IAS 32 Financial Instruments: Presentation. Disclosure is also required for financial instruments that are subject to framework offsetting contracts or similar agreements, regardless of whether they are set off according to IAS 32. These changes will have no impact on the company's financial position or result, and they take effect for the financial years starting on or after 1 January 2013.

IFRS 13 – Fair value measurement. The document is the result of an important process of development for the definition of a body of rules for valuations and disclosures regarding items recorded in the financial statements at fair value. The new standard does not extend the adoption of fair value accounting, but defines a single system, providing some general assumptions relating to the macro areas of the financial statements, also indicating some valuation techniques ("market approach", "income approach" and "cost approach"). Information broken down into three levels is also presented, in relation to the reliability of the data source. The new standard shall be applicable retroactively. The standard is mandatory for the financial years starting on 1 January 2014, but it can be applied to the financial years starting on 1 January 2013.

IFRIC 20 Stripping costs in the production phase of a surface mine
This interpretation is applied to stripping costs incurred during the production phase of a surface mine. The interpretation deals with accounting of benefits deriving from stripping operations. This interpretation takes effect for the financial years starting on or after 1 January 2013. The new interpretation has no impact on the company.

In addition, in May 2012 the IASB issued another group of changes to current standards under the annual process of improving them by clarifying certain aspects or by providing specifications on the standards themselves.
These changes do not have an impact on the company's financial statements. The concern the following standards:
› *IFRS 1 – First-time Adoption of IFRS:* The change clarifies that an entity which ceased to apply IFRS in the past and chooses (or is required) to resume application of IFRS has the option to re-apply IFRS 1. Alternatively, the entity can restate its financial statements retrospectively as if it had never ceased to apply IFRS.
› *IAS 1 - Presentation of financial statements:* The IASB clarifies the difference between additional comparative information disclosed on a "voluntary" basis and "minimum" information requirements. In general, minimum information comprises that which pertains to the previous accounting period.
› *IAS 16 - Property, Plant and Equipment:* The change specifies that replacement parts entailing a high amount are not considered as inventories, but are part of the fixed asset they refer to.
› *IAS 32 – Financial instruments: Presentation:* The change specifies that taxes emerging from distribution to shareholders are accounted for in accordance with IAS 12 - Income Taxes.

New or revised IFRS and interpretations issued by the IASB or IFRIC, which have still not completed the approval process at the competent EU bodies.

The IASB is reviewing, with a view to publishing, an additional set of standards and amendments to the IFRS, applicable to subsequent years. However, at the date of publication of the financial statements, the competent EU bodies have still not completed the approval process necessary for the application of the standards and improvements described below.

The provisions are in any case effective for financial years starting after 1 January 2013. The Company is currently analysing the standards indicated and assessing their impact on its financial statements.

In particular, the new standard known as IFRS 9 - Financial Instruments is undergoing approval. This standard, as issued and amended by the IASB, is the first step of a broader process of revising IAS 39. The standard was supposed to be adopted for financial years starting on or after 1 January 2013, but the mandatory application date was postponed to 1 January 2015. In subsequent phases the IASB will review hedge accounting and impairment processes for financial assets.

3. BUSINESS COMBINATIONS

3.1 Acquisition of "San Camillo" Business Unit

On 7 June 2012 Fondazione San Camillo sold a business unit to MFM S.p.A. consisting of a group of assets organised to provide sanitation and cleaning services for its own properties and equipment located at San Camillo hospital.
The consideration transferred for the acquisition amounted to € 5 thousand.

The acquisition is a business combination, therefore, the company accounted for the acquisition in accordance with IFRS 3.
The value of the assets and liabilities of the acquiree at the date of acquisition, the difference between the purchase value and the carrying amount, and the net liquidity used in the acquisition are shown in the table below:

	VALUE AT ACQUISITION DATE	BOOK VALUE
ASSETS		
Property, plant and machinery	5	5
Cash and cash equivalents	90	90
TOTAL ASSETS	**95**	**95**
LIABILITIES		
Employee termination indemnity	67	67
Other current liabilities	23	23
TOTAL LIABILITIES	**90**	**90**
Fair value of net assets	**5**	**5**
Goodwill	0	
Consideration transferred	5	
TOTAL VALUE OF THE BUSINESS COMBINATION	**5**	
Total cost of the combination:		
Consideration paid	5	
TOTAL VALUE OF THE BUSINESS COMBINATION	**5**	
Cash-flow of the transaction:		
Cash and cash equivalents from the acquiree	90	
Consideration paid	(5)	
NET CASH-FLOW USED IN THE TRANSACTION	**85**	

The fair value of net assets acquired through the business combination was determined at € 5 thousand. The transfer price was determined on the basis of the value of assets and liabilities, and no difference with fair value emerged.
The net cash flow used in the transaction amounted to € 85 thousand.

4. PROPERTY, PLANT AND MACHINERY

The increases in the year mainly refer to the purchase of vehicles and equipment used for cleaning and sanitation services as well as investments made in plants.

(in thousands of Euro)	**Property**	**Plants, equipment and other assets**	**Property under lease**	**Plant and equipment under lease**	**Total**
As at 1 January 2012, net of accumulated depreciation and impairment losses	**1,094**	**16,812**	**173**	**482**	**18,562**
Additions due to business combinations		5			5
Revaluations					0
Additions from acquisition		2,200			2,200
Decreases from transfers or contributions					0
Impairment losses					0
Disposal		(331)			(331)
Depreciation for the year	(253)	(3,359)	(9)	(150)	(3,771)
Reclassification		10		(10)	0
As at 31 December 2012, net of accumulated depreciation and impairment losses	**842**	**15,338**	**165**	**322**	**16,666**
As at 1 January 2012					
Cost	3,024	57,001	284	3,587	63,896
Accumulated depreciation and impairment losses	(1,929)	(40,190)	(111)	(3,104)	(45,334)
Net Book Value	**1,095**	**16,811**	**173**	**483**	**18,562**
As at 31 December 2012					**0**
Cost	2,903	57,355	284	2,536	63,078
Accumulated depreciation and impairment losses	(2,061)	(42,018)	(119)	(2,213)	(46,412)
NET BOOK VALUE	**842**	**15,338**	**165**	**322**	**16,666**

(in thousands of Euro)	Property	Plants, machinery and other assets	Property under lease	Plant and machinery under lease	Total
As at 1 January 2011, net of accumulated depreciation and impairment losses	**1,240**	**17,576**	**182**	**564**	**19,562**
Additions due to business combinations	0	1	0	0	0
Revaluations					0
Additions from acquisition		2,554		275	2,829
Impairment losses					0
Disposal	(12)	(25)			(37)
Depreciation of the year	(133)	(3,294)	(9)	(356)	(3,791)
As at 31 December 2011, net of accumulated depreciation and impairment losses	**1,095**	**16,811**	**173**	**483**	**18,563**
As at 1 January 2011					
Cost	3,036	54,472	284	3,312	61,104
Accumulated depreciation and impairment losses	(1,796)	(36,897)	(102)	(2,748)	(41,543)
Net Carrying Amount	**1,240**	**17,576**	**182**	**564**	**19,562**
As at 31 December 2011					**0**
Cost	3,024	57,001	284	3,587	60,588
Accumulated depreciation and impairment losses	(1,929)	(40,190)	(111)	(3,104)	(43,294)
NET CARRYING AMOUNT	**1,095**	**16,811**	**173**	**483**	**18,563**

5. INTANGIBLE ASSETS

(in thousands of Euro)	Other intangible assets	Goodwill	Total
Cost as at 1 January 2012, net of accumulated amortization and impairment losses	**20,104**	**288,649**	**308,753**
Additions from acquisitions	6,913		6,913
Impairment losses			
Disposal			
Rounding off			
Amortization of the year	(6,466)		(6,466)
As at 31 December 2012	**20,551**	**288,649**	**309,201**
As at 1 January 2012			
Cost	54,789	346,126	400,915
Accumulated amortization and impairment losses as previously carried	(34,684)	(57,477)	(92,162)
Net Book Value	20,105	288,649	308,754
As at 31 December 2012			
Cost	61,702	346,126	407,828
Accumulated amortization and impairment losses	(41,150)	(57,477)	(98,627)
NET BOOK VALUE	**20,551**	**288,649**	**309,201**

Software purchase costs are amortised on a straight line basis over their expected useful life of 5 years.
Trademarks and patents are amortised on a straight line basis over their expected useful life of 5 years.
Goodwill is tested annually for impairment losses as detailed in section 6 below.
With reference to the item 'Other intangible assets', the increases relate mostly to software and investments relating to the category "intangible assets in progress", which includes IT projects still not completed.

(in thousands of Euro)	Other intangible assets	Goodwill	Total
Cost as at 1 January 2011, net of accumulated amortization and impairment losses	**22,663**	**294,691**	**317,354**
Additions from acquisition	5,262	0	5,262
Impairment losses		0	0
Disposal		(6,042)	(6,042)
Rounding off		0	0
Amortization of the year	(7,821)	0	(7,821)
As at 31 December 2011	**20,105**	**288,649**	**308,754**
As at 1 January 2011			
Cost	49,527	352,168	401,695
Accumulated amortization and impairment losses as previously carried	(26,864)	(57,477)	(84,341)
Net Book Value	22,663	294,691	317,354
As at 31 December 2011	**0**		
Cost	54,789	346,126	400,915
Accumulated amortization and impairment losses	(34,685)	(57,477)	(92,162)
NET BOOK VALUE	**20,105**	**288,649**	**308,754**

6. IMPAIRMENT TESTING ON GOODWILL

As set out in accounting standard no. 36 ("IAS 36") regarding the impairment testing of balance sheet assets, the Company arranged for an analysis of the recoverability of the goodwill recorded through business plans in order to identify any indications of impairment loss. Goodwill is subject to impairment testing on an annual basis or more frequently if there are indications that the asset may have suffered an impairment loss.

As in the previous years, for the purpose of impairment tests on assets, company management identified beforehand the operating units to which the "Cash Generating Units" ("CGU") correspond, on the basis of the type of services offered.
The identification of the Facility Management CGU carried out is fully compliant with the requirements set forth in the definition of the same in IAS 36, which requires the calculations used to perform impairment tests to be consistent with the reports used by the key decision makers in order to monitor company performances and determine future development policies.
The analysis had a successful outcome, confirming that the recoverable value exceeds the associated carrying amount, therefore no impairment of goodwill was required.
The impairment test on the value of goodwill allocated to the facility management CGU was carried out on the basis of the value in use, determined through the discounting of expected future cash flows obtained, over a reasonable period of time, from the business plan drawn up by top management and approved by the Company's Management Board.

The projected cash flow contained in the latest financial plan is used for the calculation, approved on 19 December 2012, relating to a period of three years. The discount rate applied to prospective cash flows is 7.46% (2011: 7.86%) and cash flows beyond three years are extrapolated using the constant rate of growth of 1%, equal to that of 2011.
In particular, the main assumptions on which directors based cash flow projections for the purpose of impairment testing of goodwill are shown below:

› Forecast operating margins: the basis used to determine the value of the forecast gross margins is the projection of the backlog of existing service contracts, and moreover it was applied the assumption of new portfolio acquisitions.
› Changes in net working capital: estimated on the basis of the target days relating to the payment of payables and collection of receivables.

The analysis confirmed that the recoverable value of the Facility Management CGU exceeds the associated carrying amount, therefore not requiring any write-downs.

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Company directly holds some equity investments in subsidiaries, joint ventures and associates which are valued at cost in the financial statements.

With respect to subsidiaries, joint ventures and associates, the table below summarises, the information regarding the name, registered office and the amount of share capital held, corresponding to the percentage of votes held at shareholders' meetings.

SUBSIDIARIES

NAME	REGISTERED OFFICE	SHARE CAPITAL HELD
Servizi Brindisi Soc.Cons. a r.l.	Zola Predosa (BO)	52%
Gestlotto 6 Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	55%
Simagest 2 Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	90%
Consorzio Imolese Pulizie Soc.Cons. a r.l. in liquidation	Imola (BO)	60%
Consorzio Servizi Toscana Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Servizi Marche Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	60%
Palmanova servizi energetici Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Servizi l'Aquila Soc.Cons. a r.l.	Zola Predosa (BO)	60%
Consorzio Igiene Ospedaliera Soc.Cons. a r.l.	Zola Predosa (BO)	66.66%
Gymnasium Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	68%
Manutencoop Private Sector Solutions S.p.A.	Zola Predosa (BO)	100%
Co.Ge.F. Soc.Cons. a r.l.	Zola Predosa (BO)	80%
Simagest 3 Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	89.99%
Alisei S.r.l. in liquidation	Zola Predosa (BO)	100%
Servizi Ospedalieri S.p.A.	Ferrara (FE)	100%
Manutenzione Installazione Ascensori S.p.A.	Modena (MO)	100%
Società Manutenzione Illuminazione S.p.A.	Zola Predosa (BO)	100%
MACO S.p.A.	Zola Predosa (BO)	100%
Gruppo Sicura S.r.l.	Vicenza (VI)	80%
Energyproject S.p.A.	Milan (MI)	100%
S.AN.GE Soc. Cons. a r.l.	Milan (MI)	89%
Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation	Rome (RM)	60%
S.AN.CO. Soc. Conso a r.l.	Milan (MI)	51.50%
Telepost S.p.A.	Zola Predosa (BO)	100%
ISOM Gestione Soc. Cons. a r.l.	Zola Predosa (BO)	52.97%
Servizi Taranto Soc. Cons. a r.l.	Taranto (TA)	66.08%
ISOM Lavori Soc. Cons. a r.l.	Zola Predosa (BO)	62.71%
Kanarind Soc. Cons. a r.l.	Zola Predosa (BO)	62.43%
Global Oltremare Soc. Cons. a r.l.	Zola Predosa (BO)	60%

JOINT VENTURES

NAME	REGISTERED OFFICE	SHARE CAPITAL HELD
Consorzio Leader Soc.Cons. a r.l. in liquidation	Zola Predosa (BO)	50%
Global Maggiore Bellaria Soc.Cons. a r.l.	Bologna	50%
Legnago 2001 Soc.Cons. a r.l.	Zola Predosa (BO)	50%
Servizi Sportivi Brindisi Soc. Cons. a r.l.	Rome	50%
Malaspina Energy Soc. Cons. a r.l.	Milan	50%
DUC Gestione Sede Unica Soc.Cons. a r.l.	Zola Predosa (Bo)	49%
Cardarelli Soc. Cons. a r. l.	Carinaro (CE)	60%

ASSOCIATES

NAME	REGISTERED OFFICE	SHARE CAPITAL HELD
Savia Soc. Cons. a r.l.	Forlì (FC)	49.11%
Gico Systems S.r.l.	Zola Predosa (BO)	20%
Como Energia Soc.Cons. a r.l.	Como	29%
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	Siena (SI)	20.10%
Se.Sa.Mo. S.p.A.	Carpi (Mo)	20.91%
Global Riviera Soc.Cons. a r.l.	Zola Predosa (Bo)	23.11%
Newco DUC Bologna S.p.A.	Bologna	24.90%
PBS Soc.Cons. a r.l.	Milan	25%
Bologna Più Soc.Cons. a r.l.	Bologna	25.68%
Global Provincia di Rimini Soc.Cons. a r.l.	Zola Predosa (Bo)	42.40%
Roma Multiservizi S.p.A.	Rome	45.47%
Global Vicenza soc.cons. a r.l.	Concordia sulla Secchia (MO)	41.25%
Bologna Multiservizi soc.cons. a r.l.	Casalecchio di Reno (BO)	39%
Livia Soc. Cons. a r.l.	Casalecchio di Reno (BO)	34.10%
Bologna Gestione Patrimonio Soc. Cons. a r.l.	Bologna	27.58%
Servizi Napoli 5 Soc. Cons. a r.l.	Zola Predosa (Bo)	45%
Costruzione Manutenzione Immobili S.r.l.	Bologna	40%
Progetto Nuovo Sant'Anna S.r.l.	Milan	24%
Logistica Ospedaliera Soc. Cons a r.l.	Caltanissetta (CL)	45%
Synchron Nuovo San Gerardo S.p.A.	Zola Predosa (Bo)	26.16%
Grid Modena S.r.l.	Modena	23%
Progetto ISOM S.p.A.	Zola Predosa (BO)	36.98%

The statement of changes in equity investments in Subsidiaries, joint ventures and Associates during the year is provided below:

Company	Balance as at 01/01/2012	Increase	Combinations	Decrease/ write-down	Reclassification	Balance as at 31/12/2012
SUBSIDIARIES						
Servizi Marche s.cons.r.l.	6	0	0	0	0	6
Consorzio Imolese Pulizie s.cons.r.l.	6	0	0	0	0	6
Kanarind Soc. Cons. a r.l.	0	6	0	0	0	6
Servizi Ospedalieri S.p.A.	80,570	0	0	0	0	80,570
S.I.MA.GEST2 s.cons.r.l. in liquidation	45	0	0	0	0	45
S.I.MA.GEST3 s.cons.r.l. in liquidation	45	0	0	0	0	45
Consorzio Servizi Toscana s.cons.r.l.	6	0	0	0	0	6
Gymnasium s.cons.r.l.	7	0	0	0	0	7
Gestlotto6 soc.cons.r.l.	50	0	0	0	0	50
Servizi Brindisi s.cons. a r.l.	5	0	0	0	0	5
Co.Ge.F. s. cons. a r.l.	8	0	0	0	0	8
Palmanova servizi energetici s. cons. a r.l.	6	0	0	0	0	6
Servizi l'Aquila s.cons.r.l.	12	0	0	0	0	12
Società Manutenzione Illuminazione S.p.A.	483	2,022	0	1,395	0	1,110
Manutenzione Installazione Ascensori S.p.A.	15,000	0	0	0	0	15,000
Gruppo Sicura S.p.A.	36,035	0	0	1,076	0	34,959
Energyproject S.p.A.	882	1,800	0	1,870	0	812
Consorzio Sermagest Servizi Manutentivi Gestionali	11	0	0	11	0	0
MACO S p.A.	120	5,209	0	4,843	(120)	366
Consorzio Igiene Ospedaliera s. cons. a r.l.	7	0	0	0	0	7
Alisei S.r.l.	0	1	0	1	0	0
Manutencoop Private Sector Solutions S.p.A.	15,796	0	0	0	0	15,796
Telepost S.p.A.	7,299	0	0	0	0	7,299
S.AN.CO. Soc. Cons. a r.l.	5	0	0	0	0	5
S.AN.GE Soc. Cons. a r.l.	9	0	0	0	0	9
Servizi Taranto Soc. Cons. a r.l.	6	0	0	0	0	6
Isom Gestione Soc. Cons. a r.l.	5	0	0	0	0	5
Global Oltremare Soc. Cons. a r.l.	0	6	0	0	0	6
Isom Lavori Soc. Cons. a r.l.	0	6	0	0	0	6
TOTAL SUBSIDIARIES	**156,424**	**9,050**	**0**	**9,196**	**(120)**	**156,158**
JOINT-VENTURES						
Cardarelli Soc. Cons. a r. l.	6	0	0	0	0	6
Consorzio Leader Soc. Cons. a.r.l.	5	0	0	0	0	5
Legnago 2001 Soc. Cons a r.l.	5	0	0	0	0	5
Global Maggiore Bellaria Soc. Cons. a r.l.	5	0	0	5	0	0
Servizi Sportivi Brindisi Soc. Cons. a r.l.	5	0	0	0	0	5
Duc Dest sede unica Soc. Cons.a r.l.	10	0	0	0	0	10
Malaspina Energy Soc. Cons. a r.l.	50	0	0	0	0	50
TOTAL JOINT-VENTURES	**86**	**0**	**0**	**5**	**0**	**81**

Company	Balance as at 01/01/2012	Increase	Combinations	Decrease/ write-down	Reclassification	Balance as at 31/12/2012
ASSOCIATES						
Roma Multiservizi S.p.A.	3,324	0	0	0	0	3,324
Global Prov.Rimini Soc. Cons. a r.l.	4	0	0	0	0	4
Gico Systems S.r.l.	29	0	0	0	0	29
Bologna più Soc. Cons. a r.l.	5	0	0	0	0	5
Como Energia Soc. Cons. a r.l.	74	3	0	0	0	78
Global Riviera Soc. Cons. a r.l.	7	0	0	0	0	7
Newco Duc Bologna S.p.A.	1,004	0	0	0	0	1,004
Sesamo S.p.A.	606	0	0	0	0	606
P.B.S. Soc. Cons.a r.l.	25	0	0	0	0	25
Global Vicenza Soc.Cons. a r.l.	4	0	0	0	0	4
Bologna Multiservizi Soc. Cons.a r.l.	4	0	0	0	0	4
Bologna Gestione Patrimonio Soc. Cons. a r.l.	6	0	0	0	0	6
Servizi Napoli 5 Soc. Cons. a r.l.	5	0	0	0	0	5
Costruzione Manutenzione Immobili S.r.l	62	0	0	0	0	62
Livia Soc. Cons. a r.l.	3	0	0	0	0	3
Progetto Nuovo Sant'Anna S.r.l.	1,043	0	0	0	0	1,043
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	1,111	0	0	0	0	1,111
Savia Soc.Cons. a r.l.	5	0	0	0	0	5
Progetto Isom S.p.A.	2,420	0	0	0	0	2,420
GRID MODENA SRL	0	23	0	0	0	23
Logistica Ospedaliera Soc. Cons a r.l.	0	5	0	0	0	5
Synchron Nuovo San Gerardo S.p.A.	0	2,135	0	0	0	2,135
TOTAL ASSOCIATES	**9,740**	**2,165**	**0**	**0**	**0**	**11,906**
TOTAL SUBSIDIARIES, JOINT-VENTURES, ASSOCIATES	**166,250**	**10,986**	**0**	**9,091**	**0**	**168,145**

The main changes which occurred during the year are as follows:

Kanarind Soc. Cons. a r.l.

The company, incorporated on 7 December 2012, has its registered office in Via Poli no. 4 in Zola Predosa (Bologna). Its object is the management of services for heating and electricity systems at the hospitals of ULSS 21 Legnago and ULSS 22 Bussolengo.
Its share capital of € 10,000 is fully paid up, and 62.43% was subscribed by Manutencoop Facility Management S.p.A.. The remaining 37.57% was subscribed by Cofely ITALIA S.p.A..

Società Manutenzione Illuminazione S.p.A.

The increase of € 2,022 thousand refers to:

- € 1,800 thousand for capital contribution payments in made in 2012;
- € 222 thousand for removal of the corresponding amount due from the former owner (Acea S.p.A.) for various claims and eliminated following the settlement reached by the parties.

Lastly, the decreases of € 1,395 thousand regard the write-down of the investment made in 2012, in order to bring its value into line with shareholders' equity and as a consequence of continuing losses.

Gruppo Sicura S.r.l.

On 30 December 2008, the acquisition of an 80% stake in Gruppo Sicura S.r.l. was acquired, a company also operating as a holding company for a group of companies operating mainly in the fire safety services sector, as well as the surveillance and security sectors.
The acquisition was made for a consideration of € 15,329 thousand, of which € 184 thousand relating to the additional costs of the acquisition (legal, financial consultancy and Antitrust expenses).
The consideration for the purchase of the shareholding was paid to the transferors on the date of completion of the transaction.
The contract also makes provision for:

› the payment of an earn-out to transferors, for the 80% share purchased, to be paid between 1 July 2014 and 30 June 2015, when requested by said sellers, upon satisfaction of the condition that the consolidated normalised EBITDA of Gruppo Sicura for 2013 is higher than the normalised value in 2007;
› the cross issue of a put option (from buyer to transferors, exercisable between 30 June 2014 and 30 June 2015) and a call option (from transferors to the buyer, exercisable between 1 July 2015 and 1 July 2017) for the sale of a further 20% of share capital.

The earn-out on the 80% of shares and the strike price of the options on the remaining 20% will be calculated on the basis of the valuation of the investment, updated, on the payment request date and the option exercise date respectively.

The updated valuation of the investment will be determined as a product of consolidated normalised EBITDA for 2013 and a reduced multiple (defined contractually or, in the case in which MFM S.p.A. is quoted on that date, taken from average prices in the last 3 months) of the net consolidated statement of financial position of Gruppo Sicura S.r.l. as at 31 December 2013.

In application of the standards in force, the present value of the earn-out was reduced in 2012 by € 1,076 thousand and accounted for as the lower value of the interest held in relation to a decrease in the financial liability. The latter was carried under the assumption that the conditions for payment of the earn-out would likely arise.

Energyproject S.p.A.

The increase of € 1,800 thousand refers to the capital contribution payment made on 17 May 2012.
The decrease of € 1,870 thousand regards the write-down of the investment made in 2012, in order to bring its value into line with shareholders' equity and as a consequence of continuing losses.

Maco S.p.A.

Increases of € 5,209 thousand for the capital contribution payment made during the year.
The decrease of € 4,843 thousand regards the write-down of the investment made in 2012, in order to bring its value into line with shareholders' equity and as a consequence of continuing losses.
Lastly, the reclassification column shows € 120 thousand for reclassification of the investment to the provision for risks on the investment.

Global Oltremare Soc. Cons. a r.l.

The increase of € 6 thousand concerns the subscription of share capital corresponding to a 60% interest in the company "Global Oltremare Soc. Cons. a r.l.", registered office in Zola Predosa (Bologna) established on 06/06/2012.

The object of the company is the management of integrated services of ordinary and extraordinary maintenance and management of property owned by Mostra d' Oltremare S.p.A., located in Naples.

Isom Lavori Soc. Cons. a r.l.

The increase of € 6 thousand concerns the subscription of share capital corresponding to a 62.71% interest in the company "Isom Lavori Soc. Cons. a r.l.", registered office in Zola Predosa (Bologna) established on 20/07/2012.

The object of the company is the execution of construction work assigned by the project company "Progetto Isom SpA".

Global Maggiore Bellaria Soc. cons. a r.l.

The decrease in the year of € 5 thousand, relates to the liquidation of the company resolved on 2 October 2012 by the extraordinary shareholders' meeting and completed with the final liquidation report as at 20 December 2012.

Como Energia Soc. Cons. a r.l.

The increase of € 3 thousand refers to the purchase, on 3 October 2012, of 1% of the company's share capital.

Grid Modena S.r.l.

The increase of € 23 thousand concerns the subscription of share capital corresponding to a 23% interest in the company "Grid Modena S.r.l.", registered office in Modena (MO) established on 09/02/2012.

The object of the company is the management of integrated services related to "Casa Enzo Ferrari Museum".

Logistica Ospedaliera Soc. Cons a r.l.

The increase of € 5 thousand concerns the subscription of share capital corresponding to a 45% interest in the company "Logistica Ospedaliera Soc. Cons. a r.l.", registered office in Caltanissetta, established on 29/08/2012.

The object of the company is the execution of work related to the tender contract for logistics support and integrated services for hospitals in the province of Trapani.

Synchron Nuovo San Gerardo S.p.A.

The increase of € 2,135 thousand concerns the subscription of share capital corresponding to a 26,16% interest in the company "Synchron Nuovo San Gerardo S.p.A.", registered office in Zola Predosa (Bologna) established on 25/09/2012.

The object of the company is the stipulation and the subsequent execution of the concession contract, together with Infrastrutture Lombarde S.p.A. and San Gerardo hospital in Monza, for the construction and management of work to increase, extend and renovate San Gerardo hospital in Monza.

Lastly, it should be mentioned that on 5 November 2012, the name of the company changed from MP Facility S.p.A. to "Manutencoop Private Sector Solutions S.p.A.".

8. OTHER INVESTMENTS

(in thousands of Euro)	2012	2011
Other investments	2,521	2,046
TOTAL	**2,521**	**2,046**

Investments in companies that are not subsidiaries or associates are made for strategic-production reasons; indeed, these investments are all related to production sites and also mostly regard investments in consortia for cost charge-back . This item was valued at purchase or establishment cost given that there is no active market for said securities, which for the most part cannot be freely transferred to third parties as they are subject to rules and agreements preventing their free circulation. In any case, this valuation method provides an adequate measure of the security's fair value.

The change, with respect to the previous year, mainly derives from the increase of € 641 thousand due to subscribing share capital corresponding to 10.69% of the project financing company "Arena Sanità S.p.A.", registered office in Carpi (Modena) and established on 04/10/2012 to manage concessions for the hospital of Verona. It should also be mentioned that, among the other movements, there was a divestment in "Sviluppo Italia Campania S.p.A. in liquidation" (see note 16).

9. NON-CURRENT FINANCIAL ASSETS

CREDITI FINANZIARI IMMOBILIZZATI E ALTRI TITOLI

(in thousands of Euro)	2012	2011
Non-current financial assets	9,610	11,104
TOTAL	**9,610**	**11,104**

The balance is mainly composed of loans granted to associate and affiliate companies. In certain cases non-interest bearing loans were granted, and then discounted on the basis of their expected residual term, applying as the reference interest rate the IRS relating to loans with a term of more than 12 months, and the Euribor for loans with a term of less than 12 months, plus a market spread valued at the moment of calculation of the discount.

The nominal value of non-interest bearing amounts at year-end amounted to € 3,868 thousand, while the discount fund amounted to € 489 thousand.

It should also be mentioned that as at 31/12/2011 the item included the amount due from Acea S.p.A. (€ 820 thousand) already net of the previous write-down. In 2012 it was closed as a result of the agreement reached by the parties to settle the dispute following MFM S.p.A.'s acquisition of Acea Luce S.p.A. (which later became SMAIL S.p.A.) in 2008.

10. OTHER NON-CURRENT ASSETS

(in thousands of Euro)	2012	2011
Other non-current assets	1.071	1.129
TOTAL	**1.071**	**1.129**

Other non-current assets are mostly made up of security deposits regarding certain commercial contracts and loans granted to employees.

11. INVENTORIES

(in thousands of Euro)	2012	2011
Raw materials and consumable	2.224	2.552
TOTAL	**2.224**	**2.552**

The final inventory of raw materials is composed of materials stocked in the warehouses, while waiting to be used at building sites, valued at the average weighted purchase cost and the stocks of fuel in tanks belonging to customers that entrusted the Company with heat management.

12. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

Trade receivables net of discount and depreciation funds are broken down as follows:

(in thousands of Euro)	2012	2011
Trade receivables due from third parties	394,524	423,687
Trade receivables due from subsidiaries	95,977	82,445
Trade receivables due from associates and joint-ventures	20,884	24,667
Trade receivables due from parent companies	55	39
Advances to suppliers	1,240	1,399
TOTAL TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**512,681**	**532,237**

Trade receivables generally have contractual maturities of between 30 and 90 days. Given that most of the customers are either Public Authorities, Local Authorities, Local Health Authorities and Hospitals, who are notorious for payment delays, a provision was created for the discounting of trade receivables at a risk-free discount rate depending on the bracket of the past due receivable for the period elapsed between the average number of days of delayed payment of the main competitors and that of the company identified during the year.

Provision for the discounting of trade receivables

(in thousands of Euro)	At 1 January 2012	Provisions	Releases	At 31 December 2012
	637	87	(637)	87

As at 31.12.2012 a provision of € 87 thousand was booked, which includes € 70 thousand for the provision for the discounting of trade receivable due from third parties (€ 529 thousand the previous year).
The total decrease in the provision for the discounting of trade receivables is primarily due to the significant fall in rates.
With respect to non-performing receivables which are difficult to fully recover, a specific write-down provision was set aside, deemed suitable with respect to known disputes at the balance sheet date.

Allowance for doubtful accounts

(in thousands of Euro)	At 1 January 2012	Provisions	Other	Utilization	Releases	At 31 December 2012
	16,951	4,029	539	(2,243)	(10)	19,266

See note 37 for the terms and conditions relating to receivables due from related parties.
The other provisions refer to the allowance to the penalty interest provision made in the year. This provision is charged to the income statement as a direct deduction of income for penalty interest.

The table below shows the analysis of trade receivables due from third parties net of the write-down provision and including the provision for discounting in place as at 31 December 2012:

(in thousands of Euro)	< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	after 120 days	Total Past Due	Due	Total
As at 31/12/2012	16,990	12,097	7,758	7,747	74,697	119,289	275,304	394,594
As at 31/12/2011	18,604	12,493	10,029	9,271	69,533	119,931	304,285	424,216

In 2012, as in the previous year, the Company transferred receivables originating from commercial activities to Credit Agricole Corporate & Investment Bank and Banca IMI S.p.A., in order to free up resources in support of industrial growth measures for the company.
The contracts have a one-year term, can be renewed for 5 years and involve the transfer of receivables on a revolving basis at quarterly intervals.
Non-recourse factoring of receivables was issued in 2012 for a total nominal value of € 104,100 thousand to Credit Agricole Corporate & Investment Bank and € 216,157 thousand to Banca IMI S.p.A..
In consideration of the characteristics of the operation, the Company derecognised the receivable, and accounted for costs relating to the credit discount amounting to € 1,169 thousand and interest discount costs of € 5,746 thousand. On the basis of the historical performance of the debtors involved in the transfer, the incidence of the credit risk is extremely low, while the risk of delayed payment is higher given that said receivables are due from public authorities.
It should be pointed out that the receivables due from customers that were factored as at 31 December 2012, but not collected, amounted to € 102,183 thousand, € 36,001 thousand of which were transferred to Credit Agricole Corporate & Investment Bank and € 66,182 thousand to Banca IMI S.p.A..

Interest discount costs, incurred during the year for the various transfers, were booked to the income statement under the item financial charges, while credit discount costs were recorded under operating costs, as indicated in the comments on the associated items.

13. OTHER CURRENT ASSETS

(in thousands of Euro)	**2012**	**2011**
Receivables due from employees	372	317
Advances to supplier	543	912
Due from social security institutions	368	45
Due from parent company	16	2
De from subsidiaries	102	152
Due from associates	15	-
Due from INPDAP	2,176	2,177
Due from INAIL	732	815
VAT credits due from tax authorities	366	352
Miscellaneous	3,851	2,743
Due from tax authorities	2,682	1,010
TOTAL OTHER CURRENT ASSETS	**11,224**	**8,525**

The amount of € 2,176 thousand refers to the balance of current accounts held at Banca di Roma managed in the name and on behalf of INPDAP (Social Security Institution for employees in public administration), as provided for in a commercial contract stipulated with the aforementioned authority by the company B.S.M. S.r.l., merged in 2006.

In 2012 the provision for doubtful accounts (€ 608 thousand) was allocated after analysing each receivable, also taking into account maturity and recoverability.

14. CURRENT FINANCIAL ASSETS

(in thousands of Euro)	2012	2011
Servizi Ospedalieri S.p.A.	32,509	5,979
Consorzio Imolese Pulizie Soc.cons.r.l.	36	36
Gymnasium Soc.cons.r.l.	7	7
Gestlotto6 Soc.cons.r.l.	20	20
Consorzio Igiene Ospedaliera Soc.cons.r.l.	1	1
Società Manutenzione Illuminazione S.p.A.	14,277	8,076
Global Prov. Rimini Soc. Cons. a r.l.	170	170
Manutenzione Installazione Ascensori S.p.A.	28,279	15,805
Energy Project S.p.A.	8,487	11,404
S.AN.GE Soc. Cons. a r.l.	3,650	3,541
Manutencoop Costruzioni S.p.A.	343	2,968
Securitisation lien	7,260	
Receivable for transfer of business unit	244	98
Receivable due from Fondaco SGR S.p.A.	-	5,780
Receivable due from Cipea	321	321
CO.VE.DI. S.r.l.	256	7
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	32	
Other current financial receivables	15	
TOTAL CURRENT FINANCIAL ASSETS	**95,905**	**54,213**

Current accounts opened with Group Companies are mainly classified in this item, in which financial relations and receivables resulting from the sales of business units are settled.
Total current financial assets came to € 95,905 thousand. The change during the year is essentially due to the increase in receivables due from Group companies such as Servizi Ospedalieri S.p.A. amounting to € 32,509 thousand, Manutenzione Installazione Ascensori S.p.A. totalling € 28,279 thousand and Società Manutenzione Illuminazione S.p.A. for € 14,277 thousand, partially offset by the reduction in receivables due from EnergyProject S.p.A. and MACO S.p.A.. The balance in these accounts accrues interest at the 3-month Euribor plus a spread of 1%; it is repayable on demand and the financial current account contract expires at the end of the financial year, except where tacitly renewed.
During the year a secured current account was opened and subject to a lien for service management in relation to non-recourse factoring with Banca IMI, which had a balance of € 7,260 thousand as at 31 December.

15. CASH AND CASH EQUIVALENTS

(in thousands of Euro)	2012	2011
Bank deposits on demand and cash on hand	17.533	12.541
Deposit with consortia	12.303	8.471
TOTAL CASH AND CASH EQUIVALENTS	**29.836**	**21.012**

Bank deposits accrue interest at the respective short-term interest rates. Amounts deposited at Consorzio Cooperativo Finanziario Per Lo Sviluppo (C.C.F.S.) and Consorzio Nazionale Servizi (C.N.S.), included in the item "Deposit with consortia", also have the nature of available current accounts and accrue interest.
The fair value of cash and cash equivalents is therefore € 29,836 thousand (2011: € 21,012 thousand).

16. ASSETS HELD FOR DISPOSAL AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR DISPOSAL

Assets held for disposal and liabilities directly associated with assets held for disposal presented a zero balance as at 31 December 2012.

This item comprises the interest held in H.D.S. S.p.A., fully written down in consideration of continuing losses amounting to € 250 thousand.

Income from discontinued operations

Income from discontinued operations in 2012 showed a total loss of € 183, compared to a loss of € 253 thousand in the previous year.
This entry relates to the capital loss from the disposal of its investment (3.8%) held in Sviluppo Italia Campania S.p.A. in liquidation.

17. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	**2012**	**2011**
Share Capital - ordinary shares	109.150	109.150

Ordinary shares have a nominal value of € 1 each.

Ordinary shares issued and fully paid up as at 31 December 2012 totalled 109,149,600.
The Company does not hold any own shares.

Reserves and retained earnings

RISERVE E UTILI ACCUMULATI

(in thousands of Euro)	**Share premium reserve**	**Legal Reserve**	**Other reserves**	**TOTAL RESERVES**	**Accumulated profits (losses)**
As at 31 December 2010	**145.018**	**15.571**	**13.060**	**173.649**	**3.809**
Allocation of profit of prior year		241	4.570	4.811	
Business Combinations under common control			97	97	
Total comprehensive profit/(loss)			(24)	(24)	
Other transactions					
Rounding off					
As at 31 December 2011	**145.018**	**15.812**	**17.703**	**178.533**	**3.809**
Allocation of profit of prior year		345	6.564	6.909	
Total comprehensive profit/(loss)			(1.079)	(1.079)	
As at 31 December 2012	**145.018**	**16.157**	**23.188**	**184.363**	**3.809**

It should be noted that:

› Other Reserves rise in relation to the allocation of profit from the previous year (€ 6,564 thousand);
› Total comprehensive profit/(loss) amounting to € 1,079 thousand includes:
  - The reduction of net actuarial gains and losses for € 1,229 thousand (to shareholders' equity), after tax;
  - The increase of the fair value of IRS derivatives on the BNP Paribas loan, after tax, for € 150 thousand.

Nature and purpose of other reserves

The statement below shows the primary shareholders' equity reserves separated by origin, possibility of use, ability to distribute and utilization in the three previous years.

KEY
Possibility of use:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

(in thousands of Euro)				Summary of utilization in 3 previous years	
NATURE/DESCRIPTION	**Amount**	**Possibility of use**	**Amount Available**	**For covering**	**For other reasons**
Capital	**109.150**				
Capital reserve:					
> Share premium reserve	145.018	A,B,C	145.018		
Profit reserves:					
> Legal Reserve	16.157	B	16.157		
> Extraordinary Reserve	30.928	B,C	30.928		
Profits/losses carried forward	**3.809**	**B,C**	**3.809**		
TOTAL	**305.062**				
Non-distributable portion	125.307				
Remaining distributable portion	179.755				

18. EMPLOYEE TERMINATION INDEMNITY

The company has no proper defined benefit pension plans.
However, the ESI provision set forth by art. 2120 of the Civil Code, from the point of view of recognition in the financial statements falls under the defined benefit plans category and, as such, has been accounted for, as illustrated in the accounting standards applied.
The tables below summarise the components of net cost of the benefit recorded in the income statement and the amounts recognised in the equity accounts in relation to employee termination indemnity.
Details of the net cost of the benefit, included in personnel costs, are shown below.

EMPLOYEE SEVERANCE INDEMNITY

(in thousands of Euro)	**2012**	**2011**
Interest expenses on benefit obligation	616	781
Net actuarial gains (losses) recorded in the year (to shareholders' equity)	1.695	176
NET COST OF THE BENEFIT	**2.311**	**957**

There are no plan assets.

Changes in the present value of the obligation for defined benefits (ESI) are as follows:

EMPLOYEE TERMINATION INDEMNITY

(in thousands of Euro)	2012	2011
Opening balance of the present value of the defined benefit obligation	15,301	17,210
Increases for personnel acquired in the business combinations	101	0
Benefits paid	(2,003)	(3,068)
Interest expenses on benefit obligation	616	781
Net actuarial gains (losses) recognised in the year	1,695	176
Other	0	202
CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	**15,710**	**15,301**

The main assumptions used in determining the obligation relating to employee termination indemnity are illustrated below:

	% 2012	% 2011
Discount rate	2.90%	4.25%
Inflation rate	2.00%	2.00%
Turnover	1.50% before the age of 50, 1.50% before the age of 50,	11.50% after the age of 50 11.50% after the age of 50

The data relating to the average number of Company employees and personnel lease posted to the Company by Manutencoop Società Cooperativa are shown below:

	2012	2011
Executives	43	28
White-collar workers	812	624
Blue-collar workers	11,448	10,359
EMPLOYEES	**12,303**	**11,011**

In 2012, the average number of workers on lease, including those shown in the table, stood at 541 (542 in 2011).

19. PROVISIONS FOR RISKS AND CHARGES

(in thousands of Euro)	Job order risks	Ongoing legal proceedings	Bonuses for employees	Investment risks	Employee termination indemnity	Tax disputes	Employee legal proceedings	Other provisions	Total
As at 1 January 2012	**6,614**	**3,121**	**3,123**	**497**	**34**	**958**	**1,839**	**0**	**16,186**
Provisions	3,554	864	1,738	10		137	1,250	92	7,644
Utilization	(1,382)	(448)	(1,206)	(460)	(34)	(12)	(446)		(3,988)
Releases	(229)	(27)	(193)				(728)		(1,177)
Reclassification		(1)	59				(2)		56
Other									0
As at 31 December 2012	**8,556**	**3,509**	**3,520**	**47**	**-**	**1,083**	**1,913**	**92**	**18,721**
Short-term 2012	8,199	399	1,455	47	-	1,083		92	11,275
Medium/long-term	357	3,111	2,065				1,913		7,446
As at 31 December 2012	**8,556**	**3,510**	**3,520**	**47**	**-**	**1,083**	**1,913**	**92**	**18,721**
Short-term 2011	6,257	481	1,135	497	33	958			9,361
Medium/long-term 2011	357	2,640	1,988				1,839		6,824
As at 31 December 2011	**6,614**	**3,121**	**3,123**	**497**	**33**	**958**	**1,839**		**16,185**

Provision for risks on job orders

The provision of € 3,554 thousand is to cover risks relating to certain job orders in progress for charges that are likely to be incurred, in relation to customer disputes. The provisions made represent the best estimate on the basis of knowledge possessed at the reporting date.

Provision for ongoing legal proceedings

At the reporting date, an assessment is carried out regarding the risk of having to pay future indemnities in the event of unsuccessful legal proceedings with customers and suppliers. This provisionh shows further accrual for an amount of € 864 thousand and uses for legal proceedings closed amounting to € 448 thousand.

Bonuses for employees

The amount of € 3,520 thousand was set aside in respect of the estimated disbursement that will be made on the basis of the results obtained by company management and for which, an accurate amount cannot be defined annually, given that an incentive plan was set out linked to the achievement of medium-term objectives.

Provision for investment risks

The provision to cover investments, amounting to € 47 thousand, includes allocations made to cover future losses of Group companies. In 2012 the provision was used to recapitalise the subsidiary Maco S.p.A. for € 210 thousand and € 250 thousand to end the dispute with Consorzio Sermagest.

Employee termination Indemnity

The company integration project started in 2009 following a series of important corporate acquisitions, which led to an in-depth review of the Group's organisational structure, continued in 2012.

The provision was used entirely as at 31 December 2012 and the amounts related to the transactions entered into at the end of 2012 were recorded in the item "Other current payables".

The restructuring in progress involved the rationalisation of the company monitoring process and the elimination of any redundant department in 2010-2012 under an extension of the original restructuring plan launched in 2009, which was later completed.

Provision for tax disputes

The provision for risks related to tax disputes is detailed below:

- € 900 thousand were allocated as result of the tax dispute raised with the Turin Customs Agency against the payment notice issued by the latter, for the dispute related to the non-payment of taxes and the provincial surcharge, plus interest and penalties. The aforementioned notice was challenged under appeal before the Provincial Tax Commission of Turin which fully cancelled the notice. The Customs Agency filed an appeal against the ruling before the Regional Tax Commission of Turin. The ruling issued by the Commission radically subverted the principle expressed by the Provincial Tax Commission of Turin. The company Gestin Facility S.p.A., now incorporated in Manutencoop Facility Management S.p.A., therefore filed an appeal against this ruling before the Corte di Cassazione;
- € 45 thousand were allocated based on the tax dispute with Customs Agency of Turin, which arose following an administrative technical report on the Ivrea area.
- € 138 thousand concerning residual amounts for the tax notices, partially relieved, received for companies incorporated in previous years.

Provision for employee legal proceedings

The provision for risks related to employee legal proceedings, amounting to € 1,913 thousand, refers to the best estimation of liabilities as at 31 December 2012, whose risk is deemed to be likely, connected to ongoing labour law disputes.

Other risk provisions

The allocation of € 92 thousand refers to incentives that will be paid when employees leave the company.

20. BANK BORROWINGS, INCLUDING CURRENT PORTION OF LONG-TERM DEBT AND OTHER FINANCIAL LIABILITIES

The items "Long-term loans" and "Loans and other current financial liabilities" are composed respectively of the current and non-current portion of loans from credit and financial institutions or from syndicated shareholders and payables due to other lenders recorded in the financial statements in application of the financial method of accounting for leasing transactions, as well as other current financial debts such as payables for the purchase of equity investments or business units.

The details are shown below:

LOANS

(in thousands of Euro)	At 31 December 2012	Within 1 year	From 1 to 5 years
BNP-Unicredit loan	42,000	21,000	21,000
C.C.F.S. loan	29,993	29,993	
BPCI-UBI Banca Group loan	8,973	2,986	5,987
Unicredit Banca D'Impresa	5,568	5,568	
MPS	23,948	4,788	19,161
Banca Popolare di Vicenza	37,887	12,394	25,494
Banca Popolare Emila Romagna	12,712	3,626	9,087
Debt for the purchase of equity investments – business units	11,948		11,948
Financial leasing obligation	283	138	145
Advance payment on invoices	84,105	84,105	
Current bank overdraft	38,997	38,997	
Loan from parent company/Subsidiaries	57,907	57,907	
Other financial liabilities	0		
Financial liabilities measured at fair value through profit and loss	155	155	
Due to factoring agencies	25,799	25,799	
Capital contribution to be paid	1,606	1,606	
TOTAL FINANCIAL LIABILITIES	**381,882**	**289,060**	**92,822**

Loans existing as at 31/12/2011 are shown below:

(in thousands of Euro)	**At 31 December 2011**	**Within 1 year**	**From 1 to 5 years**	**After 5 years**
BNP-Unicredit loan	99,000	99,000		
C.C.F.S. loan	29,993		29,993	
BPCI-UBI Banca Group loan	11,942	2,969	8,973	
Unicredit Banca D'Impresa	10,828	5,262	5,567	
MPS	17,199		13,753	3,446
Banca Popolare di Vicenza	49,813	11,862	37,951	
Banca Popolare Emilia Romagna	12,712		12,712	
Debt for the purchase of equity investments – business units	15,504	3,031	12,473	
Financial leasing obligation	469	181	287	
Advance payment on invoices	21,553	21,553		
Current bank overdraft	9,990	9,990		
Loans from Parent Company/Subsidiaries	55,157	55,157		
Other financial liabilities	66	66		
Financial liabilities measured at fair value through profit and loss	117	117		
Collections on behalf of factoring agencies	14,600	14,600		
Capital contribution to be paid	5	5		
TOTAL FINANCIAL LIABILITIES	**348,948**	**223,793**	**121,709**	**3,446**

BNL/BNP loan

In order to meet the financial requirements resulting from the purchase of Pirelli IFM S.p.A. (then Altair IFM S.p.A. and now merged into MFM S.p.A.), in December 2008, MFM S.p.A. finalized a pooled loan with Banca Nazionale del Lavoro as Agent Bank, with repayment in half-yearly instalments until 23 December 2014, with a residual exposure amounting to € 42,000 thousand as at 31 December 2012 (€ 99,000 thousand as at 31 December 2011).

As at 31 December 2010 the value of one of the financial covenants was breached. In 2011 and 2012 no request was made to pay back the loan, however, as there is no formal evidence that the bank will not exercise its right to claim back the immediate payment of the principal, the company disclosed the entire amount of the loan as a short-term liability, in accordance with current accounting standards.

In December 2012, MFM S.p.A. submitted a proposal waiver letter to the lending banks. They accepted the proposals and redefined certain contract terms and granted exceptions to the original agreement. Among others, the financial parameters were redefined and partial advance payment was made on a credit line (€ 30 million). Afterwards, the company restated the amount of the loan under non-current loans for € 21 million. As at 31 December 2012, the financial parameters were respected.

CCFS Loan

In 2008, as part of a wider operation to rationalise the MFM Group's financial indebtedness, the Company entered into a loan agreement for € 30,000 thousand with Consorzio Cooperativo Finanziario per lo Sviluppo. As at 31 December 2012, the carrying amount was € 29,993 thousand, net of accessory charges. The loan has variable interest rates plus a spread, and expires on 29 July 2013.

BPCI-UBI Group loan

On 30 November 2010, the company entered into a long-term loan agreement for € 15 million with Banca Popolare del Commercio e Industria of the UBI Banca Group. The loan has variable interest rates equal to the one month Euribor plus a spread.

The loan agreement requires the verification of a series of financial parameters. The non-compliance with these parameters envisages, on the basis of the formal indications of the contract, the activation of the acceleration clause on the loans granted. As at 31 December 2012, the carrying amount was € 8,973 thousand, net of accessory charges.

As at 31 December 2012, the financial parameters were respected.

MPS loan

On 8 April 2011, a long-term loan agreement was entered into with Banca Monte dei Paschi di Siena for an amount of € 25 million credit lines. The agreement was signed in order to finance the Group's acquisitions. In 2012 € 23,948 thousand were used.

The loan agreement also requires the verification of a series of financial parameters The non-compliance with these parameters envisages, on the basis of the formal indications of the contract, the activation of the acceleration clause on the loans granted. During the current year, the financial parameters were respected.

Banca Popolare di Vicenza loan

On 24 January 2011, a long-term loan agreement was stipulated with Banca Popolare di Vicenza. The loan of € 50 million was obtained by Banca Popolare di Vicenza to be repaid in half-yearly instalments and expiring on 22 December 2017. The loan has variable interest rates. As at 31 December 2012, the carrying amount was € 37,887 thousand, net of accessory charges.

Banca Popolare dell'Emilia Romagna loan

On 25 October 2011, a long-term loan agreement was stipulated with Banca Popolare dell'Emilia Romagna for a total of € 12,750 thousand, expiring on June 2016 and amounting to € 12.712 as of 31 december 2012, net of accessory charges. The loan has variable interest rates.

The loan agreement also includes financial covenants to be calculated on an annual basis on the consolidated financial statement; non-compliance with these parameters envisages, on the basis of the formal indications of the contract, the activation of the acceleration clause on the loans granted.

As at 31 December 2012, the financial parameters were respected.

Unicredit loan

The Unicredit loan derives from the acquisition of Teckal S.p.A.. During the acquisition of the latter (in 2007), a previous loan was extinguished, granted by Unicredit to the acquired company, for € 18,437 thousand, and a vendor loan previously in place amounting to € 11,438 thousand, by raising a loan with Unicredit for a nominal € 25,000 thousand.

As at 31 December 2012, the carrying amount was € 5,568 thousand, net of accessory charges.

Current bank overdrafts

Current bank overdrafts are not secured by guarantees.

Loans from parent company and Subsidiaries

Financial payables are not secured and are repayable in a lump-sum at the end of the year, except in the case of a tacit renewal.

It should be noted that the Company has a financial account on which it settles transactions with the Parent Company Manutencoop Società Cooperativa. As at 31 December 2012, the balance was € 66 thousand.

Financial leasing obligations

The leasing contracts stipulated are not secured and refer to vehicles, machinery and equipment used in the production process.

Debts for the acquisition of non-controlling interests

Payables for equity investments as at 31 December 2012 refer to the actual non-current value of the earn-out for the purchase of Gruppo Sicura for € 11,948 thousand, already accounted for as a financial liability in these financial statements given that the Company management deems it likely that the condition will be met for payment of the earn-out; provision was also made for the recognition of financial charges which helps to determine the present value of € 552 thousand;

As at 31 December 2011, the item included the loan for the acquisition of the "SEC business unit" for € 2,990 thousand.

On 22 February 2012 the Company transfered the unit to Servizi Energia Calore S.r.l., with which it had signed an agreement in 2008 for the purchase of a business unit handling the management and maintenance of technological systems in some health care facilities in Sicily. The latter was originally agreed for a price of € 2,960 thousand. However, MFM never paid this amount to the counterparty due to the arising of disputes among the parties which led to alternative dispute resolution against the seller in 2010, aimed at obtaining an arbitration decision that arranged for the return of the business unit as a result of the invalidity, cancellation or termination due to non-fulfilment of the obligations of the purchase contract.

Following the transaction, which amicably settled the dispute, the transfer price was recalculated at € 1,700 thousand, in addition to a compensation for € 212 (already provided for in the contract) of management expenses to Servizi Energia Calore S.r.l.. At the same time, the sureties issued to secure the transaction in 2008 were returned and the parties withdrew from the arbitration proceedings.

Collections on behalf of factoring agencies - Credit Agricole Corporate & Investment Bank (Calyon) and Banca IMI

The balance payable to Credit Agricole Corporate & Investment Bank and Banca IMI (collections on behalf of the assignee of trade receivables), equals to € 25,799 thousand. The debt relates to receivables transferred under pro-soluto factoring transactions performed on a revolving basis by the Company, collected on behalf of the bank in the last few days of 2012 and still not paid as at 31 December 2012; normally this debt is paid every 15 days by bank transfer. Under the securitisation transaction the company issued a surety for a nominal amount of € 5,717 thousand to Credit Agricole Corporate & Investment Bank.

In light of the characteristics of the transaction and the protections to which the assumption of enforcement of the Credit Agricole Corporate & Investment Bank surety is subject, the fair value of the same was valued at € 155 thousand as at 31 December 2012.

21. DERIVATIVES

The Company currently has three interest rate swap hedging contracts for a total notional value of € 42,000 thousand as at 31 December 2912, on which it pays a fixed rate in exchange of a variable rate, which is in turn paid on the hedged loan.

The fair value (mark to market) measurement of the associated liability amounted to € 1,222 thousand as at 31 December 2012.

The derivative instruments were designated for hedging from the inception and tests were performed which confirmed their effectiveness as at 31 December 2012 and in prospective terms. Based on this, the variation in fair value of the derivative are directly booked for in a reserve under equity, net of the related tax effect.

22. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

(in thousands of Euro)	2012	2011
Trade payables to third parties	247,013	262,429
Trade payables to associates and joint-ventures	17,982	26,053
Trade payables to subsidiaries	49,123	40,656
Trade payables to parent companies	4,585	8,924
Advances from customers	4,637	4,901
Advances from subsidiaries	31	
TOTAL	**323,371**	**342,964**

23. OTHER CURRENT LIABILITIES

(in thousands of Euro)	2012	2011
Payables to employees	35,476	33,382
Payables to social security	6,552	6,748
Tax payables	42,846	37,244
Collections on behalf of third parties to be remitted to them	17,802	23,069
Payables to Subsidiaries	53	99
Payables to directors and statutory auditors	135	104
Property collections	2,176	2,177
Other payables	3,088	4,803
Accrued expenses and prepaid income	1,754	1,306
TOTAL	**109,882**	**108,932**

Other current payables are non-interest bearing and are settled, on average, after 30 days, excluding those payables due to employees for accrued wages and vacation leave paid at 6 months on average, and the amounts due to the Tax Authorities for deferred VAT payments settled at the moment of collection of the related trade receivables.

Collections on behalf of third parties relate to the sums collected by the company, on behalf of third parties, relating mostly to “Consip” job orders.

24. REVENUE FROM SALES AND SERVICE

REVENUES FROM SALES AND SERVICE

(in thousands of Euro)	2012	2011
Integrated services - system and building maintenance	149,939	168,228
Cleaning and sanitation services	297,284	282,662
Heat management	111,827	104,062
Construction work, building renovation	99,362	105,062
Plant construction work	17,620	13,657
Landscaping services	9,498	10,019
Porterage services	11,015	8,534
Sales of products	-	450
Asset management	1,104	826
Cemetery services	705	500
Other services	70,868	70,106
TOTAL REVENUES FROM SALES AND SERVICES	**769,223**	**764,106**

Pursuant to art. 5(1.b) of Ministerial Decree 221/03, it is hereby declared that the Company possesses shareholders' equity equal to around 29 times the specific turnover for 2012 of the 'porterage" sector.
In 2012 there was a rise in revenues from sales and services compared to the previous year amounting to € 5,116 thousand, due to increasing activities.

25. OTHER REVENUE

OTHER REVENUE

(in thousands of Euro)	2012	2011
Reimbursement of damages	147	115
Gains on sales of property, plant and machinery	20	34
Other	1,611	1,015
TOTAL OTHER REVENUES	**1,779**	**1,164**

As at 31 December 2012, the balance was € 1,779 thousand, compared to € 1,164 thousand in 2011.
The item "Other Revenue" mainly pertains to the recovery of costs for seconded personnel and grants received during the year.

26. COSTS OF MATERIALS

COST OF RAW MATERIALS AND CONSUMABLES

(in thousands of Euro)	2012	2011
Change in inventories of raw materials	(335)	10
Fuel consumption	(65,197)	(59,403)
Consumption of raw materials	(44,556)	(43,555)
Purchase of raw materials and consumables	(5,958)	(5,875)
Other purchases	(2,236)	(2,525)
TOTAL COST OF RAW MATERIAL AND CONSUMABLES	**(118,281)**	**(111,348)**

As at 31 December 2012 the item amounted to € 118,281 thousand compared to € 111,348 thousand in 2011. The rise in consumption is mainly due to increasing fuel costs; which was engendered by the general rise in market prices during the year.

27. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

(in thousands of Euro)	2012	2011
Cost of services rendered by third parties	(184,703)	(188,135)
Professional services	(31,576)	(36,354)
Cost of services rendered by consortia	(35,161)	(28,473)
Utilities	(6,173)	(12,210)
Rent expense	(14,200)	(14,823)
Other personnel expenses	(5,792)	(5,754)
Transport	(817)	(656)
Equipment maintenance and repair	(7,231)	(5,230)
Insurance and guaranties	(3,771)	(2,989)
Travel expenses and cost reimbursement	(2,342)	(2,294)
Advertising and marketing	(860)	(1,735)
Rentals and other	(1,182)	(1,298)
Directors' and Statutory Auditors' Fees	(401)	(408)
Bank services	(125)	(102)
Other services	(2,911)	(2,107)
TOTAL	**(297,245)**	**(302,568)**

For the year ended 31 December 2012, costs for services and use of third party assets amount to € 297,245 thousand, compared to € 302,568 thousand in 2011.

28. PERSONNEL COSTS

PERSONNEL COSTS

(in thousands of Euro)	2012	2011
Wages and salaries	(181,448)	(176,257)
Social security charges	(56,634)	(55,231)
Temporary and leased personnel	(28,344)	(26,061)
Other current benefits	(670)	(385)
CURRENT BENEFITS	**(267,095)**	**(257,934)**
Employment termination	(664)	(866)
Other post-employment benefits	(35)	9
SUBSEQUENT BENEFITS	**(699)**	**(857)**
Payments to employee pension funds	(11,102)	(10,686)
DEFINED BENEFITS	**(11,102)**	**(10,686)**
TERMINATION BENEFITS	**(3,042)**	**(1,837)**
TOTAL PERSONNEL COSTS	**(281,938)**	**(271,314)**

With respect to the company restructuring process launched in 2009, a total of € 3,042 thousand was recorded in the form of employment termination provision

Lastly, it should be noted that all items of cost for personnel lease and temporary work are stated in current benefits.

29. OTHER OPERATING COSTS

OTHER OPERATING COSTS

(in thousands of Euro)	2012	2011
Fines and penalties	(1,991)	(1,931)
Taxes other than income taxes	(1,735)	(1,297)
Securitisation Credit discount	(1,169)	(1,066)
Capital losses on disposals	(41)	(4)
Account receivables write-offs	(221)	
Other miscellaneous operating costs	(2,428)	(3,525)
TOTAL OTHER OPERATING COSTS	**(7,586)**	**(7,825)**

Other operating costs amounted to € 7,586 thousand in 2012, showing a decrease of € 239 thousand in comparison with the previous year.

The item includes:

› "Fines and penalties", which increased by € 60 thousand; the overall amount is mainly due to penalties relating to agreements with certain customers and the early termination of a lease contract;

› "Taxes other than income taxes", which was € 438 thousand higher than the previous year; the rise is mainly due to increasing excise taxes;

› "Securitisation credit discount" recorded an increase of € 103 thousand compared to the previous year, and refers to the transfers of trade receivables performed in 2012. For further information see the notes on the item "trade receivables";

› "Losses on receivables" amounted to € 221 thousand, due to the write-off of certain receivables carried.

30. AMORTIZATION, DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

AMORTIZATION, DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

(in thousands of Euro)	2012	2011
Amortization intangible assets	(6,466)	(7,821)
Write-down of equity investments in Group companies	(8,131)	(7,117)
Write-downs of trade receivables	(4,029)	(2,217)
Depreciation of property, plant and machinery	(3,612)	(3,615)
Depreciation leased property, plant and machinery	(159)	(175)
Write-backs of other assets	1,260	0
Transfer of bad debt provision	0	4
Other write-downs	0	(86)
TOTAL	**(21,137)**	**(21,027)**

As at 31 December 2012, the item "Amortization/depreciation, impairment losses and write-backs of assets" amounted to € 21,137 thousand, from € 21,027 thousand in 2011.
The amortization of intangible fixed assets amounted to € 6,466 thousand in 2012, compared to € 7,821 thousand in 2011. This decrease is due to the amortization term of certain intangible assets.
The item 'Write-down of Group equity investments' includes value adjustments recorded in relation to the following companies:

- € 1,870 thousand related to the subsidiary Energyproject S.p.A.;
- € 1,395 thousand related to the subsidiary Società Manutenzione Illuminazione S.p.A.;
- € 12 thousand related to the subsidiary Alisei S.r.l. in liquidation;
- € 4,843 thousand related to the subsidiary Maco S.p.A.;
- € 11 thousand related to the subsidiary Consorzio Sermagest Servizi Manutentivi Gestionali;

An increase was recorded in the Write-down of receivables, from € 2,217 thousand in 2011 to € 4,029 thousand as at 31 Dicember 2012.
Write-backs were recognised following the settlement reached on 22 February 2012 with Servizi Energia Calore S.r.l.; for further details see note 20.

31. DIVIDEND, INCOME AND LOSSES FROM SALE OF EQUITY INVESTMENTS

DIVIDENDS

(in thousands of Euro)	2012	2011
Dividends	9.946	3.915

Dividends pertaining to the year derive from Group companies (€ 9,393 thousand) and other equity investments (€ 552 thousand).

The details are shown below, compared with 2011:

DIVIDENDS FROM INVESTMENTS IN GROUP COMPANIES

(in thousands of Euro)	2012	2011
Roma Multiservizi S.p.A.	1.313	1.533
Servizi Ospedalieri S.p.A.	6.480	1.560
Gruppo Sicura	1.600	800
TOTAL DIVIDENDS - GROUP COMPANIES	**9.393**	**3.893**

DIVIDENDS FROM INVESTMENTS IN OTHER COMPANIES

(in thousands of Euro)	2012	2011
Co.ve.di. S.r.l.	353	
Ati ex Minati	11	
Genesi Uno	185	
Karabak	2	
Consorzio Coop. Costruzioni		21
Consorzio Nazionale Servizi	1	
TOTAL DIVIDENDS - OTHER COMPANIES	**552**	**21**

32. FINANCIAL INCOME

The breakdown of the item is shown below, for the years ended 31 December 2012 and 2011:

OTHER FINANCIAL INCOME

(in thousands of Euro)	2012	2011
Interest on trade receivables	857	291
Interest on non-proprietary and intercompany current accounts	2,683	1,389
Interest from discounting of non-interest bearing loans	604	431
Interest on bank accounts	89	131
Other financial income	36	8
TOTAL OTHER FINANCIAL INCOME	**4,269**	**2,250**

33. FINANCIAL EXPENSES

FINANCIAL EXPENSES

(in thousands of Euro)	2012	2011
Loans	(11,391)	(11,855)
Interest discount	(5,746)	(6,789)
Other financial charges	(1,923)	(2,592)
Bank loans and overdrafts interest	(42)	(4)
Financial charges on loans from group	(1,506)	(721)
Financial charges on financial leasing	(4)	(18)
Financial charges for derivatives	(38)	(38)
TOTAL FINANCIAL EXPENSES	**(20,649)**	**(22,018)**

The item Financial expenses recorded a decrease of € 1,368 thousand in 2012, compared to the previous year. The change refers to a decrease in charges for factoring transactions, as described in the note on “trade receivables”, and to the decrease in bank fees on loans.

34. INCOME TAXES

The breakdown of income taxes is shown below, for the years ended 31 December 2012 and 2011.

(in thousands of Euro)	2012	2011
IRES - charges from tax consolidation	9,381	13,527
IRAP	8,803	9,733
Prior fiscal years income taxes	(12,005)	79
CURRENT INCOME TAXES	**6,180**	**23,339**
Prepaid/(deferred) IRES	(579)	641
Prepaid/(deferred) IRAP	0	(112)
Prepaid/(deferred) taxes relating to previous years	74	(934)
PREPAID/(DEFERRED) INCOME TAXES	**(505)**	**(405)**
TOTAL INCOME TAXES	**5,675-**	**22,934**

In accordance with art. 2 of Law Decree 201 of 6 December 2011, converted with amendments by Law 214 of 22 December 2011, on 22 February 2013 the company submitted a claim for IRES reimbursement for not deducting IRAP in relation to personnel costs and similar from 2007 to 2011. As a result of the claim the company recognised income carried under the item “Adjustment to current taxes previous years” .

The reconciliation between IRES (corporate income tax) accounted for and theoretical tax resulting from application of the tax rate in force for the years ended 31 December 2012 and 2011 to pre-tax profit is as follows:

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRES RATE

	31/12/2012		31/12/2011	
	(in Euro)	%	(in Euro)	%
Profit (loss) before taxes	**31.920**		**30.097**	
IRES Tax rate		27,50%		27,50%
Effect of increases (decreases):				
> Temporary differences	3.453	2,97%	(1.585)	-1,37%
> Permanent differences	(1.259)	-1,08%	20.676	17,81%
Income from discontinued operations				
> Temporary and permanent differences				
IRES taxable income	**34.114**		**49.188**	
Actual rate / tax	**9.381**	**29,39%**	**13.527**	**44,94%**

RECONCILIATION BETWEEN THEORETICAL AND ACTUAL IRAP RATE

	31/12/2012		31/12/2011	
	(in Euro)	%	(in Euro)	%
Profit (loss) before taxes	**31.920**		**30.097**	
Ordinary rate applicable		2,98%		2,98%
		3,40%		3,40%
		3,90%		3,90%
		4,60%		
		4,73%		4,73%
		4,82%		4,82%
		4,97%		4,97%
Effect of increases (decreases):				
> Cost of labour	281.938		271.314	
> Provisions	6.013		5.237	
> Balance from financial management	(111.433)		15.854	
> Other differences between taxable base and pre-tax result			(90.199)	
Income from discontinued operations				
Cost of labour - discontinued operations				
> Temporary and permanent differences				
IRAP taxable income	**208.439**		**232.303**	
> of which at 2.98%	1.345		1.547	
> of which at 3.40%	4.303			
> of which at 3.90%	126.296		168.594	
> of which at 4.60%	4.916			
> of which at 4.73%	5.599		5.227	
> of which at 4.82%	56.115		32.054	
> of which at 4.97%	9.933		32.023	
Actual rate / tax	**8.803**	**4,22%**	**10.005**	**3,10%**

Deferred taxes

Details of prepaid and deferred taxes as at 31 December 2012 are shown below:

PREPAID AND DEFERRED TAXES

(amounts in thousands of Euro)	**Equity Tax Effect 31/12/2012**	**Equity Tax Effect 31/12/2011**	**Economic Tax Effect 31/12/2012**	**Economic Tax Effect 31/12/2011**
Prepaid taxes:				
> Multi-year costs	281	462	181	138
> Financial leasing		22	22	
> Maintenance exceeding deductible limit				9
> Presumed losses on receivables	3.997	3.308	(689)	(261)
> Provisions for risks and charges	3.925	3.572	(353)	1.259
> Write-downs on asset items		29	29	
> Discounting of receivables	2	27	25	7
> Fees of Directors, Statutory Auditors and Independent Auditors	77	131	54	(46)
> Services not completed				
> Amortization	1	1.128	1.127	63
> Adjustments to job order margin		9	9	57
> Interest payable	87	113	26	(93)
> Employee benefits and length of service bonuses		154	154	
> Substitute tax	1.385	1.385		
> Restructuring fund	964	786	(178)	(412)
> Tax losses relating to previous years				
> Charges for capital increases to shareholders' equity				
> IRAP reimbursement claim				
> Cash flow hedge valuation	336	393		36
> Cash cost deduction	33	23	(10)	5
> Other temporary differences	975	386	(122)	(361)
TOTAL PREPAID TAXES	**12.063**	**11.928**	**275**	**401**
Deferred taxes:				
> Tax amortization		(111)	(111)	86
> IFRS work in progress valuation		(20)	(20)	(68)
> Leasing for tax purposes	(52)	(99)	(47)	
> Employee benefit discounting	(403)	(964)	(561)	51
> Goodwill amortization	(5.804)	(5.181)	623	652
> Purchase Price Allocation	(2.901)	(3.700)	(799)	(1.466)
> Capital gains - deferred taxation	(9)		9	
> Other temporary differences	(184)	(58)	126	(61)
TOTAL DEFERRED TAXES	**(9.353)**	**(10.133)**	**(780)**	**(806)**
NET PREPAID/(DEFERRED) TAXES	**2.710**	**1.795**	**(505)**	**(405)**

35. EARNINGS PER SHARE

The Company chose to provide information on earnings per share solely in the Group's consolidated financial statements in accordance with the provisions of IAS 33.

36. COMMITMENTS AND CONTINGENT LIABILITIES

Financial leasing

The Company signed financial leases for motor vehicles. The table below details the amount of future rental fees deriving from financial leases and the present value of these fees:

(in thousands of Euro)	2012		2011	
	Rental fees	**Current value of lease fees**	**Rental fees**	**Current value of lease fees**
Within 1 year	140	138	186	181
From one year to five years	147	145	290	287
TOTAL LEASING FEES	**287**	**283**	**476**	**468**
Financial charges	(4)	0	(7)	0
Current value of leasing fees	283	283	469	468

Guarantees given

The Company has the following contingent liabilities as at 31 December 2012:

- It granted sureties for bank overdrafts and to secure the obligations of subsidiaries and associates for a maximum amount of € 54,582 thousand (2011: € 38,110 thousand);
- It granted sureties to third parties to guarantee the proper fulfilment of the obligations of commercial contracts in place with customers and to the Inland Revenue for VAT reimbursements;
- Guarantee in favour of Credit Agricole Corporate & Investment Bank to ensure the necessary compliance of the contract for the transfer of trade receivables amounting to € 5,717 thousand; in light of the characteristics of the transaction and the protections to which the assumption of enforcement of the surety is subject, the fair value of the same was valued at € 155 thousand;

The total exposure of sureties granted to third parties comes to € 151,813 thousand. It is not believed that any liabilities will emerge.

37. RELATED PARTY TRANSACTIONS

The following table shows the total values of transactions carried out with related parties:

PARENT COMPANY

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receiva-bles	Financial liabilities	Provisions for risks and charges
Manutencoop Soc. Coop.	2012	109	32.680		88	10.038	4.585		66	
	2011	217	31.603		43	45	8.406		219	
TOTAL MANUTENCOOP SOC. COOP.	**2012**	**109**	**32.680**		**88**	**10.038**	**4.585**		**66**	
	2011	**217**	**31.603**		**43**	**45**	**8.406**		**219**	

SUBSIDIARIES

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receiva-bles	Financial liabilities	Provisions for risks and charges
Alisei S.r.l.	2012	1				3		(58)		
	2011	1	1			3	1	(58)		
Co.Ge.F. S.c.ar.l.	2012	14.589	18.147			14.157	15.938			
	2011	15.906	19.459			12.425	13.236			
Cons. Igiene Ospedaliera S.c.ar.l.	2012	868	426			593	167	1		
	2011	893	433			543	186	1		
Cons. Imolese Pulizie S.c.ar.l.	2012	30	41			138	48	36		
	2011	45	84			100	42	36		
Cons. Servizi Toscana S.c.ar.l.	2012	300	181			849	437			
	2011	64	73			422	257			
Consorzio Sermagest Servizi Manutentivi Gestionali	2012					6		(11)		
	2011					77	4			
ENERGYPROJECT S.P.A.	2012	253	135	338		143	56	8.487		
	2011	1.004	125	308		308	50	11.404		
Gestlotto 6 Soc.Cons.a r.l.	2012		5			6	39	20		
	2011		8			6	34	20		
Global Oltremare Soc.Cons.a.r.l.	2012		203				203			
	2011									
Gruppo Sicura	2012		1.601				892			
	2011		1.562	800			1.616			
Gymnasium Soc.Cons.a r.l.	2012					1	33	7	5	
	2011		5			1	33	7	5	
Isom Gestione Soc.Cons.a.r.l.	2012	6.666	5.733			5.630	5.769			
	2011									
Isom Lavori Soc.Cons.a.r.l.	2012	1.304	990			1.396	1.104			
	2011									
Manutencoop Costruzioni s.p.a.	2012	177	204	184		212	70	343		
	2011	604	199	104		435	282	2.968		

SUBSIDIARIES

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receiva-bles	Financial liabilities	Provisions for risks and charges
Manutencoop Private Sector Solutions S.p.A.	2012	98.098	1.083		1.105	41.657	489		46.369	
	2011	94.456	752		639	36.405	397		46.922	
Manutenzione installazione ascensori s.p.a.	2012	719	1.325	735		418	1.044	28.279		
	2011	499	543	301		453	330	15.805		
Palmanova servizi energetici soc.cons. r.l.	2012	343	1.421			107	701			
	2011	401	1.289			439	610			
S.AN.CO. Soc. Conso a r.l.	2012	177				5.227	2.485	3.150		
	2011	737	1.342			4.964	1.342	3.150		
S.AN.GE Soc. Cons. a r.l.	2012	17.950	11.329	138		19.865	13.748	3.650		
	2011	17.838	11.835	147		22.230	18.215	3.541		
Servizi Brindisi soc.cons.a r.l.	2012	288	4.801			785	2.100			
	2011	322	5.000			435	1.412			
Servizi l'aquila soc.cons. r.l.	2012	83	167			49	94			
	2011	93	222			78	184			
Servizi Marche Soc.Cons.a r.l.	2012					12	3			
	2011	3				12	3			
Servizi Ospedalieri s.p.a.	2012	1.795	64	726		1.127	142	32.509		
	2011	1.203	61	1.676		1.000	66	5.979		
Servizi Taranto Soc. Cons. a r.l.	2012	1.557	5.812			2.405	3.545			
	2011	1.191	2.908			1.377	2.154			
Simagest 2 Soc.Cons.a r.l.	2012		4			283	4	32		
	2011	2				397				
Simagest 3 Soc. Cons.a r.l.	2012		3			2	3			
	2011	3	(31)			2	(37)			
Società manutenzione illuminazione s.p.a.	2012	452	94	372		313	55	14.277		
	2011	351	4	190		280	42	8.076		
Telepost S.p.A.	2012	1.449	149		313	736	40		11.472	
	2011	613			59	254			8.211	
TOTAL SUBSIDIARIES	**2012**	**147.100**	**53.917**	**2.493**	**1.418**	**96.121**	**49.207**	**90.721**	**57.845**	
	2011	**136.229**	**45.874**	**3.526**	**698**	**82.646**	**40.457**	**50.929**	**55.137**	

ASSOCIATED COMPANIES

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receivables	Financial liabilities	Provisions for risks and charges
Bologna gestione patrimonio soc.cons.r.l.	2012	201	109			324	75			
	2011	280	148			308	266			
Bologna Multiservizi soc.cons.a r.l.	2012	1.686	3.971			1.967	4.821			
	2011	1.970	4.529			3.059	5.665			
Bologna Più Soc.Cons.a r.l.	2012		5			(2)	9	39		
	2011		41			(2)	3	39		
Como Energia Soc.Cons.a r.l.	2012		1.018				426			
	2011		912				735			
Cons.Energia servizi Bologna	2012									
	2011									
Consorzio Cooperativo Karabak Soc.a r.l.	2012	61				15	2			
	2011	65				20	2			
Gico Systems S.r.l.	2012	8	283			3	102			
	2011	7	239			7	146			
Global Provincia di RN Soc.Cons.a r.l.	2012	217	993			251	18	170		
	2011	459	1.719			375	1.030	170		
Global Riviera Soc.Cons.a r.l.	2012	815	2.807			423	(246)			
	2011	1.682	4.967			1.281	2.785			
Global Vicenza soc.cons.r.l.	2012	263	1.550			426	484			
	2011	327	2.021			520	811			
Grid Modena S.r.l.	2012	187				199				
	2011									
HEADMOST Divisione Service Facility Management S.p.A.	2012					454				
	2011					1.054				
Livia soc.cons.r.l.	2012	156	969			658	1.236			
	2011	161	1.034			468	1.435			
Logistica Ospedaliera Soc. Cons.a.r.l.	2012		131				75			
	2011									
Newco DUC Bologna S.p.A.	2012	5	7			5	7			
	2011	12	7			4	7			
P.B.S. s.c.r.l.	2012						(6)			191
	2011	(32)	(68)			311	(23)			
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	2012	425				95				
	2011	321				161				
Progetto Isom S.p.A.	2012	497				542				
	2011									
Progetto Nuovo Sant'Anna s.r.l.	2012	110		145		249		5.282		
	2011	140		170		654		5.137		
Roma Multiservizi S.p.A.	2012	1.497	5.868			449	6.618			
	2011	1.739	7.093	1.533		2.360	8.545			

ASSOCIATED COMPANIES

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receivables	Financial liabilities	Provisions for risks and charges
Savia Soc. Cons. a r.l.	2012	687	1.407			336	951			
	2011	898	2.213			415	1.191			
Se.Sa.Mo. S.p.A.	2012	5.085		33		4.056	6	622		
	2011	4.629	(23)	41		4.496	5	710		
Servizi Napoli 5 soc.cons. r.l.	2012	1.451	1.296			2.774	1.304			
	2011	1.373	1.234			2.536	1.259			
Synchron Nuovo San Gerardo S.p.A.	2012					1				
	2011									
Tower soc.cons. a r.l.	2012									
	2011						24			
Total Associated Companies	**2012**	**13.352**	**20.416**	**178**		**13.226**	**15.880**	**6.114**		**191**
	2011	**14.032**	**26.064**	**1.745**		**18.026**	**23.886**	**6.057**		

JOINT-VENTURES

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receivables	Financial liabilities	Provisions for risks and charges
Cardarelli Soc. Cons. a r. l.	2012		871				632			
	2011		528				535			
Consorzio Leader Soc.Cons.a r.l.	2012					13	6			
	2011	3				13	6			
DUC Gestione Sede Unica Soc.Cons.a r.l.	2012	5.342	3.072			6.192	1.139			
	2011	4.360	2.257			4.586	1.559			
Legnago 2001 Soc.Cons.a r.l.	2012		(28)			349	217			
	2011	243	723			579	465			
Malaspina Energy Soc. Cons. a r.l.	2012		22	5		1.247	121	168		
	2011	1.265		5		1.247	82	164		
SCAM Soc.Cons. a r.l.	2012					7				
	2011					6				
Serena s.r.l.	2012					49				
	2011	41	11			49	14			
Servizi sportivi Brindisi soc.cons. r.l.	2012									
	2011		390			108	354			
Total Joint-ventures	**2012**	**5.342**	**3.937**	**5**		**7.858**	**2.115**	**168**		
	2011	**5.912**	**3.909**	**5**		**6.587**	**3.016**	**164**		

SUBSIDIARIES OF MANUTENCOOP SOC. COOP.

	Year	Revenues	Costs	Financial Income	Financial Expenses	Trade receivableand others	Trade payables and others	Financial receivables	Financial liabilities	Provisions for risks and charges
Cerpac S.r.l. in liquidazione	2012					1				
	2011					1				
Manutencoop Immobiliare S.p.A.	2012	37	653			20				
	2011	13	630			11	246			
Manutencoop Servizi Ambientali S.p.A.	2012	45				36				
	2011	36	9			34	14			
Nugareto Società Agricola Vinicola S.r.l.	2012	3				4				
	2011									
SIES s.r.l.	2012	2				63				
	2011	9				63				
Total subsidiaries of Manutencoop Soc. Coop.	**2012**	**87**	**653**			**123**				
	2011	**58**	**639**			**110**	**260**			
Consorzio Karabak Due soc.coop	2012	3				1				
	2011	1				1				
Consorzio Karabak Tre soc.coop	2012	1				1				
	2011									
Sacoa s.r.l.	2012	85				136	18			
	2011	71	67			72	120			
Total associates of Manutencoop Soc. Coop.	**2012**	**90**				**138**	**18**			
	2011	**72**	**68**			**74**	**120**			
TOTAL RELATED PARTIES	**2012**	**166.079**	**111.604**	**2.676**	**1.506**	**127.504**	**71.805**	**97.003**	**57.912**	**191**
	2011	**156.521**	**108.157**	**5.276**	**742**	**107.489**	**76.146**	**57.150**	**55.356**	

Terms and conditions of transactions between related parties

The transactions indicated were performed under normal market conditions, i.e. in line with conditions that would be applied between knowledgeable independent parties. Market prices are applied to both commercial and financial transactions; non-interest bearing loans were only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans, if long-term, were discounted in the Company's financial statements. The Company not only provides technical-production services relating to the company's core business, but also administrative, IT and other general services for certain related companies. No guarantees were given or received in relation to receivables and payables with related parties.

The main contracts in place with other Group companies are as follows:

› Manutencoop Facility Management S.p.A. (MFM) and Manutencoop Private Sector Solution S.p.A. (MPSS) entered into an agreement for the coordination and management of facility management services relating to the maintenance of properties and systems and other services at the headquarters of Telecom Italia S.p.A.. For the provision of the aforementioned services, MPSS Facility S.p.A. will pay MFM S.p.A. an annual amount which is determined on the basis of rental fees and volumes, and of unit prices relating to each type of service.

- In 2010, Manutencoop Facility Management S.p.A. and Manutencoop Private Sector Solution S.p.A. entered into an agreement on the basis of which MFM S.p.A. is committed to providing various services to MPSS S.p.A.. The agreement, which expired on 31 December 2012, provided that a yearly amount of € 398 thousand had to be paid for administrative services, € 150 thousand for human resource management, € 55 thousand for financial and treasury services, € 130 thousand for security and € 10 thousand for legal and corporate services, in addition to a yearly amount for general services and call centre services for a total of € 144 thousand. In 2012, additional services were provided to MPSS S.p.A., consisting of IT services for a total of € 890 thousand, in accordance with an addendum signed by the parties in 2012 for additional services rendered.

- In 2010 Manutencoop Facility Management S.p.A. and Servizi Ospedalieri S.p.A. (SO) entered into an agreement to provide IT services to SO S.p.A. It expires on 31 December 2014, and in 2012 € 1,289 thousand was paid, including € 480 thousand for ICT Governance. In 2012, MFM S.p.A. also provided the subsidiary with financial and treasury services (€ 55 thousand yearly) and service and tax services (€ 35 thousand total).

- Manutencoop Società Cooperativa sub-leased to Manutencoop Facility Management S.p.A. the portion of the property located in Zola Predosa, via Poli 4 (BO), covering an area of 5,147 square metres, for office use. The contract duration is from 1 January 2010 to 31 December 2015, and can be renewed automatically. Annual rent is expected to be € 1,685 thousand.

- In July 2007, Manutencoop Facility Management S.p.A signed a framework agreement with its Parent Company, Manutencoop Società Cooperativa, in order to regulate the essential contents of subsequent personnel leasing from Manutencoop Società Cooperativa to the Company, pursuant to Title III, Chapter I of Legislative Decree 276/2003. The duration of the agreement is fifteen years and is renewed by tacit consent. As a result of this agreement, which has the legal nature of a legislative contract that does not provide rights to third parties, the Company and the Parent Company Manutencoop Società Cooperativa - which exercises management and coordination activities - set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Società Cooperativa, and the operating rules for establishing and resolving said contracts.

- In 2008, Manutencoop Facility Management S.p.A. and Roma Multiservizi S.p.A. entered into an agreement on the basis of which MFM S.p.A. is committed to provide IT services to Roma Multiservizi S.p.A.. The agreement expires on 31 December 2014 and provides for a yearly payment of € 1,000 thousand. MFM also provides this associated company with Promotion and Business Development services for a yearly payment of € 464 thousand.

- Starting from 2004, the Company applied the tax consolidation of the Parent Company Manutencoop Società Cooperativa, pursuant to art. 117 et seq of the TUIR (Italian Consolidated Law on Income Tax). The agreement can be renewed every three years and so it was extended to 2010-2012. Relations between the consolidating company Manutencoop Società Cooperativa and the consolidated company, deriving from the transfer to the Parent Company of taxable amounts and tax losses, generated by the consolidated company, are regulated contractually.

As mentioned, the company is subject to the management and coordination activities of Manutencoop Società Cooperativa and, pursuant to art. 2497 bis(4) of the Civil Code, the key figures of the latest set of approved financial statements are provided below:

(in thousands of Euro)	**31-Dec-11**	**31-Dec-10**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
A) Subscribed capital, unpaid	203	150
B) Fixed assets	295,018	300,420
C) Working capital	31,438	41,175
D) Accruals and Deferrals	2,705	2,969
TOTAL ASSETS	**329,364**	**344,714**
LIABILITIES AND SHAREHOLDERS EQUITY		
A) Shareholders' equity:		
Share capital	14,044	13,525
Reserves	253,164	252,393
Profit/(Loss) for the year	(24)	1,903
B) Provision for risks and charges	3,166	3,380
C) Employee Severance Indemnity	2,840	3,067
D) Payables	55,421	69,669
E) Accruals and Deferrals	753	777
TOTAL LIABILITIES AND SHERHOLDERS EQUITY	**329,364**	**344,714**
MEMORANDUM ACCOUNT	**78,823**	**83,855**
STATEMENT OF INCOME		
A) Value of production	39,342	39,103
B) Cost of production	(38,419)	(42,883)
C) Financial income and charges	(1,135)	4,207
D) Financial asset value adjustments	(26)	(337)
E) Extraordinary income and charges	105	1,251
Income taxes for the year	109	562
Profit/(Loss) for the year	**(24)**	**1,903**

Remuneration of members of the Supervisory Board, the Management Board and Executives with strategic responsibilities.

The table below shows the gross fees due, in any form whatsoever, to Executives with strategic responsibilities and members of the Supervisory Board and Management Board:

(in thousands of Euro)	2012	2011
BOARD OF DIRECTORS		
MANAGEMENT BOARD		
Short-term benefits	2,260	2,382
TOTAL MANAGEMENT BOARD	**2,260**	**2,382**
SUPERVISORY BOARD		
Short-term benefits	360	389
TOTAL SUPERVISORY BOARD	**360**	**389**
OTHER STRATEGIC EXECUTIVES		
Short-term benefits	3,110	2,758
Subsequent benefits	104	102
TOTAL OTHER STRATEGIC EXECUTIVES	**3,214**	**2,860**

The table below illustrates the total amounts paid in 2012 to Reconta Ernst & Young S.p.A.

ENTITY THAT PROVIDED THE SERVICE

(in thousands of Euro)	2012		2011	
	Auditing	**Other**	**Auditing**	**Other**
Reconta Ernst & Young S.p.A.	419	0	422	32

38. MANAGEMENT OF FINANCIAL RISKS: OBJECTIVES AND CRITERIA

Management of financial requirements and the relative risks (mainly interest rate and liquidity risk) is performed centrally at the Group's Treasury on the basis of guidelines approved by the Company's Management Board which are reviewed periodically. The main objective of these guidelines is to guarantee the presence of a liability structure that is balanced with the composition of assets in the financial statements, in order to maintain a high level of capital strength.

The most used financing instruments are:

› short-term loans and revolving securitisation transactions which make provision for the non-recourse factoring of receivables targeted at financing working capital;
› medium/long-term loans with a multi-year repayment plan to cover investments in fixed assets and acquisitions of companies and business units.

The Company also use trade payables deriving from operations as financial instruments.
The Company's policy is not to negotiate financial instruments; this policy was respected in 2012.

Classes of financial assets and liabilities

The following table shows the classes of financial assets and liabilities recorded, as required by IFRS 7, in the financial statements of Manutencoop Facility Management S.p.A. and the associated economic effects for the year closed as at 31 December 2012:

FINANCIAL ASSETS

(in thousands of Euro)	31/12/2012	AVAILABLE-FOR-SALE FINANCIAL ASSETS	NON-CURRENT LOANS AND RECEIVABLES
FINANCIAL ASSETS			
Other investments	2.521	2.521	
Long-term financial assets	9.610		9.610
Other receivables and non-current assets	1.071		1.071
Total non-current financial assets	**13.203**	**2.521**	**10.682**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	512.681		512.681
Current tax receivables	12.526		12.526
Other current receivables	11.224		11.224
Other current financial assets	95.905		95.905
Cash and cash equivalents	29.836		29.836
Total current financial assets	**662.172**	**-**	**662.172**
TOTAL FINANCIAL ASSETS	**675.375**	**2.521**	**672.854**
FINANCIAL INCOME (CHARGES)	**4.269**	**-**	**4.269**

FINANCIAL LIABILITIES

(in thousands of Euro)	**31/12/2012**	FINANCIAL LIABILITIES AT FAIR VALUE IN THE STATEMENT OF INCOME	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST
NON-CURRENT FINANCIAL LIABILITIES			
Long-term debt	92.822		92.822
Long-term financial assets and other securities	9.610	9.610	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**102.432**	**9.610**	**92.822**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	323.371		323.371
Short-term benefits	289.060		289.060
Other current financial liabilities	1.222		1.222
TOTAL CURRENT FINANCIAL LIABILITIES	**613.653**	**-**	**613.653**
TOTAL FINANCIAL LIABILITIES	**716.086**	**9.610**	**706.475**
FINANCIAL INCOME AND CHARGES	**(20.649)**	**(38)**	**(20.611)**

The same information for the year ended 31 December 2011 is shown below:

FINANCIAL ASSETS

(in thousands of Euro)	**31/12/2011**	AVAILABLE-FOR-SALE FINANCIAL ASSETS	LOANS AND RECEIVABLES
NON-CURRENT FINANCIAL ASSETS			
Other investments	2.046	2.046	
Long-term financial assets and other securities	11.104		11.104
Other receivables and non-current assets	1.129		1.129
TOTAL NON-CURRENT FINANCIAL ASSETS	**14.278**	**2.046**	**12.232**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	532.237		532.237
Current tax receivables	3.980		3.980
Other current receivables	8.526		8.526
Other current financial assets	54.213		54.213
Cash and cash equivalents	21.012		21.012
TOTAL CURRENT FINANCIAL ASSETS	**619.967**	**-**	**619.967**
TOTAL FINANCIAL ASSETS	**634.246**	**2.046**	**632.200**
FINANCIAL INCOME (CHARGES)	**2.250**	**-**	

FINANCIAL LIABILITIES

(in thousands of Euro)	31/12/2011	FINANCIAL LIABILITIES AT FAIR VALUE IN THE STATEMENT OF INCOME	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST
NON-CURRENT FINANCIAL LIABILITIES			
Long-term debts	125.156		125.156
Financial liabilities for non-current derivatives	1.429	1.429	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**125.156**	**1.429**	**125.156**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	342.964		342.964
Short-term benefits	223.793		223.793
Other current financial liabilities	1.429		1.429
TOTAL CURRENT FINANCIAL LIABILITIES	**568.185**	**-**	**568.185**
TOTAL FINANCIAL LIABILITIES	**693.341**	**1.429**	**693.341**
FINANCIAL INCOME AND CHARGES	**(22.018)**	**(38)**	**(21.980)**

Liquidity risk

The Company's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), financial leasing and medium/long-term loans.

The Company is characterised by a labour-intensive model which does not involve significant requirements of capital for investments. However, the company's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Company has also to finance working capital through bank indebtedness and/or the transfer of receivables.

In 2012, the continuing general economic crisis involved payment delays, even from some major private customers.

Price risk

The only risk of this kind to which the Company is exposed concerns changes in the price of oil products, in relation to heat management activities.

These changes are, in certain cases, accommodated by the conditions of contracts in place with customers, given that the price revision is provided for both contractually, and by art. 115 of Legislative Decree no. 163 of 12 April 2006.

Credit risk

The Company has contracts in progress with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimise delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management.

There are no significant credit concentration risks to report, which are carefully monitored by the Company.

Fair value

The Company's financial instruments recorded in the financial statements do not deviate from fair value, including those classified as disposal transactions, given that all are at a variable interest rate, short/medium-term and at market interest rates.

Interest rate risk

The Company’s current policy has a preference, for the management of financial charges, for variable rate loans and possession of quite a marginal share of fixed rate loans.

In order to hedge interest rate risk, in 2009, MFM S.p.A. stipulated the following “Interest rate Swaps”:

The notional value refers to the 8th half-yearly period of hedging.

	UNICREDIT CORPORATE BANKING	**BNP PARIBAS**	**BANCA AKROS**
From 23/12/2012 to 23/6/2013	16,000,000	18,000,000	8,000,000
Start date	23/06/2009	23/06/2009	23/06/2009
End date	23/12/2014	23/12/2014	23/12/2014
Variable rate	Euribor 6 months	Euribor 6 months	Euribor 6 months
Fixed rate	2.65%	2.65%	2.65%

Table of financial risks

The following table shows the sensitivity of Company pre-tax profit, as a result of reasonably likely changes in interest rates, given all other variables constant.

	Increase/decrease	**Effect on profit before taxes** *(in thousands of Euro)*
Financial year ended 31 December 2012	+150 bps	(6.227)
	-30 bps	1.150
Financial year ended 31 December 2011	+100 bps	(5.660)
	-30 bps	1.426

Capital management

The key objective of the Company's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximise value for shareholders. The Company manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Company can adjust the dividends paid to shareholders, repay principal or issue new shares. The Company checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt. The Company includes in net debt, interest-bearing loans, trade payables and other payables, tax payables, provisions for employee severance indemnity net of cash and cash equivalents. The goal was met for the year ended 31 December 2012 .

(in thousands of Euro)	**31.12.2012**	**31.12.2011**
Employee severance indemnity	15,710	15,301
Interest-bearing loans	381,882	348,949
Trade payables and other payables	442,606	462,028
Cash and cash equivalents	(29,836)	(21,012)
NET DEBT	**810,361**	**805,266**
Capital	109,149	109,149
Reserves and retained earnings	214,111	189,251
TOTAL CAPITAL	**323,260**	**298,400**
EQUITY AND NET DEBT	**1,133,621**	**1,103,666**
INDEBTEDNESS RATIO	**71.48%**	**72.96%**

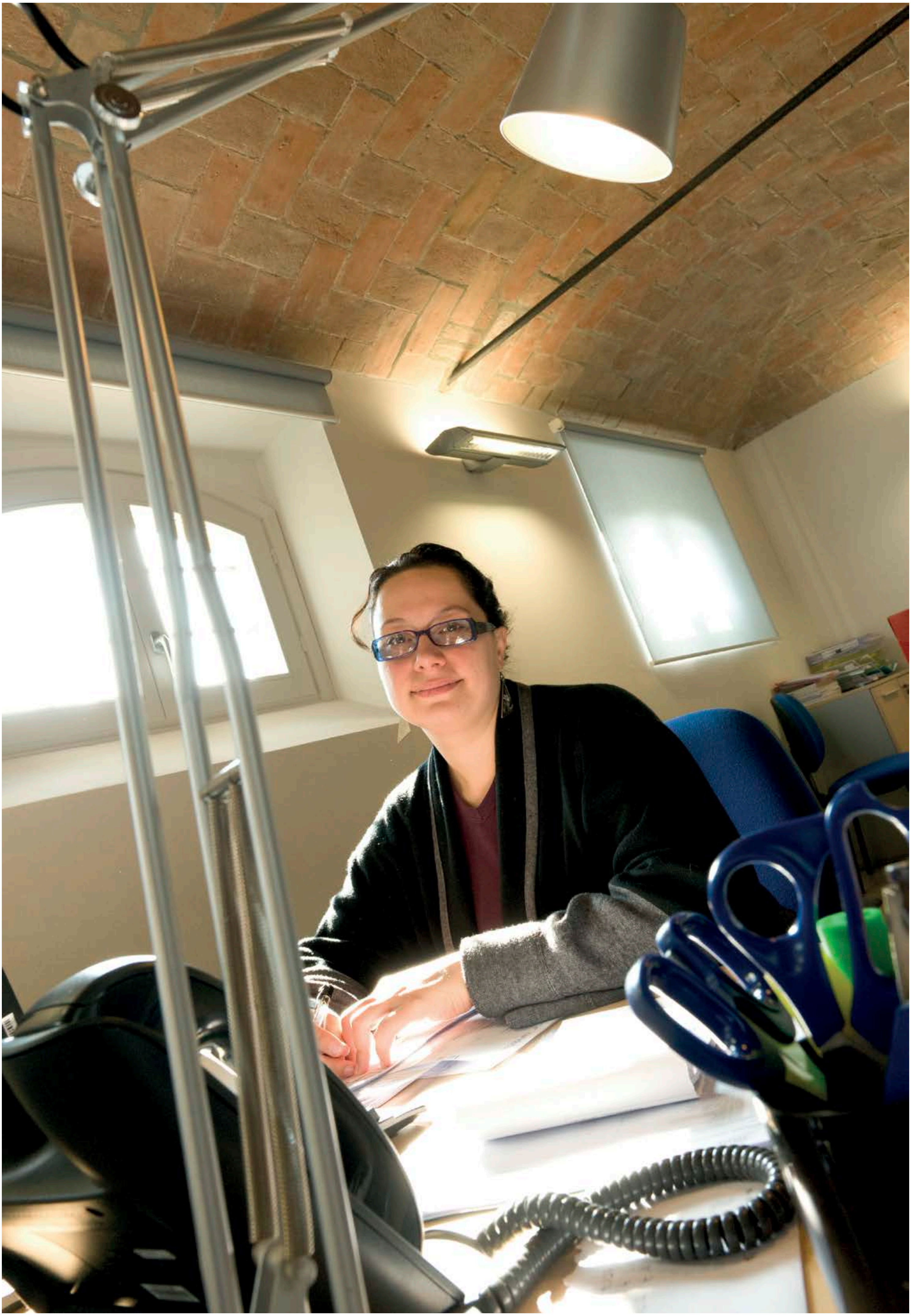
39. EVENTS AFTER THE REPORTING DATE

No significant events arose after the end of the financial year.

The Chairman of the Management Board

Claudio Levorato

INDEPENDENT ACCOUNTING AUDITORS' REPORT



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Independent auditors' report
pursuant to art. 14 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the financial statements of Manutencoop Facility Management S.p.A. as of 31 December 2012 and for the year then ended, comprising the statement of financial position, [the statement of income, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union is the responsibility of Manutencoop Facility Management S.p.A.'s Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by the Italian Stock Exchange Regulatory Agency (CONSOB). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Management Board. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 11 April 2012.

3. In our opinion, the financial statements of Manutencoop Facility Management S.p.A. as of 31 December 2012 and for the year then ended have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Manutencoop Facility Management S.p.A. for the year then ended.

4. The Management Board of Manutencoop Facility Management S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations is consistent with the financial statements of Manutencoop Facility Management S.p.A. as of 31 December 2012.

Bologna, 11 April 2013

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, partner

This report has been translated into the English language solely for the convenience of international readers.

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