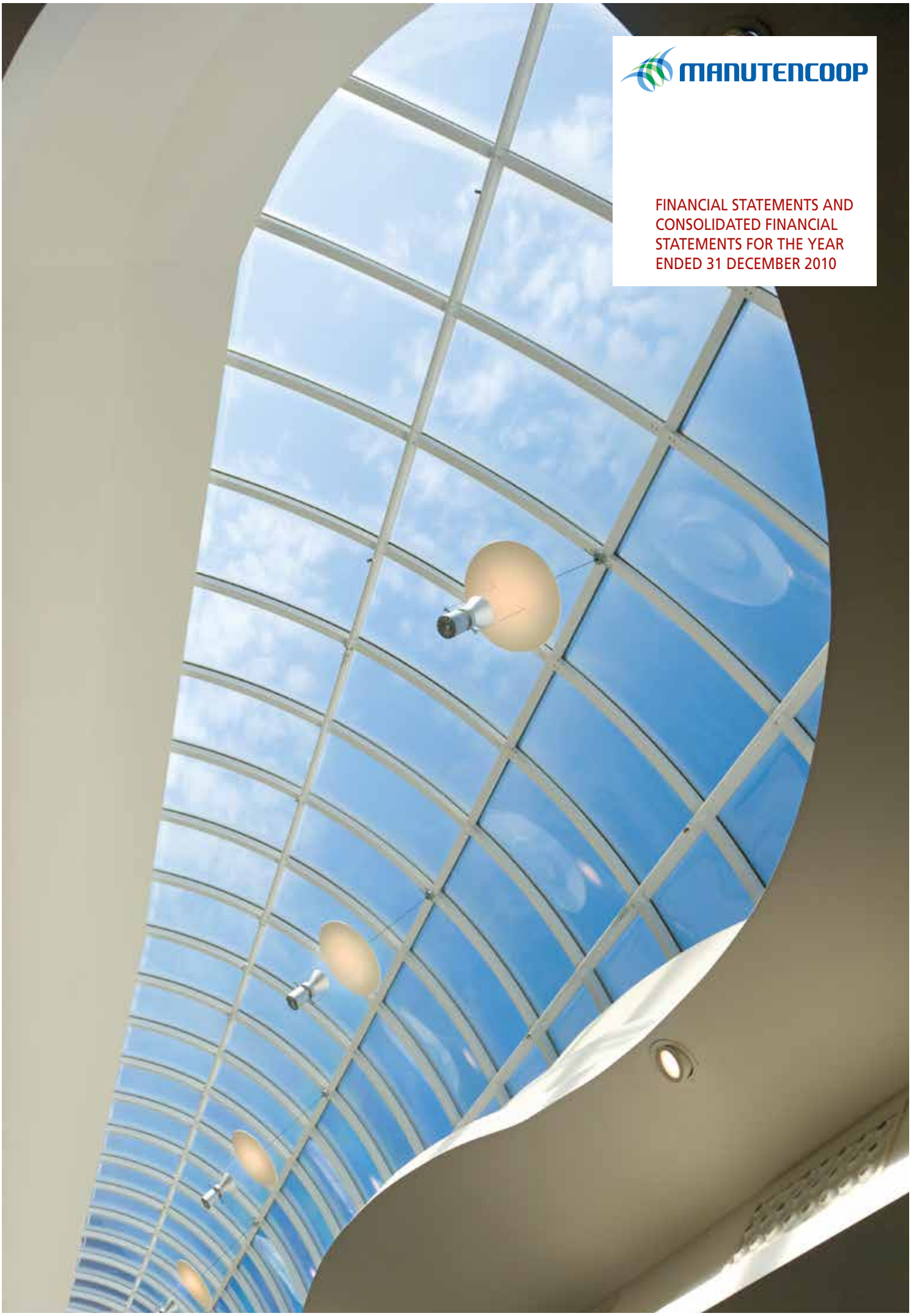
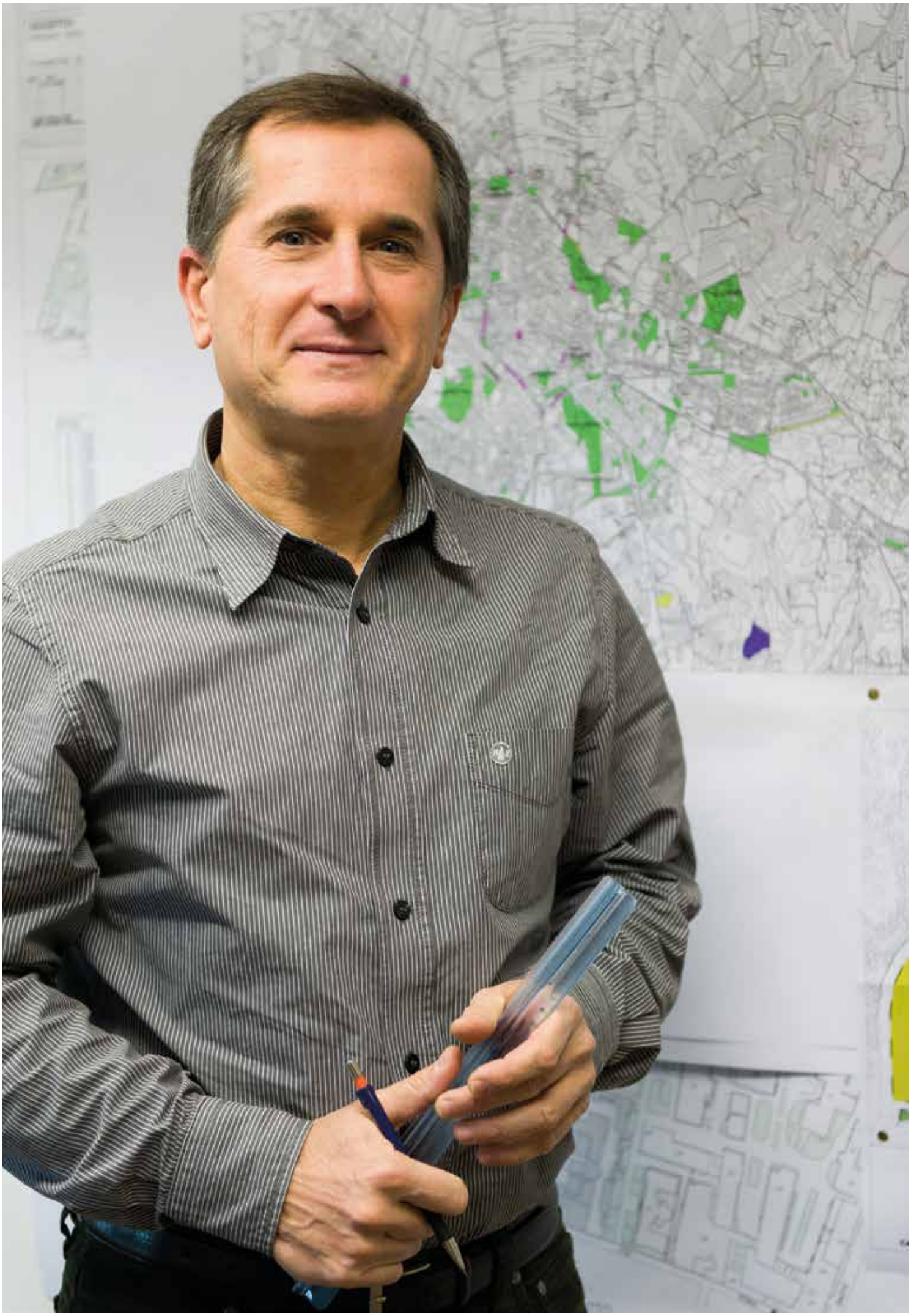


MANUTENCOOP

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

MANUTENCOOP

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010



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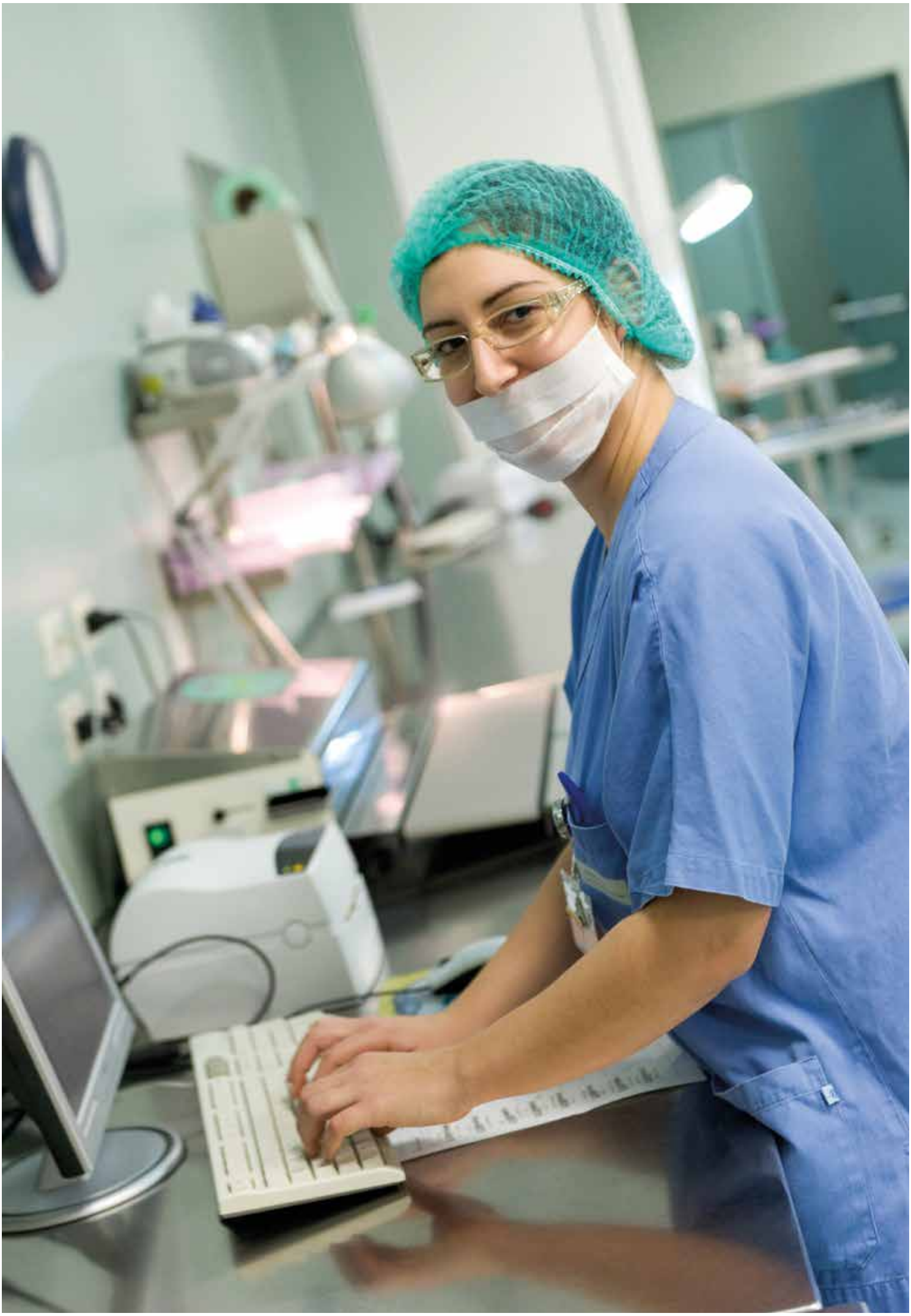


COMPANY OFFICERS OF MANUTENCOOP FACILITY MANAGEMENT S.p.A

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

MANAGEMENT BOARD
APPOINTED BY THE SUPERVISORY BOARD
23.12.2008

CHAIRMAN AND MANAGING DIRECTOR
Claudio Levorato

MANAGING DIRECTOR
Mauro Casagrande

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

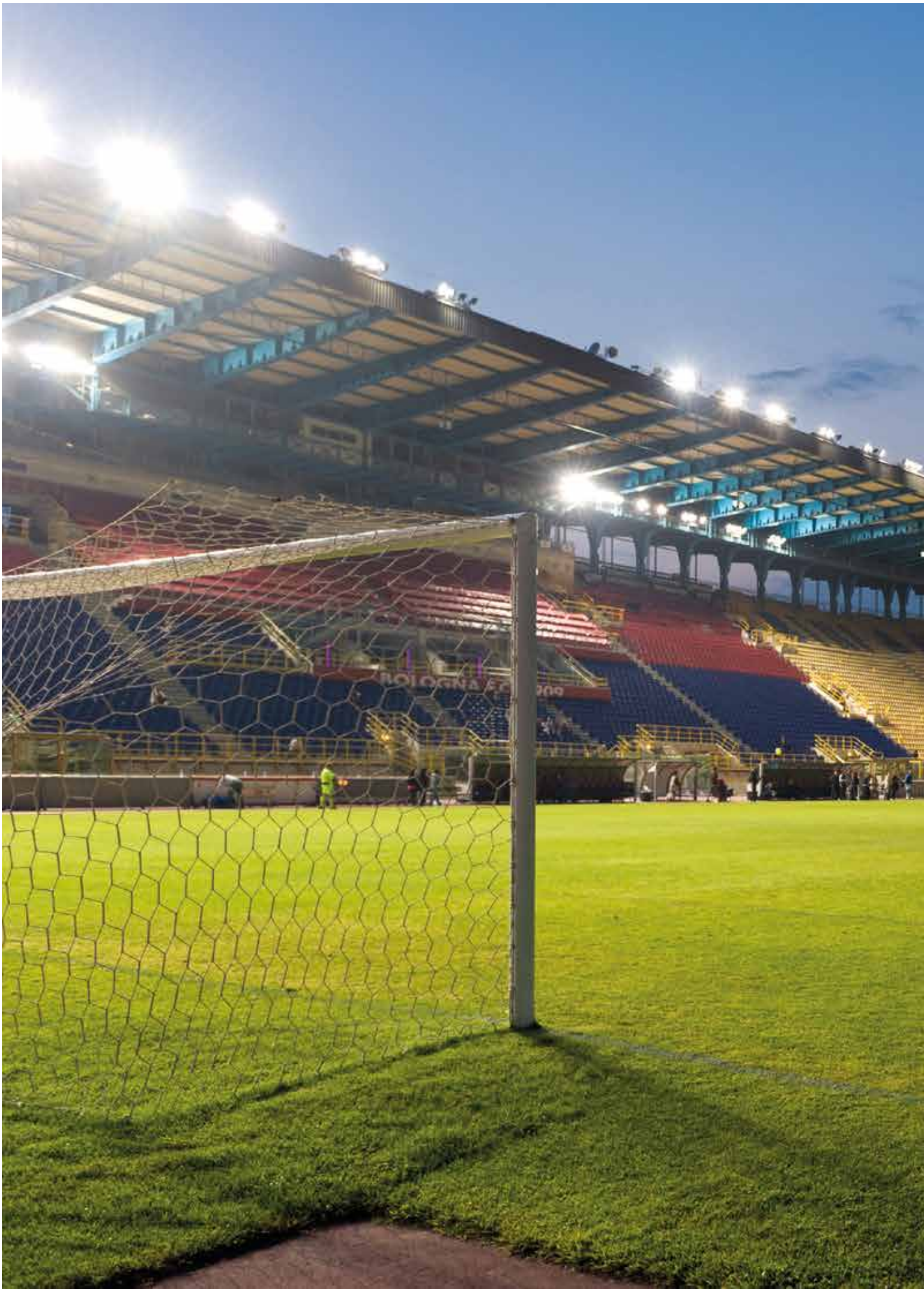
SUPERVISORY BOARD
APPOINTED BY THE SHAREHOLDERS' MEETING OF
23.12.2008

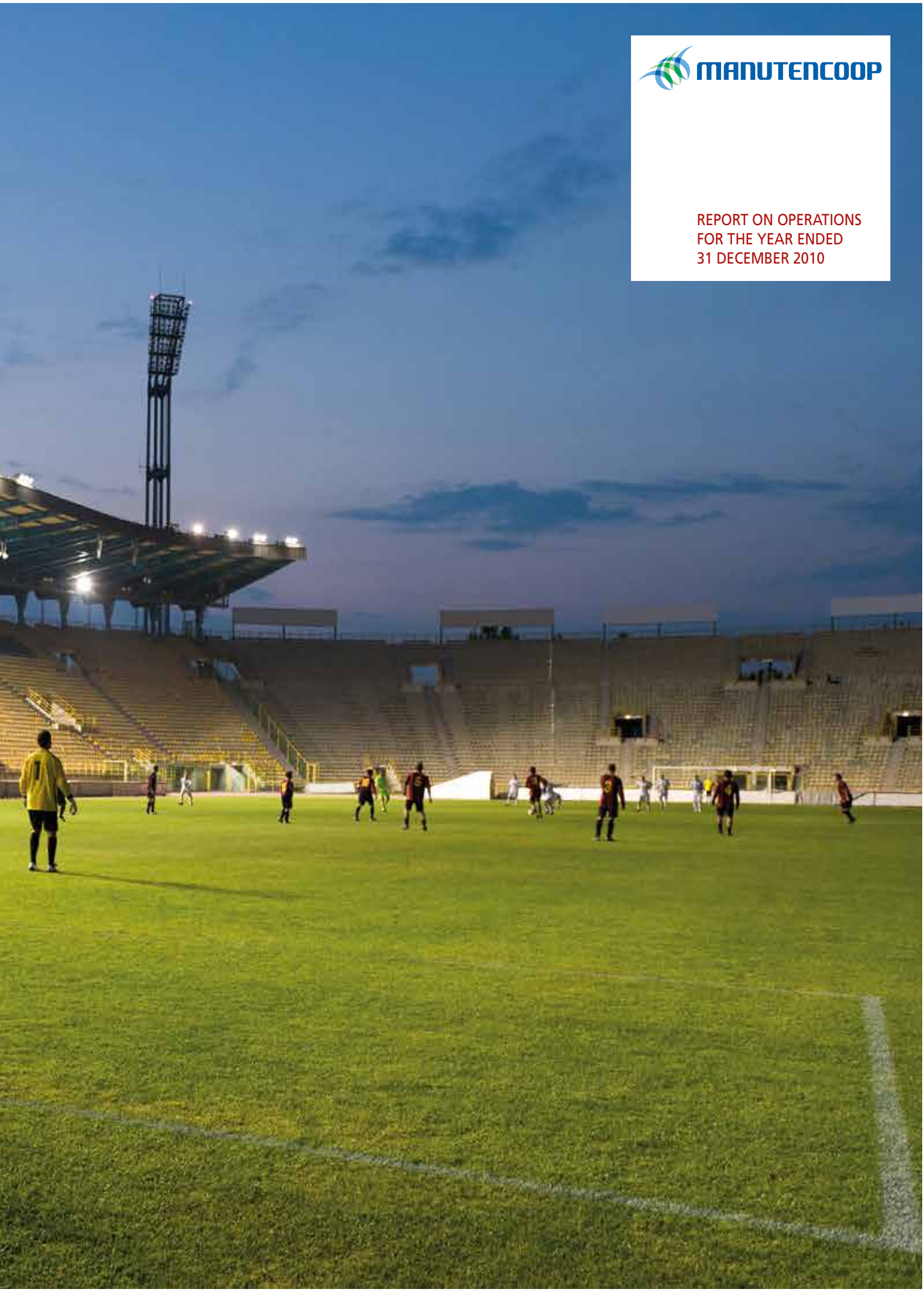
CHAIRMAN
Fabio Carpanelli

DEPUTY CHAIRMAN
Antonio Rizzi

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

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


BOLOGNA F.C. 1909



MANUTENCOOP

REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2010

INTRODUCTION

The economic and financial context in which the Manutencoop Facility Management Group (the MFM Group or the Group) operated in 2010 was characterised by the ongoing international economic-financial crisis. Although, on one hand, the economic situation did not decisively compromise expected development, on the other, however, the difficult phase being faced by various customers in the private sector and, particularly in the industrial sector, continues to affect the Group's business.

Despite signs of recovery, the effects of a decrease in the volumes of work (in the private sector) and further delays in payment times (in both public and private sectors) nevertheless affected the results throughout 2010.

The Manutencoop Facility Management Group confirmed its position as the leading Group in the market, consolidating its presence and further expanding its range of services in the Italian market.

1. MACROECONOMIC SCENARIO

In 2010, modest growth was recorded in Italy, in line with the expectations: Italian GDP rose by 1.2%. A figure markedly lower than the European average, standing at 2% and well below the figure recorded in Germany (+4%), in the United States (+2.6%) and in France and the UK too (+1.5%). Italy, with an average of +0.5%, is ranked last in terms of GDP growth of the 1999-2009 ten-year period, in the list of 34 OECD countries.

Growth stood at 1.5% in the fourth quarter, compared to the same period in 2009, and 0.1% on an economic basis (slowing with respect to the previous three quarters).

A look at the individual sectors in the fourth quarter of 2010 shows that Istat also recorded, on an annual basis, growth of 4.3% in the value added of industry in the strictest sense, an increase of 2.0% for agriculture and 1.4% for services, while the value added of construction fell by 1.6%.

2. SIGNIFICANT FACTORS THAT CHARACTERISED THE 2010 FINANCIAL YEAR

In 2010, the Group saw a continuation of the restructuring activities started in the previous year and the completion of various extraordinary operations in order to finish the rationalisation of the corporate and organisational structure, made necessary by a number of significant acquisitions made in previous years.

The year 2010 also saw the transfer of the business units and foreign equity investments connected to the provision of *facility management* services to the customer "FIAT". The transfer was made necessary following the customer's decision to internalise non-core services as part of a well-known restructuring process implemented by the FIAT Group in 2010, in fact the transfer was made to said FIAT Group.

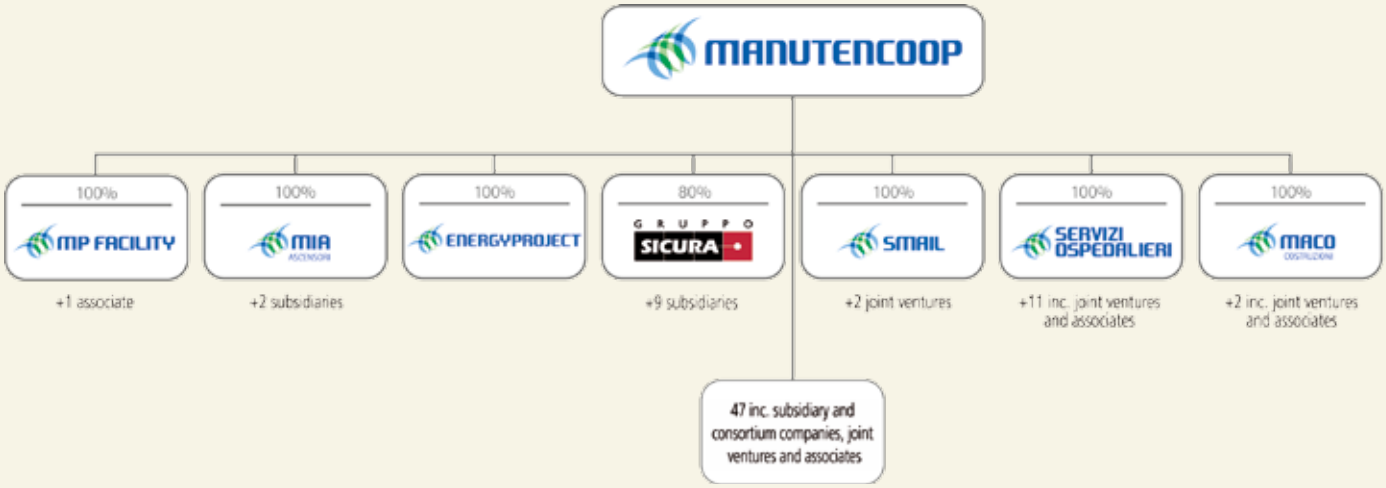
Lastly, the year also saw a continuation of the construction of a national network for the provision of elevating system installation and maintenance services through the acquisition of small local entities.

Project for the restructuring and rationalisation of the corporate structure

In 2010, Management continued the activities started in the second half of 2009, targeted at the full integration of the new acquisitions and optimisation of the new organisational structure.

The mergers by incorporation of the companies Integra FM B.V., Altair ifm S.p.A., Gestin S.p.A. and Teckal S.p.A. into the Parent Company MFM S.p.A. (MFM or the Parent Company) and the merger of MCB S.p.A. into MP Facility S.p.A. are affective as of 1 January 2010 for statutory, accounting and tax purposes.
The main objective of these extraordinary transactions is to allow the restructuring of *facility management* services within the MFM Group through the creation of a sole operating holding company which focuses the productive resources of *traditional facility management* and resources relating to *business support services* for the majority of the Group companies, with the goal of achieving more efficient and effective management, an improvement in the services provided and streamlining of operating processes, at the same time facilitating the business approach to the market.

The MFM Group's corporate structure as at 31 December 2010 was as follows:



The main extraordinary transactions within the Group which characterised 2010 are as follows:

Acquisitions and corporate transfers

On 26 January 2010 the Parent Company sold its 50% stake in Bresso Energia S.r.l. for € 98 thousand.

On 3 March 2010 MFM acquired from Hoch.rein GmbH the remaining 45% stake in the share capital of Envolta S.r.l. (subsequently renamed to EnergyProject S.p.A.), therefore becoming the Sole Shareholder. The acquisition of the stake in the company, operating in the construction and marketing of photovoltaic plants, was made for a payment of a consideration of € 45 thousand, equal to the nominal value of the capital involved in the sale.

On 18 June 2010, the MFM stipulated, with Società Aster S.p.A., the purchase of 24% of the share capital of Progetto Nuovo Sant'Anna S.r.l., already 49.5% owned, at a price of € 1,042 thousand, the acquisition of 25.5% of the share capital of S.AN.GE S.c.a.r.l., already 63.5% owned and the purchase of a 14% stake in S.AN.CO S.c.a.r.l., previously 37.5% owned, therefore acquiring control of the Company.

Subsequently, on 30 June 2010, said MFM sold 49.5% of the shares of Progetto Nuovo Sant'Anna S.r.l. to Fondaco Società di Gestione del Risparmio S.p.A., on behalf of the mutual investment fund PPP Italia, for a consideration of € 2,254 thousand, generating a capital gain of € 883 thousand.

On 27 September 2010, the Parent Company MFM sold to Teorema Holding S.r.l. the entire stake held in Delivery S.r.l., equal to 60% of share capital, by exercising the sale option held. The agreed sale price was € 550 thousand and the transaction involved the recognition of a capital gain of € 29 thousand.

On 23 December 2010, MFM purchased from Banca Monte dei Paschi di Siena S.p.A. (MPS), the 20.1% stake in the share capital of Perimetro Gestione Proprietà Immobiliari S.c.p.a., at a price of € 1,111 thousand, paid entirely in January 2011.
The transaction will lead to the provision of maintenance services for the MPS Group's property assets, through the participation in said Consortium, and the provision of strategic facility management consultancy services.

Intercompany transfer of "Project & Energy" Business Unit

On 1 July 2010, the Parent Company MFM transferred its "Project & Energy" business unit to the company EnergyProject S.p.A. (formerly Envolta S.r.l.), relating to "Project Management", "Building Management Property" and "Energy Management" activities.
The corporate restructuring operation was carried out with a view to rationalising and maximising the opportunities for synergies and partnerships on the market.

FIAT Transaction

On 30 November 2010, as a result of the restructuring process, which involved the internalisation of "non-core" services (including *facility management*), implemented by the FIAT Group and in respect of contract agreements signed with said party, the Parent Company MFM sold the following business units, effective as of 1 December 2010:

- "Ramo Manutenzioni Industriali" (Industrial Maintenance Business Unit), to Fiat Group Automobiles S.p.A., relating to ordinary and extraordinary maintenance (facility management) of the Fiat Group's industrial buildings. The sale price was € 203 thousand, plus the price adjustment, relating to equity changes which occurred between the reference date (30/09/2010) and the transfer date (30/11/2010).

- "Ramo Manutenzioni Civili" (Civil Maintenance Business Unit) to Fiat Partecipazioni S.p.A., relating to ordinary and extraordinary maintenance of the Fiat Group's civil buildings and also including 100% of the stake in French company Altair IFM France.
  The sale price was € 641 thousand, plus the price adjustment, relating to equity changes which occurred between the reference date (30/09/2010) and the transfer date (30/11/2010).

As part of the transaction, contractual relationships relating to the "Manutenzioni Industriali" (Industrial Maintenance) and "Manutenzioni Civili" (Civil Maintenance) business units and the contracts for employees employed in said business units were transferred, involving 57 and 63 employees respectively.

On 13 December 2010, MFM stipulated the sale of 100% of the equity investment in Polish company Gestin Polska Sp.z.o.o. to Fiat Auto Poland S.A., effective as of 1 January 2011. The parties established the sale price at the value of the shareholders' equity of the company at the effective date.
A total of 41 staff members were employed at the company transferred as at 31 December 2010.

Specialist facility management services: construction of a network for the provision of elevating system installation and maintenance services.

In 2010, the Group acquired 3 companies operating in the *installation and maintenance of elevating systems, followed by the acquisition of 2 companies in January 2011*.

These acquisitions, in addition to those made in 2009, were targeted at creating, through sub-holding MIA (established ad hoc in 2008), a network of branches operating nationwide, to cover the services mentioned above.

The acquisitions in question are incorporated in a diversification strategy, which combines *traditional facility management* services (hygiene, green areas, technical maintenance services), historically performed by the Parent Company MFM S.p.A. and the other Group companies, with some other "specialist" *facility management* services, a strategy implemented in December 2008 with the acquisition of the Sicura Group, active in the market for services, products and fire prevention systems and for safety.

The start of the direct performance of "specialist services" involves not only an expansion in the range of *facility management* services, but also a broadening of the types of customers the Group can target with respect to those traditionally served (Public Authorities, Health Authorities and large industrial and private banking groups).

Acquisition of 100% of the share capital of Carf Ascensori S.r.l.

On 15 July 2010, the subsidiary MIA S.p.A. acquired, for a total price of € 780 thousand, the entire share capital of Carf Ascensori S.r.l., operating in the elevating system maintenance in the Rome area.

Acquisition of 100% of the share capital of GI.MA Ascensori S.r.l. and Fabbri Ascensori S.r.l.

On 8 August 2010, MIA S.p.A. acquired 100% of the share capital of the Companies GI.MA Ascensori in Catania and Fabbri Ascensori S.r.l. in Varese,, for a total price of € 523 thousand and € 2,750 thousand respectively.

The acquisitions of these companies, engaged in the maintenance and repair of elevating systems are geared towards entering new markets in Sicily and strengthening the market position in Lombardy respectively, by taking advantage of opportunities for synergies with other Group entities and insourcing services for elevating systems managed by the MFM Group.

More details regarding the aforementioned acquisitions are shown in note 3 of the explanatory notes to the consolidated financial statements, to which reference should be made.

Manutenzione Installazione Ascensori S.p.A. mergers

On 1 July 2010, as part of the Group corporate structure rationalisation project, the merger by incorporation of Coplift S.r.l. and M.P.E. S.r.l. into Manutenzione Installazione Ascensori S.p.A. (MIA) took place, effective from 1 January 2010 for accounting and tax purposes. Both companies incorporated and acquired at the end of 2009, were fully controlled by the incorporating company.

On 21 December 2010 the merger by incorporation of GI.MA Ascensori S.r.l. and Carf Ascensori S.r.l. into MIA was signed, the latter the holder of all of share capital, effective from 1 January 2010 for accounting and tax purposes.

3. COMMERCIAL DEVELOPMENT

Commercial activity in 2010 recorded positive results, especially considering that the sector is highly competitive and contains competitors with long established market shares.

The acquisitions of new customers on the potential market contributed more than 200 new contracts to the Group, for a long-term value of € 317 million, of which 64% relating to the public market and 36% to the private market. The acquisitions in 2010 signalled a negative gap of € 82 million with respect to the previous year, due mainly to the postponement in the award of tenders, as confirmed by the positive performance in the first few months of 2011.

Also as regards the re-awarding of expired job orders, the long-term value in 2010 of € 154 million was lower than the value recorded in the previous year, given that many *Facility Management* SBU and *Laundering* SBU tenders were extended at the end of 2010 and were only re-awarded in the first few months of 2011 (with positive results for the MFM Group, amounting to more than € 125 million between January and February).

With reference to the job orders in place in 2010, the loss of a sizeable part of the Fiat portfolio should be pointed out. This was dictated by the customer's wish to insource a significant portion of the services provided by the MFM Group; this determined a retrocession of the business unit previously acquired by the Pirelli FM Group, and meant it was impossible to achieve the expected commercial development with respect to this customer.

An assessment of the acquisitions of job orders in terms of SBU ("Strategic Business Unit"), shows that *Facility Management* acquired job orders totalling € 306 million (of which around € 16 million relating to network customers), *Laundering & Sterilisation* (coinciding with the company Servizi Ospedalieri) for € 111 million and other secondary activities amounting to € 54 million.

The average duration of job orders for the private market was slightly lower than in the previous year (1.8 years compared to 2.3 years in 2009), and although not registering an increase, the contract durations in the public and health sectors were confirmed at 3.1 years and 5.1 years respectively.

Further details are provided below on the most significant new orders in terms of the long-term value, awarded in the various business sectors throughout the year.

The main job orders acquired in 2010 in the public customer market are as follows:

Facility Management SBU

- Award of the cleaning service at the facilities of the Provincial Health Care Facility of Trento, for an average annual value of € 7.7 million €€€ a duration of 6 years;
- Acquisition of the cleaning service at the health facilities at the Local Health Authority (ASL) of Asti, for an average annual value of € 6.4 million and a duration of 4 years;
- Acquisition of a service contract for the Bari Polyclinic for an average annual value of roughly € 3.4 million and a duration of 9 years;
- Acquisition of the technological global service contract on behalf of the Local Health Authority (ASL) of Taranto for a value of around € 5.3 million per year for 5 years.

Laundering & Sterilisation SBU

- Re-awarding of industrial laundering services for the Local Health Authority (ASL) of Teramo, for an average annual value of around € 3 million for a period of 6 years;
- Re-awarding of the service contract for the sterilisation of surgical instruments for ESTAV Sud est Siena for a period of 6 years, for a total payment of around € 2.7 million;

- Re-awarding of industrial laundering and linen sterilisation service contract for the Local Health Authority (ASL) of Ferrara, for an average annual value of around € 2.4 million for a period of 6 years;
- Re-awarding of industrial laundering and linen and surgical instrument sterilisation service contract for the Bambin Gesù Children's Hospital, for an average annual value of around € 2 million for a period of 6 years.

The main job orders acquired in 2010 in the private customer market are as follows:

Facility Management SBU

- Acquisition of the global service contract for *Wind Telecomunicazioni* for around € 4.5 million/per year for 3 years;
- Acquisition of the Cleaning contract for NTV's high-speed trains for € 12.1 million over 36 months;
- Re-awarding of the global service contract with IULM for an annual value of € 1 million for 5 years;
- Acquisition of the technological system maintenance contract for *Siemens S.p.A.* for € 350 thousand/year for 3 years.
- Acquisition of the property and plant maintenance service of the New Fairground of Rho on behalf of Fiera Milano S.p.A., for an average annual value of € 3.5 million for 4 years.

Other SBU

- Acquisition of a contract for the construction of a photovoltaic plant for the Company Enki Impianti Fotovoltaici, for a consideration of around € 6.6 million and a duration of one year;
- Acquisition of a contract with Consorzio Copalc, by Manutencoop Costruzioni S.p.A. (MACO S.p.A. or MACO), for the construction of residential buildings in the Municipality of Castenaso (BO), for roughly € 6.9 million and a duration of 3 years.

Commercial activities developed in the first few months of 2011.

In the first few months of 2011, a number of important contracts were awarded to the *Facility Management* strategic business unit, relating to tenders in which the Group participated in 2010, including the energy service for the Local Health Authority 21 and 22 of Veneto (€ 56.5 million over 9 years) and the Energy Service on behalf of Local Health Unit (USL) no. 8 of Arezzo (€ 25.5 million over 7 years).

It should also be noted that, in the public sector market, 4 lots of the Consip Energia agreement were awarded, for a potential amount of € 52.5 million over 7 years.

In the private market, the following were signed: the integrated facility management service contract with *Coca Cola Italia* for around € 1 million over 3 years; the hygiene services contract with pharmaceutical multinational *Novartis Group Italia.*

4. ANALYSIS OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION IN 2010

4.1 Consolidated economic results

The main profit data relating to the year ended 31 December 2010 are shown below, as well as a comparison with the data from the previous year.

(in thousands of Euro)	Year ended 31 December			
	2010	**2009**	**Change Euro/000**	**Change %**
Revenues	1,139,091	1,150,977	(11,886)	-1.0%
Costs of production	(1,024,582)	(1,037,801)	13,219	-1.3%
EBITDA (2)	**114,509**	**113,176**	**1,333**	**+1.2%**
EBITDA %	**10.1%**	**9.8%**	**-11.2%**	**+0.2%**
Amortisation/depreciation, write-downs and write-backs of assets	(40,942)	(43,308)	2,366	-5.5%
Allocations to provisions for risks, transfer of provisions	(26,353)	(11,680)	(14,673)	+125.6%
EBIT	**47,214**	**58,188**	**(10,974)**	**-18.9%**
EBIT %	**4.1%**	**5.1%**	**92.3%**	**-0.9%**
Revaluation/(write-downs) of associates valued using the equity method	1,194	418	776	+185.6%
Net financial charges	(14,038)	(15,368)	1,330	-8.7%
Pre-tax profit/loss	**34,370**	**43,238**	**(8,868)**	**-20.5%**
Pre-tax profit/loss%	**3.0%**	**3.8%**	**74.6%**	**-0.7%**
Income taxes	(26,293)	(27,892)	1,599	-5.7%
Income from continuing operations	**8,077**	**15,346**	**(7,269)**	**-47.4%**
Income from discontinued operations	(200)	(6)	(194)	+3233.3%
NET PROFIT	**7,877**	**15,340**	**(7,463)**	**-48.7%**
NET PROFIT %	**0.7%**	**1.3%**	**62.8%**	**-0.6%**
Minority interests	(134)	(221)	87	-39.4%
GROUP NET PROFIT	**7,743**	**15,119**	**(7,376)**	**-48.8%**
GROUP NET PROFIT %	**0.7%**	**1.3%**	**62.1%**	**-0.6%**

(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.

Revenues

MFM Group revenues for the year stood at € 1,139.1 million, marking a reduction of € 11.9 million (-1.0%) over the previous year. However, bear in mind that, as a result of the application of IFRS 5, which requires the classification of assets held for sale or assets held for disposal in a specific balance sheet reserve, revenues (and costs) relating to the 2 job orders which constitute the "Heat Management Business Unit" (technical-maintenance services relating to the Messina and Catania hospitals in Sicily) for the second half of 2010 and those relating to the foreign subsidiaries of the FIAT business unit in the last quarter of 2010, were reclassified under *income from assets held for disposal*, totalling € 10.7 million. In the absence of said reclassification, which prevents a direct comparison of the 2010 figures with those of the previous year, 2010 revenues would total € 1,149.8 million, essentially in line with those of 2009 (down € 1.2 million, equal to 0.1%).
The result in terms of revenues is slightly below the expectations, on one hand reflecting reduced spending on services by customers (also in the private sector), which, as mentioned, is still feeling the effects of

the economic crisis, and, on the other, a delay in the development of certain specialist services, such as Project&Energy and Public Lighting.
The staying power of revenues with respect to the previous years, nonetheless, is a significant result in consideration of the difficult situation in the market.

Analysis of revenues by business sector

A comparison of Group Revenues by business sector in 2010 and 2009 is provided in the table below.
The business sectors were identified on the basis of IFRS 8 (international accounting standard) and correspond to the main business areas: "*Facility Management*", "*Laundering-Sterilisation*" and *Complementary Activities* (so-called "*Other*").
The Group deemed it appropriate to re-state the data relating to the 2009 segment reporting, to make the assignment to SBUs consistent with 2010 given that certain activities (in particular, the construction job order relating to the Sant'Anna Hospital in Como and the activities connected with some cogeneration plants) were reclassified from the Other SBU to the Facility Management SBU in 2010.

SECTOR REVENUES

(in thousands of Euro)	2010	% of total revenues	2009 re-stated	% of total revenues
Facility Management	963,581	84.6%	988,898	85.9%
Laundering & Sterilisation	121,511	10.7%	116,888	10.2%
Other	57,436	5.0%	48,224	4.2%
Cancellations	-3,438	-0.3%	-3,033	-0.3%
TOTAL	**1,139,091**	**100%**	**1,150,977**	**100%**

Revenues in the *Facility Management* sector amounted to € 963.6 million in 2010, marking a decrease of € 25.3 million compared to 2009. However, as regards an analysis from an operational standpoint, it should be pointed out that € 10.7 million relates to job orders in the so-called "Heat Management business unit" and to foreign subsidiaries connected to the FIAT business unit, reclassified under income from assets held for disposal. In the absence of said reclassification, sector revenues for 2010 would come to € 974.3 million, marking a decrease of € 14.6 million (down 1.5%).
The reduction is primarily attributable to two factors:

> On one hand, the completion of the construction order relating to the S.Anna Hospital in Como which, having reached the end of the construction phase in March 2010, contributed revenues of € 4.1 million to the Facility Management SBU in 2010, while it contributed € 31.3 million in 2009;
> On the other, the gradual completion of activities relating to the Fiat Italia sector (a result of the insourcing decision made by the FIAT Group) which contributed revenues of € 72.2 million to the Facility Management SBU in 2009, and € 62.4 million in 2010.

In 2010, the *laundering-sterilisation* sector, composed of the companies Servizi Ospedalieri (which incorporated Omasa in 2009) and AMG, generated revenues of € 121.5 million, up € 4.6 million compared to 2009. The increase of 4% is due entirely to the natural growth of the SBU.
The *other activities* are comprised of construction activities and *project & energy management* activities. They represent minor activities for the Group: in particular, we are talking about support activities for other sectors (especially the *facility management* sector), which require business management methods that differ greatly from those in the other SBUs.
During 2010, the sector in question recorded total revenues of € 57.4 million, an increase of € 9.2 million, compared to € 48.2 million in 2009, due, in particular, to the start of activities linked to the installation of photovoltaic plants.

EBITDA and EBIT

EBITDA

The Group's gross operating margin (or EBITDA) for 2010 stood at € 114.5 million, up € 1.3 million (up 1.2%) compared to € 113.2 million in the previous year. The fall in volumes was more than offset by an increase in the associated margins, up from 9.8% to 10.1%. In terms of EBITDA, the application of IFRS 5 to the so-called "Heat Management Business Unit" and FIAT abroad, which is referred to above, involved the reclassification of EBITDA of € 0.8 million under *income from assets held for disposal*. In the absence of said reclassification, EBITDA would come to € 115.3 million, equal to 10.0% of revenues.

Analysis of EBITDA by operating sector

For a better understanding of the trend in EBITDA in 2010, the table below shows a comparison of EBITDA by operating sector in 2010 with the values recorded in 2009, re-stated to make them comparable, as already specified for Sector revenues:

SECTOR EBITDA

(in thousands of Euro)	2010	% sector revenues	2009	% of sector revenues
Facility Management	85,810	8.8%	82,686	8.4%
Laundering & Sterilisation	30,181	24.8%	29,595	25.3%
Other	-1,481	-2.6%	895	1.9%
TOTAL	**114,509**	**10.0%**	**113,176**	**9.8%**

The net recovery, in terms of margins, with respect to the previous year, was obtained thanks to a strong performance from *facility management* (up € 3.1 million in absolute terms, with a recovery of 0.4% in relative margin terms) achieved, in particular, by so-called *traditional facility management* activities (composed of technical-maintenance and hygiene services), which is beginning to show the first results of the synergies deriving from the restructuring, only marginally offset by the difficulties encountered by certain specialist services such as *Public Lighting* and *Document Management*.

Laundering & Sterilisation sector also contributed to the increase in EBITDA in absolute terms (up € 0.6 million), even if it recorded a slight decrease in relative terms (down from 25.3% to 24.8%).

Other activities instead closed 2010 with a negative EBITDA of € 1.5 million, while they closed 2009 with a positive EBITDA of € 0.9 million.

In particular, *Project&Energy management* encountered significant difficulties due to both the legislative problems which dampened market development in the photovoltaic sector, and the postponement of project management job orders which permitted a lower absorption of structural costs.

EBIT

Operating income (or EBIT), which stood at € 47.2 million in 2010 (equal to 4.1% of revenues), registered a decrease of € 11.0 million (down -18.9%) compared to the previous year.

If we take into account the reclassification due to the application of IFRS 5, EBIT in 2010 would come to € 45.2 million (marking a deviation of € 13.0 million with respect to the previous year, as a result of the provisions and write-downs made necessary by the performance of job orders in the "Heat Management business unit", net of the positive effect of the reclassification of the positive EBIT of the foreign FIAT business units.

In this regard, it should be noted that the item amortisation/depreciation, write-downs and write-backs of assets fell by € 2.4 million over 2009 (the decrease falls to € 0.2 million if we do not take into account

the reclassification, in application of IFRS 5, of the amortisation and write-down of backlogs relating to the "Heat Management business unit" (amounting to € 2.2 million).
The change in the item amortisation/depreciation, write-downs and write-backs is linked mainly to the net effect of the following factors:

- reduction of € 4.6 million in the amortisation of intangible fixed assets in the year, relating to contractual relations with customers, consistent with the natural trend in the fulfilment of backlogs;
- increase in the value of the amortisation of other intangible fixed assets (€ 0.3 million);
- write-down of the item goodwill, relating to the subsidiary EnergyProject S.p.A. (€ 1.9 million);
- reduction in the depreciation of tangible fixed assets (€ 1.9 million);
- higher allocations to the bad debt provision (€ 1.9 million), rendered necessary as a result of the financial problems being faced primarily by private customers.

The item 'allocation to the provision for risks, provision transfer' recorded an increase of € 14.7 million compared to 2009, due mainly to the allocation of expenses connected to the ongoing company restructuring plan being implemented by the companies MP Facility S.p.A. and MFM S.p.A., totalling € 16.5 million (the 2009 restructuring plan involved allocations of € 7.0 million). In addition, during 2010, management saw fit to set aside other provisions for risks totalling € 9.1 million, relating to both the performance of assets held for disposal (final settlement of the transaction with FIAT and the associated expense-generating contractual relations, and specific risks connected with the "Heat Management business unit") and to risks on specific production job orders and the risks of unsuccessful outcomes of ongoing legal proceedings with customers, suppliers and employees.

An analysis of operating profits shows a decrease in the associated margins from 5.1% to 4.1%, which felt the effects, in particular, of said allocations and write-downs that, net of the effect of the allocation for company restructuring, which is reasonably expected to generate future benefits, reflects management's prudent approach to a market that is still paying for the effects of the crisis which, at times, manifest themselves in tensions with certain customers and suppliers who are experiencing difficulties.

Analysis of EBIT by business sector

SECTOR EBIT

(in thousands of Euro)	2010	% sector revenues	2009	% of sector revenues
Facility Management	39,032	4.1%	50,062	5.1%
Laundering & Sterilisation	13,310	11.0%	10,952	9.4%
Other	-5128	-8.9%	-2,826	-5.9%
TOTAL	**47,214**	**4.1%**	**58,188**	**5.1%**

As regards operating profits by sector, a significant result was achieved by the *laundering & sterilisation sector*, whose *EBIT* in 2010 came to € 13.3 million (11.0% of the associated revenues), marking an increase over 2009 in both absolute terms (up € 2.4 million) and in terms of the incidence on revenues (up 1.6%), recovering the slight decrease in EBITDA margins at EBIT level, thanks to the reduction in investments by management in 2009, one of the measures put in place to rationalise the production cycle, which made it possible to reduce amortisation/depreciation and subsequently recover operating margins.
The *facility management* sector realised an EBIT of € 39.0 million which, in absolute terms, is € 11.0 million below the figure recorded in 2009. However, it should be pointed out that, excluding the write-down of the

goodwill relating to the subsidiary EnergyProject (€ 1.9 million), and another € 1.8 million in amortisation/depreciation and allocations to provisions for risks, regarding the *Other* SBU, essentially all write-downs and allocations listed in the explanation of EBIT refer to the *Facility Management* SBU.
As regards the *Other* SBU, the change in EBITDA compared to 2009 (down € 2.3 million) was essentially unchanged at sector EBIT level (down € 2.4 million).

Pre-tax profit/loss

EBIT is augmented by net income from the revaluation of companies valued using the equity method, amounting to € 1.2 million, compared to € 0.4 million in the previous year, less net financial charges of € 14.0 million, thus generating a pre-tax result of € 34.4 million in 2010, marking a decrease of € 8.9 million (down -20.5%) compared to the previous year.
Net income from equity investments valued at equity increased over the previous year, as a result of the recognition of lower expenses from the valuation at equity, against the profits of the associate Roma Multiservizi S.p.A., which were almost unchanged (at 45.47%). Financial expenses fell from € 15.4 million in 2009 to € 14.0 million in 2010, due mainly to the trend in interest rates on the credit market.

Profit in the year

Taxes amounting to € 26.3 million are deducted from the pre-tax profit (loss) for 2010, with a tax rate of 76.5% applicable at consolidated level, thus resulting in a net profit for the year (deriving from continuing operations) of € 8.1 million. The result is down € 7.3 million (down -47.4%) compared to the result in 2009.
The 2010 tax rate increased by 12.0% compared to 64.5% in the previous year. A detailed analysis of the composition of the tax rate shows that the increase is primarily attributable to the higher incidence of IRAP (regional business tax) tax on the pre-tax profit. In fact, IRAP, in affecting a tax base that rarely changes, whose main component is the cost of labour, which is highly significant for the Group, does not change in response to changes in pre-tax profits, making the tax rate highly sensitive to the performance of said pre-tax profit.
As at 31 December 2010, the effect of assets held for disposal, which recorded a negative value of € 0.2 million, was recorded separately, represented as follows (amounts in millions of Euro):

- Job orders in the "Heat Management business unit" being discontinued 2.0
- sale of 49.5% Progetto Nuovo Sant'Anna S.r.l. 1.1
- sale of Altair IFM France 0.1
- Gestin Polska Sp.Zo.o. - held for disposal 0.6

As a result of the recognition of net expenses deriving from discontinued activities, the consolidated income statement registered a total net profit of € 7.9 million, against total income in the previous year of € 15.3 million, therefore marking a reduction of € 7.5 million (down -48.7%).

4.2 Analysis of the financial position as at 31 December 2010 and 31 December 2009

Information on the performance of the main equity and financial indicators of the Group as at 31 December 2010 is shown below, compared with the figures for year ended 31 December 2009, re-stated to show the effects of the retrospective application of IFRIC 12 - Service Concession Arrangements.

(in thousands of Euro)	**31 December 2010**	**31 December 2009 re-stated**	**Variation**
LOANS			
Trade receivables	727,815	649,517	78,298
Inventories	10,052	7,139	2,913
Trade payables	(478,139)	(431,103)	(47,036)
Other elements of working capital	(142,895)	(129,556)	(13,339)
Net working capital	**116,833**	**95,997**	**20,836**
Tangible fixed assets	68,206	62,687	5,519
Intangible fixed assets	417,134	415,731	1,403
Stakes in Shareholders' Equity	14,635	12,635	2,000
Other non-current assets	38,905	31,022	7,883
Fixed capital	**538,880**	**522,075**	**16,805**
Long-term liabilities	(50,491)	(55,601)	5,110
Net invested capital	**605,222**	**562,471**	**42,751**
SOURCES			
Minority interests	528	667	(139)
Group shareholders' equity	269,602	261,265	8,337
Shareholders' equity	**270,130**	**261,932**	**8,198**
Net financial indebtedness	335,092	300,539	34,553
TOTAL SOURCES OF FINANCING	**605,222**	**562,471**	**42,751**

Net working capital

Consolidated net working capital totalled € 116.8 million as at 31 December 2010, up € 20.8 million compared to 31 December 2009.

Net commercial working capital, composed of trade receivables and inventories, net of trade payables, stood at € 259.7 million as at 31 December 2010, compared to € 225.6 million as at 31 December 2009. The increase of € 34.1 million mainly reflects the difficult general situation in the market which affects, as highlighted previously, customers' (now including private customers) ability to respect expiry dates.

An analysis of net working capital as a whole shows that the aforementioned variations were partially offset by the increase of € 13.3 million in other expense elements of net working capital, attributable primarily to the increase in provisions for current risks and charges, as a result of the allocation of restructuring expenses totalling more than € 16.6 million.

Net financial indebtedness

Details of net financial indebtedness as at 31 December 2010 are shown below, compared with the figures as at 31 December 2009.

(in thousands of Euro)	31 December 2010	31 December 2009	Variation
A. Cash	74	649	(575)
B. c/a, bank deposits and consortia - non-proprietary financial accounts	51,509	79,153	(27,644)
D. Liquidity (A) + (B) + (C)	**51,583**	**79,802**	**(28,219)**
E. Current financial receivables	8,205	1,960	6,245
F. Current bank payables	(265,641)	(93,904)	(171,737)
G. Current portion of non-current debt	(17,235)	(50,377)	33,142
H. Other current financial payables	(20,252)	(27,745)	7,493
I. Current financial indebtedness (F)+(G)+(H)	**(303,128)**	**(172,026)**	**(131,102)**
J. Current net financial indebtedness (I) – (E) – (D)	**(243,340)**	**(90,264)**	**(153,076)**
K. Non-current bank payables	(67,989)	(199,105)	131,116
L. Other non-current financial payables	(22,203)	(10,105)	(12,098)
M. Financial payables - derivatives	(1,560)	(1,065)	(495)
N. Non-current net financial indebtedness (K)	**(91,752)**	**(210,275)**	**118,523**
O. Net financial indebtedness (J) + (N)	**(335,092)**	**(300,539)**	**(34,553)**

Net financial indebtedness increased by € 34.6 million in 2010, up from € 300.5 million as at 31 December 2009, to € 335.1 million as at 31 December 2010.
However, it should be pointed out that, in application of IFRS 5, *the cash and cash equivalents* of the subsidiary Gestin Polka Spzoo (transferred to FIAT on 1 January 2011), totalling € 2.2 million, were reclassified under *assets held for disposal* and *other current financial payables* relating to the "Heat Management business unit", totalling € 3.0 million, were reclassified under *liabilities associated with assets held for disposal* respectively. In the absence of said reclassification, net financial indebtedness as at 31 December 2010 would amount to € 335.9 million.

The change during the year mainly reflects:

- a positive cash flow from current operations of € 53.0 million;
- absorption of cash due to the increase in net working capital of € 20.8 million;
- investments in tangible and intangible fixed assets and equity investments totalling € 38.6 million;
- use of the provision for risks and the employee severance indemnity provision of € 15.7 million;
- positive cash flow due to variation in loans receivable amounting to € 0.8 million;
- increase in potential financial liabilities due to the earn-out relating to the acquisition of the minority shareholding of the Sicura Group (20%), amounting to € 7.1 million.
- Use of cash for business combinations (€ 4.0 million);
- Reclassification of cash and cash equivalents under assets held for disposal (€ 2.2 million).

Investments

Investments in tangible and intangible fixed assets carried out by the MFM Group in 2010 totalled € 36.9 million, of which € 28.0 million in tangible assets, compared to € 25.5 million as at 31 December 2009, and € 8.9 million in intangible assets, compared to € 2.6 million in the previous year. Investments in tangible fixed assets carried out in 2010 refer mainly to the purchase of linen and other productive investments by Servizi Ospedalieri.

Disposals of tangible fixed assets in 2010 totalled € 1.0 million and relate mainly to the sales of linen and machines by Servizi Ospedalieri.
The increase in investments in intangible fixed assets compared to the previous year is due principally to the costs incurred by the Parent Company MFM relating to company information systems, as part of the ongoing process of restructuring and integration of the corporate groups acquired by the Group over the last few years.

4.3 Financial ratios

The main financial balance sheet ratios as at 31 December 2010 are shown below, calculated at consolidated level, compared with the ratios recorded as at 31 December 2009.

PROFITABILITY RATIOS

	2010	2009
ROE	3.0%	6.1%
ROI	3.4%	4.5%
ROS	4.1%	5.1%

The ROE (return on equity), which provides a summary measurement of the return on capital invested by shareholders, stood at 3.0% in 2010, compared to 6.1% in 2009. The ratio mainly reflects the reduction in net profit over the previous year, down from € 15.1 million to € 7.7 million, attributable to the reasons described previously.
The ROI (return on investments), which provides a summary measurement of the operating return on capital invested in the company, stood at 3.4% in 2010, compared with 4.5% in 2009. The decrease was due to the reduction in EBIT from € 58.2 million in 2009 to € 47.2 million in 2010, against an increase in capital invested, up from € 1,284.8 million in 2009 to € 1,374.4 million in 2010.
The ROS (return on sales), which provides a summary measurement of the Group's ability to convert turnover to EBIT, stood at 4.1% in 2010, compared to 5.1% in 2009, as already indicated in the section on the economic results, to which reference should be made.

LIQUIDITY RATIO

	2010	2009
General liquidity ratio	96.6%	100.8%

The ratio, also known as the *current ratio*, represents the ratio of current assets to current liabilities. The liquidity ratio in 2010 was 100% lower, without, however, showing particular criticalities.

RATIOS OF COMPOSITION OF BALANCE SHEET ASSETS AND LIABILITIES

	2010	2009
Rigidity ratio	39.2%	40.6%
Total liquidity ratio	58.9%	58.8%
Debt ratio	0.79	0.78
Medium/Long-term debt ratio	10.3%	20.7%

The rigidity ratio, which expresses long-term loans as a percentage of total loans, stood at 39.2% in 2010 at consolidated level, as opposed to 40.6% in 2009.

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 58.9% in 2010, compared to a ratio of 58.8% 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 section on financial risk, shown in the explanatory notes to the consolidated financial statements, to which reference should be made, stood at 0.79, 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 20.7% in 2009 to 10.3% in 2010.

Productivity ratios

The productivity ratio is a measure of average turnover per employee, expressed in thousands of Euros.

PRODUCTIVITY RATIOS

(in thousands of Euro)	2010	2009
Revenue per employee	89.51	94.6

The comparison shows a reduction of 5.4% in productivity per employee, due partly to the fall in turnover.

Sales ratios

Breakdown of turnover

Details of revenues in 2010 are provided below, compared with the previous year, broken down by type of customer: public authorities, public health, private customers:

REVENUES BY TYPE OF CUSTOMER

(in thousands of Euro)	2010	% of total revenues	2009	% of total revenues
Public Authorities	297,773	26.1%	295,687	25.7%
Public Health	310,047	27.3%	323,185	28.1%
Private customers	531,271	46.6%	532,105	46.2%
TOTAL	**1,139,091**	**100.0%**	**1,150,977**	**100%**

The analysis of revenues by customer type shows substantial consistency with the weights relating to public customers (2010: 53.4%; 2009: 53.8%) and private customers (2010: 46.6%; 2009: 46.2%) compared to 2009, despite showing a slight recovery, in relative terms, in favour of private customers. Also, specifically regarding public customers, no significant variations were recorded: revenues from Public Authorities registered a small increase in absolute value (around € 2.1 million), while revenues from the Public Health sector, which recorded a decrease in absolute terms of roughly € 13 million, also saw their weight decrease, from 28.1% in 2009 to 27.3% in 2010.

BACKLOGS AT 31 DECEMBER

(in millions of Euro)	2010	2009
TOTAL	**2,340**	**2,421**

The Backlog is the amount of revenues billable over the residual duration of the job orders in the portfolio at that date.

The final Backlog amount as at 31 December 2010, not significantly less than the opening backlog amount (-3%), confirms the essential stability of the Group in terms of prospective long-term turnover already obtained, and confirmed by the trend in acquisitions in the first few months of 2011.

5. RECONCILIATION OF SHAREHOLDERS' EQUITY AND INCOME FOR THE YEAR OF THE PARENT COMPANY WITH THE CORRESPONDING CONSOLIDATED FIGURES

MANUTENCOOP FACILITY MANAGEMENT S.P.A.

(in thousands of Euro)	31 December 2010		31 December 2009	
	Result	SE	Result	SE
Shareholders' equity and result for the year as shown in the financial statements of the Parent Company	**4,755**	**291,418**	**10,105**	**290,011**
› Elimination of consolidated equity investment values		(155,096)		(342,931)
› Accounting of Shareholders' Equity to replace the values eliminated		56,843		68,771
› Allocation to consolidation difference		65,561		210,224
› Allocation of tangible assets	(4)	82	(850)	92
› Allocation of tangible assets (relations with customers)			(10,430)	18,295
› Recognition of financial charges on PUT options	(724)	(724)	(328)	
› Dividends distributed to Group companies	(6,195)		(9,527)	
› Profits achieved by consolidated companies	400	400	19,656	19,656
› Valuation of non-consolidated companies using the equity method	882	3,465	(394)	3,661
› Tax effects on consolidation adjustments	29	(26)	3,276	(5,807)
› Reversal of statutory write-downs	7,679	7,678	3,160	
› Other consolidation adjustments	921	1	450	(372)
Total consolidation adjustments	**2,988**	**(21,816)**	**5,013**	**(28,411)**
Shareholders' equity and result for the year pertaining to the Parent Company	**7,743**	**269,602**	**15,118**	**261,600**
Shareholders' equity and result for the year pertaining to minority interests	134	528	221	278
Shareholders' equity and result for the year as shown in the consolidated financial statements	**7,877**	**270,130**	**15,339**	**261,878**

6. RISK FACTORS

In 2010, MFM S.p.a. launched a project for the development of the ERM (*Enterprise Risk Management Integrated Framework*) framework, in order to better structure the process of evaluation of the Group's exposure to risk and comply with the provisions of art. 2428, paragraph I, of the Italian Civil Code (description of the main risks and uncertainties in the Report on Operations).

In particular, we are talking about 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 company has developed the framework for the Facility SBU and, more specifically, in relation to the companies Manutencoop Facility Management SpA and MP Facility SpA, with the objective of analysing 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 hypotheses formulated and identify existing controls.
At the close of 2010, activities involving the disclosure of the framework were still in progress; when these are complete, the control framework is expected to be approved by Manutencoop Facility Management S.p.a.'s Management Board.

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 in the paragraphs that follow.

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 reference market and able to develop models for the provision of the service geared predominantly towards minimising prices for the customer. This will probably lead to a worsening in the competitive context in the future.

Financial risks

As regards the financial risks (liquidity, credit, interest rate, exchange rate and price risks) the Group faces in carrying out its activities and their management, 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 Manutencoop Facility Management Group employed an average workforce of 12,726 staff members in 2010 (up 4.6% over 2009), including personnel leased from the Parent Company Manutencoop Società Cooperativa to Group companies.
The average number of personnel leased in 2010 stood at 599 (2009: 636).
Details of the different employee categories are provided below:

AVERAGE NUMBER OF EMPLOYEES

	FY 2010	FY 2009
Executives	75	78
Office employees	1,642	1,745
Manual workers	11,009	10,343
EMPLOYEES	**12,726**	**12,166**

The company integration project described in parag. 2 of this Report, which led to an in-depth review of the Group's organisational structure and corporate restructuring operations, continued in 2011.
The restructuring underway, made necessary in particular as a result of significant acquisitions in recent years and the resultant mergers, led to a rationalisation of company monitoring and the elimination of the duplication of departments, implemented by means of a plan which identified around 400 surplus staff (of which roughly 100 at MP Facility).

The plan in question was implemented in 2009 through the opening of mobility procedures, via negotiations with trade union organisations and through individual discussions for around 100 employees (already completed at the end of 2009).
In 2010, further trade union agreements were signed for both Manutencoop Facility Management and MP Facility, relating to mobility and *Cassa Integrazione Guadagni straordinaria* (Wages Guarantee Government Fund) procedures.
As at 31 December 2010, a restructuring provision was set aside in the financial statements for the Manutencoop Group, amounting to around € 16.6 million, of which € 4.4 million for the Manutencoop Facility Management restructuring plan and € 12.2 million for the MP Facility restructuring plan, to cover the necessary costs of implementing the plans, will be completed in 2011 and 2013 respectively.

Prevention and protection

The year 2010 was characterised by the strengthening of the Prevention and Protection Service, due to MFM's acquisitions of companies in the Altair Group. This allowed said Service to arrange for the presence of one of its technicians in each regional Operations area.
Based on the provisions of Italian Legislative Decree 81/08 regarding workplace health and safety, a process was launched for the updating/integration of the Risk Assessment document subject to the attention of the Competent Coordinating Doctors and all Workers' Safety Representatives at the periodic meeting (art. 35 of Legislative Decree 81/2008) held in October. At the meeting, the process for the Risk Assessment of Work-Related Stress was also presented, started in December 2010 and whose results, together with the closing of the entire review of the Risk Assessment Document, will be discussed and shared with said parties in the first four months of 2011.
Health care 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.
During the course of 2010, no workplace accidents occurred which involved serious or extremely serious injuries to the personnel concerned, for which the company was definitively held liable or that involved charges regarding the occupational illnesses of employees or former employees. There were no employee fatalities in the workplace for which the company was definitively held liable. In 2010, the Group also launched a company procedure targeted at identifying the specific details of each accident in view of 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 terms of reducing accidents.
At the current state of play, Manutencoop F.M. has 15 Workers' Safety Representatives, widely distributed through the areas of Operations.
Consultation with Workers' Safety Representatives and their participation in the periodic meeting was managed centrally by the Prevention and Protection Service.
No particular criticalities were registered in the relations between Operations and Workers' Safety Representatives.

Training

In 2010, 376 training courses were held, for a total of 23,233 training hours. As in previous years, attention was focused more on workplace safety courses, attended by 1,427 employees, for a total of 6,264 hours. In addition, technical-professional training courses were held, which provided employees with greater specialist knowledge of their work material and/or enabled them to obtain the licences needed to work in the plants (maintenance of warm and cold temperatures).
In 2010, the Group also started a process to make employees more aware of environmental issues such as the reduction of CO2 in the environment.
The course, entitled "Carbon Neutrality", in particular, saw the involvement of personnel from the technical-commercial department, who took part in 12 theory-practical editions, each lasting 8 hours, and an initial workshop which involved the participants in matters encompassing the whole company, held over 2 days.

Training programmes were held nationwide, to ensure all workers based in the different offices and facilities had the opportunity to take part in the courses.

8. ENVIRONMENT AND QUALITY

In 2010, MFM successfully passed the supervisory audits relating to the UNI EN ISO 14001:2004 (Environmental Management System) and SA8000:2008 (Social Responsibility System) systems and brought its Quality Management System into line with the 2008 version of UNI EN ISO 9001 regulations.
The aforementioned certificates were re-issued, extending the scope of the certificates to the following activities:

- provision of basic personal services,
- provision of support services for educational activities,
- provision of document and archive management service,
- design and provision of moving services,
- design and provision of health logistics services.

MFM also started the certification process according to according to the OHSAS 18001:2007 standard (Safety Management System) and the ANMDO CERMET standard for the voluntary accreditation of suppliers of hospital cleaning and sanitation services.
MFM also worked to achieve the certification or maintain the requirements for the following Group companies:

SMAIL S.p.A.
- Maintenance of the UNI EN ISO 14001:2004 Certificate (Environmental Management System).
- Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System).
- Maintenance of the Social Responsibility System according to the requirements of the standard SA8000:2008.

Manutencoop Costruzioni S.p.A.
- Maintenance of UNI EN ISO 14001:2004 Certificate (Environmental Management System).
- Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System).

MIA S.p.A
- Successful completion of Stage 1 regarding UNI EN ISO 9001:2008 standard (Quality Management System).

MP Facility
- Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System) as part of the activities of the company formerly known as MCB, with the subsequent change of company name to MP Facility.
- Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System) as part of the activities of the company MP Facility, relating solely to the Telecom job order.

It should also be pointed out that, in 2010, no environmental damage was reported for which the company was deemed to be definitively culpable, nor were any definitive fines or penalties imposed on the company for environmental offences or damages.

9. RELATED PARTY TRANSACTIONS

With reference to the information set out in art. 2428 of the Italian Civil Code regarding transactions entered into by Group companies with 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 2010 are detailed comprehensively in the explanatory notes to the consolidated financial statements and the separate financial statements for 2010, to which reference should be made.

10. CORPORATE GOVERNANCE

Manutencoop Facility Management S.p.A.'s Corporate Governance structure is set up in accordance with the so-called "dualistic" administration and control system, as regulated by articles 2409-octies et seq. of the Italian Civil Code, widely used in other EU countries in larger companies. 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, appears to be able to more effectively meet the needs of greater transparency and a reduction of the potential risk of conflicts of interests than the so-called "traditional" model.

11. SHARE CAPITAL

Ordinary shares issued by the MFM Group and fully paid up as at 31 December 2010, totalled 109,149,600, with a nominal value of € 1 each.
There are no other categories of shares.
The Parent Company does not hold any own shares.
The shareholder structure as at 31 December 2010 is shown below, unchanged with respect to the previous year.

SHAREHOLDER	% SHARE CAPITAL
Manutencoop Società Cooperativa	71.89%
Private Equity Partners Fund IV	5.07%
MPS Venture 2 Fund	4.76%
Idea Co-Investment Fund I	4.00%
Idea industria Fund	3.17%
Cooperare S.p.A.	3.17%
UGF Merchant	2.38%
Other private equity funds	5.56%
	100%

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

In 2010, the MFM Group did not capitalise any research and development costs.

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

The company does not hold, neither through trusts nor third parties, own shares, or shares or holdings of parent companies.
In 2010, the company did not purchase or dispose of own shares, or shares or holdings of parent companies, neither through trusts nor third parties.

14. OTHER 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 explanatory notes to the separate financial statements of the Parent Company Manutencoop Facility Management S.p.A..

15. PRIVACY – INFORMATION PURSUANT TO LEGISLATIVE DECREE 196/2003 (ANNEX B RULE NO.26)

The MFM Group updated, for 2010, the Programmatic Security Document set forth by art. 19 of technical annex B to Legislative Decree 196/2003.
In line with the objectives for an improvement in efficiency and better use of the professional experiences and expertise within the company, MFM S.p.A. assigned responsibility for IT security to the "Information System Manager".

16. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

In 2010, significant changes were made to the Group's corporate and organisational structure and to the legislation, which occurred in the second half of 2009, concerning legal provisions which have repercussions on the field of application of Legislative Decree 231/01. In fact, the following were introduced to the group of alleged offences: "offences involving organised crime pursuant to art. 24-ter; crimes against industry and commerce pursuant to art. 25-bis 1; crimes regarding breach of copyright pursuant to art. 25-nonies; crimes against the administration of justice pursuant to art. 25-nonies and offences were integrated regarding counterfeiting, legal tender, revenue stamps and identification tools or distinctive signs - pursuant to art. 25-bis of Legislative Decree 231/01). 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, approved by the Management Board on 22 December 2009, considering both the legal evaluations 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 and on the integration of the risk mapping of companies incorporated in Manutencoop Facility Management S.p.A..
The Model update procedure 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 6 times in 2010.
As regards audit activities, at the first meeting in 2010, the Supervisory Authority approved the proposed audit plan for 2010, as envisaged in the Model.
The outcomes of the audit cycles are summarised in the associated "internal reports on the audit activities of the Supervisory Authority", which were promptly sent to the Chairman of the company's Management Board.
Generally speaking, as regards the process of bringing the Group into line with Legislative Decree 231/01, 2011 can expect to see a procedure involving the implementation and/or updating of Organisational Models at the Group companies, in relation to the developments in the legislative and organisational context of the individual companies.

17. SECONDARY OFFICES

The Group has no secondary offices.

18. TAX CONSOLIDATION

The Parent Company MFM incorporated the subsidiaries Altair IFM S.p.A., Gestin Facility S.p.A., Teckal S.p.A. and Integra IFM BV, effective from 1 January 2010 for tax and accounting purposes.
These extraordinary transactions involved the interruption of tax consolidation as regards Altair IFM S.p.A..
Therefore, the only tax consolidation still operational 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.rl. in liquidation;
- SI.MA.GEST 2 Soc. Cons. a r.l.;
- Società Manutenzione Illuminazione S.p.A.;
- Manutenzione Installazione Ascensori S.p.A.;
- MP Facility S.p.A..

The company MP Facility S.p.A. applied tax consolidation for the 2010-2012 three-year period, after exercising the option on 16 June 2010.
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.;
- Cerpac S.r.l. in liquidation.

19. EVENTS AFTER THE CLOSE OF THE YEAR

On 1 January 2011, the transfer of Gestin Polska Sp.z.o.o. to Fiat Auto Poland S.A. became effective.

On 7 January 2011, the subsidiary MIA S.p.A. acquired a 49% stake in Lenzi S.p.A., with registered office in Bolzano and active in elevating system maintenance services.
On 31 January 2011, said company MIA S.p.A. acquired 100% of CMA Pentade S.r.l. in Turin.

On 20 January 2011, the subsidiary Sicura S.r.l. acquired 100% of Stablum S.r.l..

On 15 March 2011, subsidiary MIA S.p.A. acquired 80% of Unilift S.r.l..

20. BUSINESS OUTLOOK

The year 2011 is expected to witness a persistence of the economic crisis, whose effects have yet to peter out, and, therefore, the trends already observed in the Facility Management market in 2010 are likely to prevail, if not worsen during the year.

The following trends should be noted, as regards the public segment:

- the propensity of authorities, bound by the obligation to guarantee the continuity of service, to look for savings, aiming for the maximum discount during the tender award phase;
- increasing problems in tender awards, caused by the now systematic use of the redress mechanism by competitors;
- leaning towards greater concentration of demand and, therefore, for operators, a growing "risk of loss of market shares' implicit in each acquisition;
- a lengthening in the already critical payment times traditionally connected to public job orders.

As regards the trends in the private market caused by the crisis, the following should be noted:

- a worsening in the risks linked to the trends in the collection of receivables and their collectability;
- a tendency to reduce the services required from the market and/or insourcing of said services (as confirmed by the loss of the FIAT job order, significant for the Group in terms volumes and margins, also prospectively speaking).

Despite the above remarks, the MFM Group also envisages slight growth in 2011 in terms of volumes, and expects to maintain gross operating margins through a series of strategic and operating actions targeted at offsetting and counteracting the market trends.

Rationalisation of the fixed costs structure

The significant company reorganisation plan, put in place following the recent acquisitions and subsequent mergers, was also accomplished through an articulate restructuring plan which greatly involved the Group's workforce, already started at the end of 2009. The benefits of these actions, which will be more evident in 2011, will allow the Group to compete under the price conditions imposed by the market.

Diversification of the offer and specialisation in the services provided by the Group through:

- development of the Mia Group (maintenance of elevating systems) through an external growth programme, targeted predominantly at small-medium enterprises established in the area;
- the growth plans of the Sicura Group, specialised in fire prevention systems and activities related to workplace safety;
- consolidation of Servizi Ospedalieri's position on the laundering/sterilisation market, also by exploiting the potential of the surgical instrument sterilisation service;
- development of advanced management models, constituting a distinctive element of the market offer. In this regard, for example, the subsidiary EnergyProject has already started design activities for the definition of a business proposal, in terms of the energy efficiency of the "building-plant system". From this perspective, attractive opportunities for partnerships with entities operating in the market are also being weighed up.

Growth on foreign markets

The objective of growth on foreign markets, which has represented a strategic goal for the Group for a number of years, involved intense scouting activity in order to identify targets which met the expectations. Actions were taken at the end of 2010, and a proposed acquisition identified, in respect of which an in-depth study and due diligence activities are underway. If successful, it is reasonable to expect the operation to be completed in 2011.

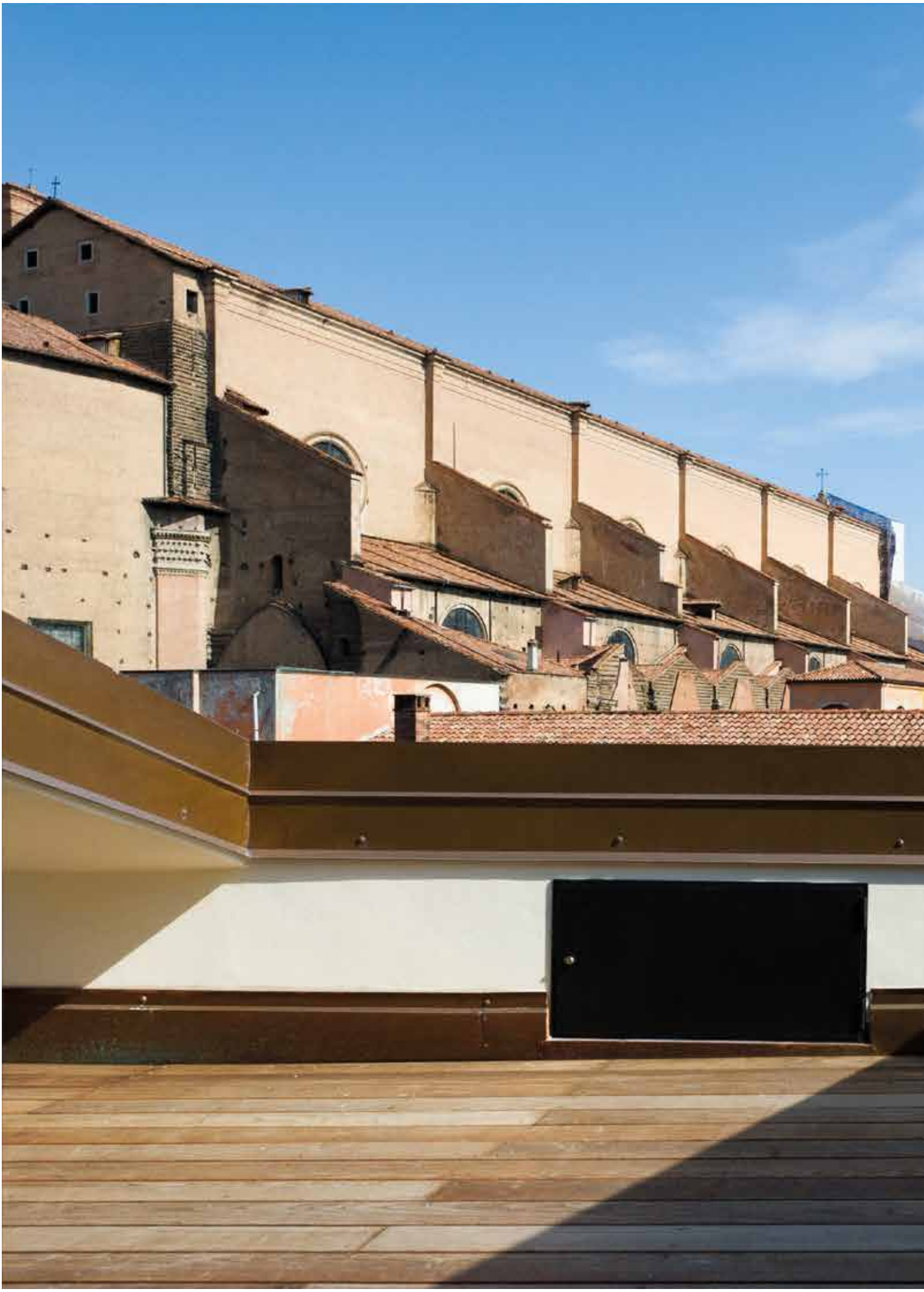
21. ALLOCATION OF PROFIT FOR THE YEAR

In concluding the report on 2010, the Directors are invited to approve the financial statements for the year ended 31 December 2010 and allocate the profit for the year of € 4,810,389.26 as follows:

- Euro 240,519.46 to the legal reserve;
- € 4,569,869.80 to the extraordinary reserve.

Zola Predosa, 28 March 2011

The Chairman of the Management Board
Claudio Levorato



MANUTENCOOP

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

BALANCE SHEET

(in Euro)	NOTES	31 December 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and machinery	4	18,816,004	5,249,676
Leased property, plant and machinery	4	745,526	693,859
Goodwill	5.6	294,691,199	25,773,340
Other intangible assets	5	22,662,692	7,857,051
Equity investments in Subsidiaries, Joint ventures, Associates	7	156,090,452	339,532,664
Other equity investments	8	1,924,629	1,542,313
Long-term financial assets and other securities	9	10,024,966	2,082,189
Other receivables and non-current assets	10	1,146,107	662,559
Prepaid tax assets	37	12,317,361	5,412,553
TOTAL NON-CURRENT ASSETS		**518,418,936**	**388,806,204**
CURRENT ASSETS			
Inventories	11	2,541,907	988,935
Trade receivables and advances to suppliers	12	544,837,873	262,996,719
Current tax credits	37	2,654,536	0
Other current receivables	13	7,738,734	4,792,494
Receivables and other current financial assets	14	39,046,783	93,734,937
Cash and cash equivalents	15	27,918,742	18,275,368
TOTAL CURRENT ASSETS		**624,738,575**	**380,788,453**
Non-current assets held for disposal	**16**	**11,596,066**	**0**
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL		**11,596,066**	**0**
TOTAL ASSETS		**1,154,753,577**	**769,594,657**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	17	109,149,600	109,149,600
Share premium reserve	17	145,018,390	144,736,293
Reserves	17	28,631,073	22,210,863
Accumulated profits (losses)	17	3,808,981	3,808,981
Profit (loss) for the year	17	4,810,389	10,092,438
TOTAL SHAREHOLDERS' EQUITY		**291,418,433**	**289,998,175**
NON-CURRENT LIABILITIES			
Employee severance indemnity - retirement	18	17,211,404	13,020,925
Provision for long-term risks and charges	19	5,194,252	2,501,753
Long-term loans	20	64,381,969	113,333,938
Deferred tax liabilities	37	10,939,419	1,407,044
Financial liabilities for non-current derivatives	22	1,560,051	1,064,745
Other non-current liabilities	20	3,277	0
TOTAL NON-CURRENT LIABILITIES		**99,290,372**	**131,328,405**
CURRENT LIABILITIES			
Provision for short-term risks and charges	19	15,161,865	7,405,807
Trade payables and advances from customers	23	329,309,749	149,539,309
Current tax payables	37	0	5,418,459
Other current payables	24	104,732,322	59,892,150
Loans and other current financial liabilities	21	303,960,492	126,012,352
TOTAL CURRENT LIABILITIES		**753,164,428**	**348,268,077**
Liabilities attributable to assets held for disposal	**25**	**10,880,344**	**0**
TOTAL LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR DISPOSAL		**10,880,344**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,154,753,577**	**769,594,657**

INCOME STATEMENT

(in Euro)	NOTES	31 December 2010	31 December 2009
REVENUES			
Sales and service revenues	27	813,278,639	458,155,322
Other operating revenues	28	1,393,346	557,485
TOTAL REVENUES		**814,671,985**	**458,712,807**
OPERATING COSTS			
Consumption of raw materials and consumables	29	(91,036,203)	(61,891,542)
Costs for services	30	(384,286,515)	(167,905,650)
Personnel costs	31	(265,206,058)	(186,803,011)
Other operating costs	32	(4,833,698)	(3,191,351)
Lower costs for own work capitalised	-	0	0
(Amortisation/depreciation, impairment) - write-backs of assets	33	(26,032,735)	(10,167,830)
(Allocations to provisions for risks), transfer of provisions	19	(11,519,955)	(8,650,878)
TOTAL OPERATING COSTS		**(782,915,164)**	**(438,610,262)**
EBIT		**31,756,821**	**20,102,545**
FINANCIAL INCOME AND CHARGES			
Dividends, income and charges generated by the sale of equity investments	34	7,867,702	9,551,146
Financial income	35	2,142,613	3,139,881
Financial charges	36	(13,641,574)	(10,851,032)
Exchange gains (losses)	**-**	**39,126**	**0**
PRE-TAX PROFIT (LOSS)		**28,164,687**	**21,942,540**
Current, prepaid and deferred taxes	37	(20,446,598)	(11,850,102)
INCOME FROM CONTINUING OPERATIONS		**7,718,089**	**10,092,438**
Income from discontinued operations	38	2,907,698	0
PROFIT/(LOSS) FOR THE YEAR		**4,810,389**	**10,092,438**

STATEMENT OF COMPREHENSIVE INCOME

(in Euro)	31 December 2010	31 December 2009
Profit/(loss) for the year	**4,810,389**	**10,092,438**
Effects transferred to SE on companies valued using the equity method		
Net effect of actuarial profits (losses) (SORIE)	(23,516)	(290,211)
Net effect of profits (losses) from cash flow hedge	(359,097)	(771,940)
Total profit (loss) in the Statement of Comprehensive Income net of taxes	**(382,613)**	**(1,062,151)**
TOTAL COMPREHENSIVE PROFIT (LOSS) NET OF TAXES	**4,427,776**	**9,030,287**

CASH FLOW STATEMENT

(in thousands of Euro)	31 December 2010	31 December 2009
Profit/(Loss) for the year	4,810	10,092
Depreciation of tangible fixed assets	4,129	2,246
Amortisation of intangible fixed assets	11,359	2,731
Write-down of long-term investments	8,165	3,201
Allocation to employee severance indemnity provision	1,900	752
Provision for risks and charges	11,430	8,651
Allocation to bad debt provision	4,712	1,990
Allocation to the provision for the write-down of inventories	6	82
CASH FLOW FROM CURRENT OPERATIONS	**46,511**	**29,745**
Changes in inventories	(681)	192
Changes in trade receivables	(21,403)	(8,021)
Changes in other short-term assets	(1,897)	2,555
Changes in trade payables	(20,638)	(9,804)
Change in current tax receivables/payables	(3,059)	5,418
Change in prepaid/deferred taxes	(3,150)	(3,932)
Change in other current payables	6,794	1,131
Use of employee severance indemnity	(5,173)	(1,364)
Provision for risks and charges	(3,591)	(1,050)
CHANGE IN OPERATING ASSETS AND LIABILITIES	**(52,797)**	**(14,875)**
CASH FLOW FROM OPERATIONS	**(6,286)**	**14,870**
Capitalisation of intangible fixed assets	(6,831)	(1,734)
Purchase of tangible fixed assets	(2,112)	(265)
Purchase of equity investments	(19,569)	(12,048)
Change in financial receivables and other securities	171	90
Change in equity investments	79	(448)
Change in other receivables and non-current assets	83	(1,056)
Net carrying amount of tangible fixed assets sold	49	56
Financial effect of Consorzio Pulizie Veneto s.Cons. a.r.l. merger	0	(36)
Financial effect of sale of Building Division business unit	0	(975)
Financial effect of sale of Information Systems business unit	0	41
Financial effect of sale of Fiat business units	1,116	0
Financial effect of sale of Project & Energy business unit	0	0
Financial effect of Assets held for disposal	1,049	0
CASH REQUIREMENTS FOR INVESTMENTS	**(25,966)**	**(16,375)**
Net change in loans payable	37,881	29,872
Net change in other financial assets	(26,722)	(27,104)
Change in share capital and reserves	(261)	590
Distribution of dividends	0	(4,039)
CASH FLOW FROM FINANCING ACTIVITIES	**10,899**	**(681)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(21,353)**	**(2,186)**
Opening net financial position	18,276	20,462
Opening cash and cash equivalents of merged companies	30,997	0
Change in net financial position	(21,354)	(2,186)
CLOSING CASH AND CASH EQUIVALENTS	**27,919**	**18,276**
DETAILS OF CASH AND CASH EQUIVALENTS		
Bank income	27,919	18,276
Short-term bank payables	0	0
TOTAL CASH AND CASH EQUIVALENTS	**27,919**	**18,276**

Supplementary information

(in thousands of Euro)	2010	2009
Interest paid	13,822	10,976
Interest collected	2,143	3,140
Dividends collected	7,868	9,527

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Euro)	Share capital	Share premium reserve	Reserves	Accumulated profit (loss)	Result for the year	Total Shareholders' equity
Balance as at 31 December 2008	**109,150**	**143,685**	**11,707**	**3,809**	**14,995**	**283,345**
Share capital increase		1,051				1,051
Allocation of profit of previous years			10,956		(14,995)	(4,039)
Business Combination under common control			611			611
Total comprehensive profit/ (loss)			(1,062)		10,092	9,030
Rounding off		(1)	1		1	1
Balance as at 31 December 2009	**109,150**	**144,735**	**22,212**	**3,809**	**10,093**	**289,999**
Allocation of profit of previous years	0		10,092		(10,092)	0
Business Combination under common control			(3,290)			(3,290)
Total comprehensive profit/ (loss)			(383)		4,810	4,427
Other transactions		282				282
Rounding off		1	(1)			0
Balance as at 31 December 2010	**109,150**	**145,018**	**28,631**	**3,809**	**4,811**	**291,418**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. CORPORATE INFORMATION

Manutencoop Facility Management S.p.A. (the Company) is an Italian joint-stock company with registered office in Via U. Poli no. 4, in 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 21.11% owned by financial shareholders.
Manutencoop Facility Management S.p.A. drafts its financial statements (separate financial statements based on the definition used by IAS 27) in application of art. 2423 of the Italian 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 2010 was authorised by means of resolution of 28 March 2011 of the Management Board.
The Company also drafts the Consolidated Financial Statements, which are attached, as expressly required by statutory provisions.

1.1 Activity performed

The Company's objective is the assumption, in any form whatsoever, of tenders for the design and construction of works, the design and management of services and the provision of goods on behalf of the public administrations of the Italian State and EU Member States, and also private individuals and entities relating, predominantly, to integrated service management activities concerning buildings or property assets, as well as the management of environmental services.
Company activities, performed directly and/or through investee companies and/or entities, are carried out mainly in the following sectors and involve the services specified below:

A) design and integrated service management targeted at buildings and property assets and auxiliary activities, such as:

- design and management of integrated services involving planning, supervision, administration and maintenance of buildings, their components and property assets;,
- management of integrated services relating to public and private property assets, also consisting of activities involving: condominium management, rent collection, administrative and contractual management, organisation and coordination of individuals and goods for the performance of accessory or auxiliary services as regards the above-mentioned buildings and the activities carried out therein;
- IT and related services, design, creation, marketing and technical support activities relating to IT products and basic software in relation to the management of property assets;
- registration of property and plant assets;
- design, creation and management of property and technical registry systems for properties, furniture and the associated components;
- design and handling of the management and maintenance services for roads and squares, road signs, public lighting systems and traffic light systems;
- services regarding architecture and engineering, including integrated;

- services regarding town planning and landscaping, services relating to scientific and technical consultancy, technical experimentation and analysis services;
- design and implementation of construction and building works in general, involving the renovation of civil and industrial buildings, monument restoration, redevelopment, maintenance;
- organisation of the supervision of works and technical services concerning building management and maintenance;
- design, construction and management of technological, thermal, water, hygiene-health, refrigerator, air conditioning, electrical, telephone, fire prevention and alarm systems;
- design, construction and management of district heating and cogeneration plants and networks, with fossil fuel and renewable energy sources;
- sale of fuels;
- maintenance, management and repair of the aforementioned systems;
- heat management services;
- energy and safety consultancy services;
- installation, maintenance and repair of broadcasting and electronic systems in general, aerials and atmospheric discharge protection systems;
- installation, maintenance and repair of systems for elevating persons or property, i.e. lifts, goods lifts, escalators and similar;
- installation, transformation, expansion and maintenance of fire prevention systems; organisation of the supervision of works and the technical services relating to the maintenance of technological, electrical, mechanical, thermal, air conditioning and hydraulic systems;
- performance of audit activities, relating to said systems, in compliance with the regulations in force, with subsequent certification issued by authorised parties;
- maintenance of electro-medical equipment and medical gas systems;
- design, realisation, purchase/sale, transfer of use, installation, marketing, rental and maintenance of software and hardware, of communication, telecommunications and safety equipment;
- design, management and provision of cleaning, sanitation, disinfection, pest control and rat extermination services in civil and industrial buildings, in public and/or private buildings, such as offices, factories, warehouses, commercial and service industry buildings in general, hospital and health facilities and social welfare buildings, crèches, educational institutions including universities, hotels, boarding schools, barracks etc. as well as services relating to public and/or private historical, artistic and archaeological assets;
- minor maintenance in public and private buildings; cleaning and sanitation services for road and rail vehicles;
- movement, garaging and recovery service for road and rail vehicles and accessory activities;
- building waste collection and transport service;
- accommodation-hotel services; bed remaking and care services in hotels, boarding schools and barracks, in care facilities and in the community in general;
- acceptance of railway works and locomotive cleaning;
- wholesale trading of cleaning products; kitchen-maid services, washing of dishes, equipment and cooking areas;
- table laying and clearing services;
- services involving the transport, sorting and distribution of meals prepared by third parties;
- management of sports facilities;
- services for the moving, transport and transfer of patients inside and outside of care-nursing home-welfare facilities; services for internal and external movement and porterage, services for the transportation of sundry materials to hospitals and the community in general;
- auxiliary services and personal services in hospitals, care-nursing home-welfare facilities and the community in general;
- concierge, switchboard and correspondence management services;

- general services and summer services at crèches and schools and universities such as portering, welcome, supervision, monitoring and accompaniment on school buses or line services; glassware and laboratory test-tube cleaning services; health and social services;
- management of stables, libraries, car parks and public baths.

B) industrial laundering and washing and drying of linen, mattress provision, packaging, clothing, work clothes and goods washable on own behalf or on behalf of third parties as well as the hiring of said goods;

- sterilisation activities in general and sterile packaging of surgical instruments, thermolabile material and textile materials and kits for operating rooms and first aid and for medication in pharmaceutical boxes as well as the marketing and sale of said products;
- the company can also carry out the marketing and sale of disposable materials, footwear for hospital staff and personal protective equipment;
- assume the management of linen rooms, document archives and pharmaceutical and non-pharmaceutical product warehouses, for companies operating in the health sector, including therein their management using information systems;
- preparation and handling of meals for people in public and private health facilities;
- ordinary and extraordinary maintenance of technological systems, equipment and fittings on behalf of public and private health facilities;
- rental of equipment and fittings for public and private hospital facilities.

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

- design, management and provision of refuse collection and street cleaning services: collection and transport of urban and similar waste, manual and/or mechanical sweeping, watering, washing and disinfection or sanitation of roads and dustbins, clearing of snow, cleaning and unblocking of sewers, manholes and road drains in public and private areas;
- services involving the collection and transport of special waste and special hazardous waste;
- services involving the collection and transport of special sanitary waste and hazardous sanitary waste;
- rental of equipment for waste in general;
- reclamation and redevelopment;
- study and planning of waste management activities;
- waste trading and brokerage activities;
- design, construction and management of systems, including mobile, for the disposal, storage, recycling, recovery and selection of urban, special and special hazardous waste, with the related building works;
- design, management and provision for global services for the scheduled ordinary and extraordinary maintenance of public or private green areas; works and services involving hydraulic-forest installation and maintenance, reclamation and land improvements, environmental and forest engineering works, including the reforestation of uncultivated areas and the productive conversion of low productivity forest areas, improvement works to grazing land, works to prevent fires in woods;
- design and construction of green areas, both public and private, including related works: wall, hydraulic, supplies and installation of games, fittings etc.;
- construction and maintenance of car parks, fish farms, water basins; production and marketing of ornamental plants;
- anti-parasitic treatments;
- design, management and provision of cemetery services such as: storage services, porter services and corpse receipt, corpse transport service, burial, interment, exhumations and extumulation, collection of remains and replacement of same in high tombs, arrangement of burial lot areas, ordinary maintenance of systems, buildings and cemetery areas, votive light services including less contract management with the user, cleaning and collection, transport and disposal of cemetery waste;
- provision of services for the cleaning of green areas, including the collection, transport and disposal of the waste found therein.

2. ACCOUNTING STANDARDS AND DRAFTING CRITERIA

The financial statements for the year ended 31 December 2010 comprises the *balance sheet, income statement*, statement of comprehensive *income*, *cash flow statement*, *statement of changes in* shareholders' equity and associated explanatory notes.

The financial statements for the year ended 31 December 2010 were drafted on the basis of the historical cost principle, with the exception of derivatives, which were designated at fair value.

The balance sheet separates equity items into current and non-current assets and liabilities; the income statement presents items and the statement of comprehensive income indicate these by nature, while the cash flow statement is prepared according to the indirect method and presented in compliance with IAS 7, with the classification made by distinguishing cash flows between operating, investment and financing activities.
The financial statements are presented in Euro, the Company's functional currency.
The figures in the financial statements and explanatory notes, where not indicated otherwise, are stated in thousands of Euro.

2.1 Statement of compliance with international accounting standards (IFRS)

The financial statements for the year ended 31 December 2010 were drafted in compliance with the International Financial Reporting Standards (IFRS).
As regards the accounting standards adopted for the preparation of the financial statements, the company falls within the field of application set forth in letter f) of art. 2 of Legislative Decree no. 38 of 28 February 2005, which governs the exercising of options set out in art. 5 of Community Regulation no.1606/2002 regarding the International Accounting Standards and, therefore, pursuant to art. 3, paragraph 2 and art. 4, paragraph 5 of said decree, the company applied the IFRS's adopted by the EU for the preparation of its financial statements, effective from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The drafting criteria adopted for the preparation of the financial statements are the same as those used to prepare the financial statements for the previous year, with the exception of the aspects detailed below.

New or revised IFRS and interpretations applicable as of 1 January 2010

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 have been applied by the Company for the first time starting on 1 January 2010.

IFRS 3 (Revised) – Business combinations and IAS 27 (Revised)

IFRS 3 (Revised) introduces significant changes to the accounting of business combinations which take place after the date of application of the standard. The changes concern the evaluation of non-controlling interests, accounting of transaction costs, initial recognition and subsequent evaluation of contingent consideration and business combinations performed in multiple phases. These changes will impact the amount of goodwill recorded, the results achieved in the period in which the acquisition is made and future results.
IAS 27 (Revised) requires a change of the ownership structure of a subsidiary (without loss of control) to be recorded as a transaction between shareholders in their role as shareholders. Therefore, these transactions no longer generate goodwill, profits or losses. In addition, the amended standard introduces changes to the accounting of losses recorded by the subsidiary and of the loss of control of the subsidiary. IAS 27 (Revised) also establishes that all dividends received by subsidiaries, joint ventures and associates must be

recognised in the income statement of the separate financial statements when the right to receive said dividends is realised, without distinguishing whether they are paid out of pre- or post-acquisition profits of the equity investment. In relation to the above, IAS 36 - Impairment was also revised, for which, in assessing whether impairment indicators exist, in the event in which an investee company has distributed dividends, it is necessary to consider the following aspects:

- the book value of the equity investment in the separate financial statements exceeds the carrying amount of the investee's net assets (including any associated goodwill) stated in the consolidated financial statements;
- the dividend exceeds the total comprehensive income of the investee in the period to which the dividend relates.

The changes introduced by IFRIS 3 (Revised) and IAS 27 (Revised) will concern future acquisitions or losses of control of a subsidiary and transactions with minority interests.

IFRIC Interpretation 12 – Service concession arrangements

The interpretation clarified the accounting model to be adopted when the grantor has control over the infrastructure used by the concession holder to provide public services, establishing that the concession holder, rather than recording the infrastructure as a tangible asset, recognises a right to make users pay for the service provided through the use of the infrastructure, or the right to receive consideration from the grantor (or from other party identified) for the public services provided. In view of the interpretation, the concession holder acts as the service provider (i.e. construction work) and, therefore, must record revenues from construction and improvement services in compliance with IAS 11 - Construction contracts, and revenues from infrastructure management in accordance with IAS 18 - Revenues.

IFRIC Interpretation 15 – Agreements for the Construction of Real Estate

The interpretation's objective is to clarify whether an agreement for the construction of real estate falls within the field of application of IAS 11 or IAS 18 and, consequently, when revenues from real estate construction need to be recognised. If the risks and rewards are gradually transferred to the acquirer, the revenues are recognised on the basis of the percentage of completion. In the opposite case, they are recognised on the basis of the provisions of IAS 18, i.e. normally on completion of the work.

IFRIC Interpretation 17 – Distribution of non-cash assets to owners

On 27 November 2008, IFRIC issued IFRIC Interpretation 17, aiming to standardise the accounting of the distribution of non-cash assets to owners. In particular, the interpretation clarifies that a dividend payable should be recognised when the dividend is appropriately authorised and that said payable must be measured at the fair value of the net assets that will be used for its payment. Lastly, the company should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in the income statement. This interpretation did not impact the company's balance sheet or performance.

IFRIC Interpretation 18 – Transfer of assets from customers

The interpretation, issued in January 2009, clarifies the accounting treatment to be adopted if the entity stipulates an agreement in which it receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In fact, some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment which will be used to fulfil the contract. This interpretation did not have any significant effects on the company's balance sheet or performance.

Improvements to IFRS

In May 2008 and April 2009, the IASB issued a series of improvements to the standards, mainly with a view to eliminating inconsistencies and clarifying terminology.

Variations that the IASB has indicated have involved a change in the presentation, recognition and valuation of balance sheet items are shown below, but those that only involve a change in the terminology, publishing changes with minimal effects in accounting terms, and those that have an effect on standards or interpretations that are not applicable by the Company or those solely with effects on the consolidated financial statements are instead omitted.

The adoption of the amendments to the accounting standards described below but did not have any impact on the company's financial position or result.

Improvements to IFRS 5 – Non-current assets held for sale and discontinued operations: the measure clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even in the case in which the company represents a minority interest after the sale. The amendment was applied prospectively and did not have any impact on the company's financial position or results.

It also clarifies that additional disclosures needed in relation to non-current assets and disposal groups classified as held for sale or relating to discontinued operations, are solely those required by IFRS 5. The information required by the other IFRSs only applies if specifically requested in relation to these types of non-current assets or discontinued operations.

Improvements to IFRS 8 – Operating segments: the provision clarifies that assets and liabilities relating to the operating segment must only be disclosed if they are part of the reporting used by the chief decision makers. Given that the company's chief decision makers review the sector assets and liabilities, the company continued to provide information in the notes to the financial statements.

Improvements to IAS 36 – Impairment of assets: the amendment clarifies that the largest identifiable cash-generating unit for the purposes of allocation of the goodwill acquired under a business combination is the operating segment as defined by IFRS 8 before the combination for the reporting purposes. The amendment had no effect on the company's financial statements.

Improvements to IAS 1 – Presentation of financial statements: this amendment modified the definition of current liabilities contained in IAS 1. The previous definition required liabilities that could be extinguished at any moment through the issue of equity instruments to be classified as current liabilities. This involved the recognition under current liabilities of those relating to convertible bonds that could be converted to issuer's shares at any time. Following this amendment the existence of a currently exercisable option for conversion into equity instruments becomes irrelevant for the purposes of the current/non-current classification of a liability.

Improvements to IAS 7 – Cash flow statement: this amendment requires that only cash flows deriving from expenses included in the recognition of an asset in the Balance sheet can be classified in the Cash flow statement as derived from investment activities, while cash flows deriving from expenses not included in the recognition of an asset (as may be the case of promotional, advertising or staff training expenses) must be classified as derived from operating activities.

Improvements to IAS 17 – Leasing: as a result of the amendments, the general conditions set out in IAS 17 shall also applied to leased land, for the purposes of classification of the contract as a financial or operating lease, regardless of obtainment of the title of ownership at the end of the lease term. Before these changes, the accounting standard required that, if the title of ownership of the leased land was not transferred at

the end of the lease term, the same was to be classified as an operating lease as it has an indefinite useful life. At the date of adoption, land involved in lease agreements still in place and still not expired must be valued separately, with the retrospective recognition of new leasing accounted as if the relative contract was a financial one.

Improvements to IAS 38 – Intangible assets: the revision made to IFRS 3 in 2008 established that if an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure the fair value of the asset. IAS 38 was subsequently amended to reflect this change to IFRS 3. The amendment in question also clarified the valuation techniques to be used as standard to measure the fair value of the intangible assets for which there is no active market; in particular, these techniques alternatively include an estimate of net discounted cash flows originating from the assets, the estimate of costs that the company avoided incurring by possessing the asset and not having to use it under a licence agreement with a third party, or the costs required to recreate or replace it (as with the cost method).

Improvements to IAS 39 – Financial instruments: Recognition and measurement: the amendment restricts the exception of non-applicability contained in paragraph 2(g) of IAS 39 to forward contracts between an acquirer and a selling shareholder for the purposes of the sale of an entity transferred in a business combination at a future acquisition date, if the completion of the business combination does not depend on further action from one of the two parties, but only on the elapsing of a suitable period of time. By contrast, the amendment clarifies that option contracts (whether or not they are currently exercisable) fall within the field of application of IAS 39, which allow one of the two parties to have control over whether or not future events occur and whose exercise would entail control of an entity. Lastly, the amendment clarifies that the implicit penalties for the early repayment of loans, the price of which compensates the provider for the loss of additional interest, must be considered closely correlated to the loan agreement which makes provision for them, and, therefore, must not be accounted for separately. Lastly, the amendment establishes that the profits or losses on a hedged financial instrument must be reclassified from shareholders' equity to the income statement in the period in which the hedged expected cash flow has an effect on the income statement.

Improvements to IFRS 2 - Share-based payments: the amendment clarifies the field of application of IFRS 2 and the relations existing between this and other accounting standards. In particular, it establishes that a company that receives goods or services as part of share-based payment plans must record said assets and services irrespective of which group company settles the transaction, and regardless of whether the transaction is settled in cash or in equities. It also sets out that the term "group" has the same meaning as in IAS 27 - Consolidated and Separate Financial Statements, i.e. includes the Parent Company and its subsidiaries. The amendment also specifies that a company must measure the goods or services received as part of a cash-settled or equity-settled transaction from its point of view, which may not coincide with that of the group and the associated amount recognised in the consolidated financial statements. The amendment incorporates the guidelines previously included in IFRIC 8 - Field of application of IFRS 2 and in IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions. As a result, the IASB withdrew IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the company's financial position or performance, but could impact the accounting of future agreements or transactions.

Improvements to IFRIC 9 – Reassessment of embedded derivatives: the amendment excludes from the field of application of IFRIC 9 embedded derivatives in contracts acquired during business combinations at the time of formation of jointly-controlled companies or joint ventures.

Improvements to IFRIC 14 – Prepayments: the objective of the amendment to IFRIC 14 is to eliminate an undesired consequence of IFRIC 14 in cases where an entity subject to a minimum funding requirement

makes an early payment of contributions for which, under given circumstances, the entity that makes said prepayment would be required to record an expense. In the event in which a defined benefit plan is subject to a minimum funding requirement, the amendment to IFRIC 14 requires the entity to treat this prepayment as an asset, in the same way as any other early payment.

New or revised IFRS and interpretations applicable from 2011 and not adopted early by the Company
Effective from the year 2011, the following international accounting standards and interpretations will be applicable, which the company did not adopt early in 2010, for which the effects on the company's balance sheet valuations are currently being assessed.

IAS 24 (Revised) – Related party disclosures: the amendments introduced by the revision to IAS 24 simplify the definition of a "related party", at the same time eliminating certain inconsistencies and exempting public entities from certain disclosure requirements concerning related party transactions.

IFRIC 19 – Extinguishing financial liabilities with equity instruments: the interpretation provides guidelines regarding recording the extinguishing of financial liabilities with equity instruments. The interpretation establishes that if a company renegotiates the conditions of the discharge of a financial liability and its creditor accepts the discharge through the issuing of company shares, the shares issued by the company become part of the price paid to extinguish the financial liability and must be valued at fair value; the difference between the carrying amount of the financial liability extinguished and the initial value of the equity instruments issued must be charged to the income statement in the period.

Improvements to IAS 32 – Financial instruments: the amendment governs the recording of rights issues (rights, options or *warrants*) denominated in a currency different from the issuer's functional currency. Previously, these rights were recognised as liabilities from derivatives: by contrast, the amendment requires, under certain conditions, said rights to be classified under shareholders' equity, irrespective of the currency in which the exercise price is denominated.

The Company did not make provision for the early adoption of any other standard, interpretation or improvement issued but still not in force.

In 2010 too, the IASB issued a set of amendments to IFRS which shall be applicable to years starting on or after 1 January 2011.
Variations that could involve a change in the presentation, recognition and valuation of balance sheet items are shown below, instead omitting those that will only involve terminology or publishing changes, with minimal effects in accounting terms, or those that have an effect on standards or interpretations that are not applicable to the Company.

IAS 1 – Presentation of financial statements: this amendment requires the reconciliation of changes in each component of shareholders' equity to be disclosed in the notes or in the financial statements.

Improvements to IAS 34 – Interim reporting: By means of some examples, some clarifications regarding additional disclosures that must be presented in Interim Reports were inserted.

Improvements to IFRS 3 (Revised) – Business Combinations: the amendment clarifies that the components of non-controlling interests that do not give holders the right to receive a proportional share of the net assets of the subsidiary must be valued at fair value or according to the requirements of the applicable accounting standards. Therefore, for example, a *stock options* plan granted to employees must be valued, in the event of a business combination, in line with the rules of IFRS 2, and the equity share of a convertible bond

must be valued in accordance with IAS 32. The Board also conducted an in-depth examination of share-based payment plans which are replaced as part of a business combination by adding specific guidelines for clarifying their accounting treatment.

Improvements to IFRS 7 – Financial instruments: Additional disclosures: the amendment emphasises the interaction between additional qualitative and quantitative disclosures that the entity must provide on the basis of said standard, regarding the nature and extent of risks relating to financial instruments. The scheme presented should help financial statement users to link the information presented and establish a general description of the nature and extent of risks deriving from financial instruments. In addition, the amendment eliminated the disclosure requirement regarding financial assets which are expired but which have been renegotiated or written down and the requirement relating to the *fair value* of *collaterals*.

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 amendments to the IFRSs, applicable to subsequent years. However, at the date of publication of this Balance sheet, the competent EU bodies have still not completed the approval process necessary for the application of the standards and improvements described below.

On 12 November 2009, the IASB published the first chapters of the standard *IFRS 9 – Financial instruments* on the classification and measurement of financial assets applicable from 1 January 2013. This publication represents the first part of a process which aims to fully replace IAS 39 in phases. The new standard employs a unique approach based on the methods of managing financial instruments and on the characteristics of the contractual cash flows of financial assets to determine the measurement criteria by replacing the different rules set forth by IAS 39. Furthermore, the new standard provides a unique method of calculating the impairment of financial assets. At the date of this balance sheet, the competent EU bodies have still not completed the approval process necessary for the application of the new standard.

The adoption of the continuity of values principle for the recognition of business combinations under common control

On 28 June 2010, Manutencoop Facility Management S.p.A. transferred to EnergyProject S.p.A. (formerly Envolta S.r.l.), effective as of 1 July 2010, the "Project & Energy" business unit relating to "Project Management", "Building Management Property" and "Energy Management" activities, in order to optimise the use of resources and cut costs, thanks to the rationalisation of structures.

For the valuation of the assets involved in the transfer, an expert appraiser was appointed to calculate the value of the economic capital of the business unit of Manutencoop Facility Management S.p.A. known as "Project & Energy". The appraiser valued the company assets involved in the transfer at € 1,010 thousand which, compared to the negative accounting value of shareholders' equity at whose value the business unit was recognised for € 1,674 thousand, determined a difference of €2,684 thousand, € 1,871 thousand to reduce the goodwill that arose following the company integration involving the merger by incorporation of the companies Integra IFM B.V., Altair IFM S.p.A., Gestin Facility S.p.A., Teckal S.p.A. and the remainder, standing at € 813 thousand, in a special shareholders' equity reserve.

In respect of said transfer, EnergyProject S.p.A. resolved a share capital increase of € 1,010 thousand, issuing 1,010 thousand ordinary shares with a nominal value of € 1 each, assigned to the sole shareholder of Manutencoop Facility Management S.p.A..

The transaction constitutes a business combination between entities under common control, given that the company EnergyProject S.p.A is wholly owned by Manutencoop Facility Management S.p.A..

This transaction was entered into by parties under common control and, therefore, is not regulated by IFRS 3.

In the absence of references to specific IFRS standards or interpretations for these transactions, it should be noted that IAS 1.13, generally speaking, requires the financial statements to provide an accurate and reliable representation of the effects of the transactions, other events and conditions in line with the definitions and recognition criteria set forth by the so-called systematic framework (Framework IFRS) for assets, liabilities, costs and revenues and IAS 1.15 sets out the obligation of selecting, in accordance with the hierarchy established by IAS 8, the appropriate accounting standards for reaching the general objective of an accurate and reliable representation.

Considering the unique nature of these transactions, and the fact that the IFRSs do not cover them specifically, the company deemed it necessary to choose the most suitable accounting standard in line with the general rules of IAS 8.
As clearly indicated in IAS 8.11, the system of IAS/IFRS standards may be defined as a "closed" system; the result is that the solution to the problem of transactions under common control must be first sought from within the body of IFRS standards. Therefore, an exception that refers, for example, to a system of national regulations or sector-based accounting treatment may not be suitable.

In particular, IAS 8.10 requires that, in the absence of an IFRS standard of interpretation that applies specifically to a transaction, other event or condition, the company management to use their judgment in developing and applying an accounting standard that provides information that:
(a) is relevant for the purposes of the economic decisions taken by users;
(b) is reliable, so that the financial statements:

(I) gives an accurate representation of the financial position, economic result and cash flows of the entity;
(II) reflects the economic substance of the transactions, other events and circumstances, and not merely the legal form;
(III) is neutral, i.e. free from prejudices;
(IV) is prudent;
(V) is complete, with reference to all relevant aspects.

In exercising said judgment, the company management must make reference to and consider the applicability of the following sources in descending hierarchical order:

(a) the provisions and application guidelines contained in the standards and interpretations that deal with similar or related cases;
(b) the definitions, recognition criteria and measurement concepts for the accounting of assets, liabilities, revenues and costs contained in the Framework.

In expressing the aforementioned judgment, the company management can also consider the most recent provisions issued by other bodies responsible for establishing accounting standards that use a conceptually similar systematic framework for developing the accounting standards, other accounting literature and consolidated industry practice, to the extent that these do not conflict with the above-mentioned sources.

In searching for an accounting method that falls within the conceptual scope of the Framework and which meets the criteria of IAS 8.10, the critical element is represented by the fact that the pre-selected accounting standard for presenting transactions "under common control" must reflect the economic substance of the

same, regardless of their legal form. The presence or not of "economic substance" appears, therefore, to be the key element for forming the basis of the choice of accounting standard.

As indicated in the Assirevi OPI 1 document on the "Accounting treatment" of "business combinations of entities under common control", the economic substance must consist of the generation of valued-added for the group of interested parties (such as, for example, higher revenues, cost savings, creation of synergies), that materialises through significant variations in the cash flows before and after the transfer of the assets.

Application of the continuity of values principle gives rise to the recognition in the balance sheet 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 acquiree and the acquirer, therefore, were recorded at the carrying amounts the entities recorded in their respective accounts before the transaction.

As also described in OPI 1, for reasons of symmetry, as per the accounting approach of the acquirer/transferee, any difference between the transaction price and the pre-existing carrying amount of the assets involved in the transfer must not be recorded in the income statement, but recognised under shareholders' equity, likening the transaction to one performed as shareholder.

Therefore, the accounting of the transaction relating to the "Project & Energy" business unit using the continuity of values principle involved the insertion, in shareholders' equity, under a special reserve, for a total of € 813 thousand, of the higher value created by the difference between the value of equity transferred and the carrying amounts of the balance sheet assets and liabilities.

2.3 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 balance sheet values are as follows:

- the adoption, starting from 2007, of the continuity of values principle for the recognition of business combinations under common control.
  These transactions, given entered into by parties under common control, are not regulated by IFRS 3. As indicated in the Assirevi OPI 1 document "Accounting treatment of business combinations of entities under common control", the accounting of transactions under common control is the result of evidence or no evidence of economic substance, i.e. a significant influence on the future cash flows of the net assets transferred for the entities concerned. The selection of the accounting standard for the transactions in question, although legally relevant but lacking a significant impact on future cash flows, must be made in view of the accruals principle in particular. Application of the continuity of values principle gives rise to the recognition in the balance sheet 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 acquiree and the acquirer, therefore, are recorded at the carrying amounts the entities recorded in their respective accounts before the transaction.
- The application, effective from 2008, of the criteria for the recording of actuarial gains and losses on defined benefit funds directly in a shareholders' equity reserve rather than in the income statement (Sorie method).

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 of goodwill

Goodwill is subject to impairment testing at least annually, or more frequently if there are signs of potential impairment in the carrying amounts; this requires an estimate of the value in use of the CGU (cash-generating unit) 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 2010, the carrying amount of the goodwill stood at € 249,691 thousand (31 December 2009: € 25,773 thousand). More details are shown in the appropriate notes.

Other balance sheet 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.

2.4 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 valued at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the acquisition date and the equities issued in exchange for control of the acquiree. Accessory charges involved in the transaction are generally recorded in the income statement at the moment 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 which 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 acquiree or share-based payments relating to the company issued in replacement of the contracts of the acquiree;
- Assets held for sale and discontinued operations.

Goodwill is calculated as the excess between the sum of payments transferred 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 acquiree 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 payments transferred, the value of shareholders' equity pertaining to minority interests and the fair value of the equity investment held previously in the acquiree, this excess is recorded immediately in the income statement as income deriving from the transaction completed.

Portions of shareholders' equity pertaining to minority interests, at the acquisition date, can be valued at fair value or at the pro-quota value of the net assets recognised by the acquiree. The valuation method is chosen on a transaction by transaction basis.

Any payments subject to conditions set out in the business combination contract are designated at fair value at the acquisition date and included in the value of the amounts transferred in the business combination for the purposes of the determination of goodwill. Any subsequent changes of said fair value, which qualify as adjustments that emerged in the measurement period, are included retrospectively in goodwill. Variations in the fair value which qualify 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 which take place in phases, the equity investment held previously by the company in the acquiree is revalued at fair value on the date of acquisition of control and any resultant profit or loss is booked to the income statement. Any values deriving from the equity investment 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 at the close of the financial year in which the business combination took place, the Group 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 said date.

The business combinations which occurred before 1 January 2010 were recorded according to the previous version of IFRS 3.

Property, plant and machinery

Property, plant and machinery are recorded 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 they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of.

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 eliminated from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net income from the sale and the carrying amount) are included in the income statement in the year of the aforementioned elimination.

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 estimated as shown below:

USEFUL LIFE OF CLASSES OF TANGIBLE ASSETS

CLASS OF TANGIBLE ASSETS	USEFUL LIFE
Properties	33 years
Plant and machinery, maintenance and creation of green areas	11 years
Plant and machinery, maintenance and construction of buildings	From 6.5 to 10 years
Telephone systems	4 years
Equipment for cleaning/green activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Motor vehicles	From 4 to 5 years
Furniture and office equipment	From 5 to 8 years
Improvements to third party assets (including under plant and machinery)	< between useful life and contractual duration

The plant and machinery category includes not only plant and machinery in the strictest sense, but also equipment, motor vehicles, office machines and furniture.

Financial charges

During the year, as with 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 envisaged by IAS 23.

Goodwill

Goodwill acquired in a business combination is initially valued 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 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 larger than the segments identified on the basis of either the primary or secondary presentation layout regarding segment reporting, as set out in IAS 14 - Segment Reporting.

Impairment 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.

The value of goodwill previously written down cannot be restored.

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 amortisation and accumulated impairment losses.

The useful life of the intangible assets is definite or indefinite.

Intangible assets with a definite useful life are amortised over their useful life and subject to consistency tests when there is an indication of potential impairment. The amortisation 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 methods with which the future economic benefits of the intangible asset are achieved by the Company are recorded by modifying the amortisation period or method, as necessary and treated as changes in the accounting estimates. The amortisation charges of intangible assets with a definite useful life are recorded in the income statement under the cost category 'amortisation, depreciation and impairment of fixed assets'.

The company did not record any intangible assets with an indefinite useful life, with the exception of goodwill and a third party transport licence with an indefinite life.

The principles the company applied for intangible assets are summarised below:

PRINCIPLES APPLIED TO INTANGIBLE ASSETS

	OTHER INTANGIBLE ASSETS
Breakdown	Software, trademarks and patents, Backlogs
Useful life	Definite
Method used	*Software, Trademarks and Patents*:
	Amortisation on a straight line basis over the shortest time span between:
	>legal duration of the right.
	>expected period of use.
	Backlogs
	Amortisation in proportion to the duration of the contract.
Produced at low cost or acquired	Acquired.
Consistency test for recognition identified / tests on recoverable values	Annually or more frequently when impairment losses are an indication of impairment.

	OTHER INTANGIBLE ASSETS
Breakdown	Concessions and licences
Useful life	Indefinite
Produced at low cost or acquired	Acquired.
Consistency test for recognition identified / tests on recoverable values	Annually or more frequently when impairment losses are an indication 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 disposal.

Equity 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 valued 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 these 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 these equity investments is subject to impairment testing when events or changes indicate that the carrying amount may not be recoverable.

Impairment of assets

At the close of each financial year, the company assesses whether there are any indicators of impairment of assets. In this case, or in the event an annual impairment test is required, the Company prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit net of sales costs and its value in use 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, said asset has been 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 'amortisation/depreciation, write-downs and write-backs of assets'.

At the close of each financial year, the Company also assesses the existence of indications that the impairment losses recorded previously no longer exist (or have fallen) and, if said indications exist, estimate 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 said 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 amortisation, if no impairment loss had been recognised in the preceding 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 revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recorded, the amortisation charge 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 makes provision for the following types of financial instruments:

- financial assets at fair value with changes booked to the income statement, a category which includes the financial assets held for trading, i.e. all assets acquired for short-term sale;

- loans and receivables, defined as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
- investments held to maturity, i.e. financial assets that are not derivative instruments and which are characterised by fixed or determinable payments on maturity for which the owner has the intention and capacity to hold them in the portfolio to maturity;
- available-for-sale financial assets, i.e. financial assets, excluding derivative financial instruments, which have been designated as such or are not classified in one of the other three previous categories.

All financial assets are initially recorded at fair value, increased, in the event of assets other than those at fair value in the income statement, by accessory charges; following the initial recognition, the Company determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the close of each financial year.

The financial assets held by the Company in the year just closed, equal to those held in the previous year, relate exclusively to the two categories 'loans and receivables' and 'available-for-sale financial assets'.

The valuation criteria applied are the following:

Loans and receivables

Loans and receivables are recorded according to the amortised cost criterion using the effective discount rate method. Profits and losses are booked to the income statement when the loans and receivables are eliminated for accounting purposes or when impairment occurs, plus through the amortisation process.

Available-for-sale financial assets and liabilities

Available-for-sale financial assets, following initial recognition at cost, must be valued at fair value and profits and losses must be recorded in a separate shareholders' equity item until the assets are eliminated for accounting purposes or until it has been verified that they have been impaired; profits or losses accumulated up until that moment in shareholders' equity are then charged to the income statement.

For the year closed, however, the Company classifies shareholdings of lower than 20% in this category, which are valued at cost if the calculation of the fair value is not reliable. In particular, consortium companies and consortia, which are not quoted on regulated markets and whose objective is to regulate relations as part of temporary associations of companies established for the operational purposes of management of service contracts, are valued at cost, represented by the portion of subscribed share capital;

Inventories

Inventories are valued at cost and the net presumed realisable value (replacement cost), whichever is the lower.

INVENTORIES

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

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recorded at nominal value, stated in the invoice net of the bad debt provision. This allocation is made in the presence of objective evidence that the Company will not be able to collect the receivable. Uncollectible receivables are written down when they are identified.

Manutencoop Facility Management S.p.A. customers are largely made up of public authorities and health care facilities, whose payment times greatly exceed the contractual maturities.
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 market as the company.

Job orders for building works and plant construction

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a purchaser, who defines its design and technical features on a preliminary basis.
Job order revenues include the considerations initially agreed with the purchaser, plus changes to the job order and price variations set out in the contract which can be determined reliably.
When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage completion method; the progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order.
When the costs of the job order are likely to exceed total revenues, the expected loss is recorded immediately as a cost.
The amount due from purchasers for contract works, for all job orders in progress for which the costs incurred together with the profits recorded (or net of losses recognised) exceed the billing of the work completed, is recorded as a receivable and, as such, is classified under the item "Trade receivables". The amount due to purchasers for contract works, for all job orders in progress for which the billing of the work completed exceeds the costs incurred together with the profits recorded (or net of losses recognised), is suspended between advances from customers and classified under "Trade payables".

Transfer of receivables

Receivables transferred as a result of factoring transactions are eliminated from Balance sheet assets only if the risks and rewards related to their ownership have been transferred substantially to the assignee. Receivables transferred as part of recourse and non-recourse factoring transactions which do not satisfy the above-mentioned requirement remain in the company's financial statements, even if duly transferred; in said case, a financial liability for the same amount is recorded under liabilities against the advance received.

Assets held for sale

These items include non-current assets (or asset disposal groups), whose carrying amount will be recovered mainly through sale, rather than through continuous use. Assets held for sale (or disposal groups) are valued at their net carrying amount and their *fair value* net of sale costs, whichever is the lower.

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the balance sheet include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.
For cash flow statement purposes, cash and cash equivalents are represented by available liquidity, as defined above, net of bank overdrafts relating to treasury current accounts.

Loans

All loans are initially recorded at the fair value of the consideration received net of accessory charges involved in acquiring the loan.
After initial recognition, loans are valued according to the amortised cost criterion using the effective interest rate method.

All profits or losses are recognised in the income statement when the liability is extinguished, plus through the amortisation process.

Elimination of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised from the financial statements 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.

As at 31 December 2010, as in previous years, the company did not enter into any transactions for the transfer of financial assets that neither transferred nor essentially maintained all risks and rewards of ownership of the financial assets.

If, as a result of the transfer, a financial asset is completely eliminated, but the result is 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 derecognised from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the end of each financial year, the company assesses whether a financial asset or group of financial assets has incurred any impairment.

Assets valued according to the amortised cost criterion

If objective evidence exists that a loan or receivable carried at amortised cost has suffered impairment, 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 income statement.

The Company firstly assesses the existence of objective evidence of impairment 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, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment testing in a collective fashion. 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 valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment, the previously reduced value can be written back. Any subsequent write-backs are booked to the income statement, to the extent the carrying amount does not exceed the amortised cost at the write-back date.

Assets recognised at cost

If there is objective evidence of an impairment of an unquoted equity instrument which is not recognised at fair value since its fair value cannot be reliably measured, or of a derivative instrument which is linked to said equity and must be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

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

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

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

Derivative financial instruments are used for hedging purposes, in order to reduce exchange rate, interest rate and market price variation risks.

Consistent with IAS 39, derivative financial instruments can only be accounted for using hedge accounting methods when there is formal designation and documentation at the inception of said hedging relationship, it is presumed that the hedge is highly effective, the effectiveness can be measured reliably and said hedge is highly effective during the different accounting periods for which it is designated.

All derivative financial instruments are measured at fair value, as per IAS 39.

When financial instruments meet the requirements to be accounted for using hedge accounting, the following accounting methods apply:

- Fair value hedge – If a derivative financial instrument is designated as a hedge, hedging the exposure to variations in the fair value of a balance sheet asset or liability attributable to a particular risk which may have effects on the income statement, the profit or loss deriving from subsequent valuations of the fair value of the hedging instrument are recognised in the income statement. The profit or loss on the hedged item, attributable to the risk covered, modify the carrying amount of said item and are booked to the income statement.
- Cash flow hedge – If a derivative financial instrument is designated as a hedge, hedging the exposure to variations in the future cash flows of a balance sheet asset or liability or a transaction deemed to be highly likely and which may have effects on the income statement, the effective portion of the profits or losses of the derivative financial instrument is booked to shareholders' equity. Cumulative profits or losses are transferred from shareholders' equity and accounted for in the income statement in the period in which the hedge transaction is recorded. Profits or losses associated to a hedge (or a part of the hedge) that has become effective, are booked to the income statement immediately. If a hedging instrument or a hedging relationship are closed, but the transaction subject to the hedge has still not been carried out,

the cumulative profits and losses, up to that moment recorded in shareholders' equity, are booked to the income statement in correlation with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer deemed likely, the profits or losses still unrealised and suspended in shareholders' equity, are recorded in the income statement immediately.

> *Hedge of net investment* - If a derivative instrument is designated as a hedge of a net investment in a foreign operation, the effective portion of the profits or losses of the derivative financial instrument are recorded under Other comprehensive profit/(loss). Cumulative profits or losses are transferred from shareholders' equity and accounted for in the income statement on disposal of the foreign asset.

If *hedge accounting* can no longer be applied, the profits or losses deriving from the fair value measurement of the derivative financial instrument are recorded in the income statement immediately.

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 said 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 Italian 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 (revalued as necessary) and on the length of service. According to statutory Italian legislation, said 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. ESI accrued up until 31.12.2006 remains

a defined benefit plan, without future contributions. Therefore, its valuation is performed by independent actuaries solely on the basis of employees' average expected remaining working life, no longer considering their perceived remuneration over the course of a predetermined period of service.

Therefore, ESI accrued prior to 1 January 2007 undergoes a change of calculation due to the cancellation of previously envisaged actuarial assumptions relating to salary increases. In particular, liabilities connected to "accrued ESI" and actuarially valued as at 1 January 2007 without application of the pro-rata element (years of service already given/total years of service), given that employee benefits relating to the entire year up to 31 December 2006 can be considered almost entirely accrued (with the sole exception of the revaluation), in application of paragraph 67 (b) of IAS 19. The result is that, for the purposes of this calculation, current service costs relating to future services provided by employees are considered to be zero, given that they are represented by contributions to the supplementary pension funds or *INPS* (National Social Security Institute) Treasury Fund.

In addition, starting from the 2008 financial statements, 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-quota 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;
(c) there is a change in conditions according to which fulfilment of the contract depends on a specific asset; or
(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 scenarios 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 rents. Rents are split on a pro-quota 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 Service contracts,* 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 quantified 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

Revenues are 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 amortisation 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 balance sheet 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 balance sheet 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 it is likely that the deductible temporary differences will be reversed in the immediate future and that adequate 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;
- refers to trade receivables and payables for which the invoice has already been issued or received, which include the value of VAT.

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.

Derivative financial instruments and hedges

At the moment of initial recognition, then subsequently, derivative instruments are booked at fair value, changes in fair value are recorded in the income statement, 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 said method.

In particular, the transaction is considered a hedge if documentation exists of the relationship between the hedging instrument and the liability hedged that shows risk management objectives, the hedging strategy and methods that will be 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, prospectively, confirmed during its entire life.

In rare cases, *call* options are also used on controlling or significant equity investments with the goal of ensuring the company has the possibility of increasing its share in investments deemed strategic.

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 remeasured. They are accounted as assets when the fair value is positive and liabilities in the case of a negative fair value.

Any profits 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.

Segment reporting

Following the postponement of the listing process, the Company, given not required to provide segment reporting, decided to provide this in the Group's consolidated financial statements.

3. BUSINESS COMBINATIONS AND SALES

3.1 Merger by incorporation of the companies Integra IFM B.V., Altair IFM S.p.A., Gestin Facility S.p.A., Teckal S.p.A..

On 4 December 2009, the merger by incorporation of Integra IFM B.V. into Manutencoop Facility Management S.p.A. was signed. Subsequently, on 10 December 2009, the deed was instead signed for the merger by incorporation of Altair IFM S.p.A., Gestin Facility S.p.A. and Teckal S.p.A. (incorporated companies). Both are effective as of 1 January 2010. The company owned the entire share capital of the merged companies, therefore the merger took place without the exchange of company shareholdings, through the elimination of all shares of the incorporated companies, replaced with the assets and liabilities of said entities.

The main objective of these extraordinary transactions is to allow the restructuring of *facility management* services within the MFM Group through the creation of a sole operating holding company which focuses the productive resources of *traditional facility management* and resources relating to *business support services* for the entire Group, with the goal of achieving more efficient and effective management, an improvement in the services provided and streamlining of operating processes, at the same time facilitating the business approach to the market and, therefore, creating organisational/operating synergies to be developed as part of the management of similar activities.

Following the above-mentioned business combination and the internal restructuring process geared towards integration, Manutencoop Facility Management S.p.A. requested the help of well-known consultancy firm to identify and prepare an estimate of the fair value of the intangible assets deriving from the *Business Combination* for their initial recognition in the financial statements of Manutencoop Facility Management S.p.A., as part of the cost of the combination ("*Purchase Price Allocation").* The merger acknowledges said study in the allocation of part of the goodwill that arose following the elimination of the carrying amount of the equity investments involved in said business combination.

The transaction was carried out between entities subject to common control and, therefore, excluded from the field of application of IFRS 3.
The accounting effects were determined by applying the general principle of the continuity of values according to IAS 8 and the interpretative document OPI 2 issued by Assirevi.
As a result of the accounting method adopted, the merger involved higher current values that those stated in the consolidated financial statements. The result is that the difference between the cost of the equity investment and the corresponding portion of shareholders' equity of the incorporated companies was allocated for the same values to the extent of the net carrying amount of the assets of the incorporated companies and the goodwill resulting from the consolidated financial statements at said date.

The values of the assets and liabilities determined as part of the *Purchase Price Allocation* are shown below, which led to the allocation of € 20,605 thousand to intangible fixed assets, such as contractual relations with customers, € 6,470 thousand as deferred tax provisions on said backlogs, € 90,177 thousand to goodwill, € 7,192 thousand to the item Equity investments, while the remainder, amounting to € 3,942 thousand, was used to reduce shareholders' equity.

PURCHASE PRICE ALLOCATION

(in thousands of Euro)	**01/10/2010**
Intangible fixed assets	**110,782**
Goodwill	90,177
Other intangible fixed assets	20,605
Equity investments in Subsidiaries, Joint ventures, Associates	**7,192**
Provisions for taxes, including deferred	**(6,470)**
Statutory shareholders' equity	**(3,942)**

Details of the above-mentioned allocations are shown below:

Intangible fixed assets ("Altair IFM" Backlog)	12,661
Intangible fixed assets ("Progetto Nuovo S. Anna" Backlog)	4,789
Intangible fixed assets ("FIAT" Backlog)	2,310
Intangible fixed assets ("Project & Energy" Backlog)	845
TOTAL ALLOCATION - INTANGIBLE FIXED ASSETS	**20,605**
Provision for deferred taxes - "FIAT"	(725)
Provision for deferred taxes - "Project & Energy"	(265)
Provision for deferred taxes - "Progetto Nuovo S. Anna"	(1,504)
Provision for deferred taxes - "Altair IFM"	(3,976)
TOTAL PROVISIONS FOR DEFERRED TAXES	**(6,470)**
Gestin Polska Sp.zo.o.	3,454
MP Facility S.p.A.	3,068
Altair IFM France S.a.s.	372
Altair Zander Italia S.r.l.	216
Integra Energy S.r.l.	49
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l.	30
Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation	3
TOTAL ALLOCATION - EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	**7,192**

It should be noted that the effect on shareholders' equity (€ 3,942 million) is essentially attributable to the losses accrued by Altair IFM S.p.A. between the acquisition date (28 December 2008) and the merger date. This generated a higher merger deficit that the allocations previously made at consolidated level, not recognisable in application of OPI no.2.

As regards the merger by incorporation of Teckal S.p.A., the difference between the cost of the stake and the corresponding portion of shareholders' equity of said entity was recorded under Goodwill (€ 14,670 thousand). This amount is lower than the allocation to goodwill made at the purchase date in the Company's consolidated financial statements.

As permitted by IAS 8 and the interpretative document OPI 2 issued by Assirevi, as regards the backdating of the accounting effects, and in order to ensure the comparability of the company's 2010 figures with those of the previous year, the table below shows the economic and equity comparison already shown in the financial statements, with the addition of a third column dedicated to the consolidated values of the incorporating and incorporated companies as at 31 December 2009.

BALANCE SHEET

(in Euro)	31 December 2010 Manutencoop Facility Management S.p.A.	31 December 2009 Manutencoop Facility Management S.p.A.	Financial statements for the year ended 31 December 2009 of Manutencoop Facility Management S.p.A. of the companies merged by incorporation
ASSETS			
NON-CURRENT ASSETS			
Property, plant and machinery	18,816,004	5,249,676	20,140,758
Leased property, plant and machinery	745,526	693,859	1,502,499
Goodwill	294,691,199	25,773,340	297,222,458
Other intangible assets	22,662,692	7,857,051	28,690,408
Equity investments in Subsidiaries, Joint ventures, Associates	156,090,452	339,532,664	146,394,774
Other equity investments	1,924,629	1,542,313	2,003,801
Long-term financial assets and other securities	10,024,966	2,082,189	10,107,570
Other receivables and non-current assets	1,146,107	662,559	1,316,588
Prepaid tax assets	12,317,361	5,412,553	13,950,038
TOTAL NON-CURRENT ASSETS	**518,418,936**	**388,806,204**	**521,328,894**
CURRENT ASSETS			
Inventories	2,541,907	988,935	2,645,211
Trade receivables and advances to suppliers	544,837,873	262,996,719	534,211,083
Current tax credits	2,654,536		587,483
Other current receivables	7,738,734	4,792,494	7,948,128
Receivables and other current financial assets	39,046,782	93,734,937	10,779,996
Cash and cash equivalents	27,918,742	18,275,368	49,272,425
TOTAL CURRENT ASSETS	**624,738,574**	**380,788,453**	**605,444,326**
Non-current assets held for disposal	**11,596,066**		**1,298,997**
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL	**11,596,066**		**1,298,997**
TOTAL ASSETS	**1,154,753,576**	**769,594,657**	**1,128,072,218**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	109,149,600	109,149,600	109,149,600
Share premium reserve	145,018,390	144,736,293	144,736,293
Reserves	28,631,073	22,210,863	18,268,891
Accumulated profits (losses)	3,808,981	3,808,981	3,808,981
Profit (Loss) for the year	4,810,389	10,092,438	10,092,438
TOTAL SHAREHOLDERS' EQUITY	**291,418,433**	**289,998,175**	**286,056,203**
NON-CURRENT LIABILITIES			
Employee severance indemnity - retirement	17,211,404	13,020,925	24,222,526
Provision for long-term risks and charges	5,194,252	2,501,753	3,076,343
Long-term loans	64,381,969	113,333,938	177,302,638
Deferred tax liabilities	10,939,419	1,407,044	15,722,253
Financial liabilities for non-current derivatives	1,560,051	1,064,745	1,064,745
Other non-current liabilities	3,277		2,284
TOTAL NON-CURRENT LIABILITIES	**99,290,372**	**131,328,405**	**221,390,789**
CURRENT LIABILITIES			
Provision for short-term risks and charges	15,161,865	7,405,807	9,782,844
Trade payables and advances from customers	329,309,749	149,539,309	350,719,464
Current tax payables		5,418,459	3,059,104
Other current payables	104,732,322	59,892,150	100,421,679
Loans and other current financial liabilities	303,960,492	126,012,352	156,642,138
TOTAL CURRENT LIABILITIES	**753,164,428**	**348,268,077**	**620,625,229**
Liabilities attributable to assets held for disposal	**10,880,344**		
TOTAL LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR DISPOSAL	**10,880,344**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,154,753,576**	**769,594,657**	**1,128,072,218**

INCOME STATEMENT

(in Euro)	31 December 2010 Manutencoop Facility Management S.p.A.	31 December 2009 Manutencoop Facility Management S.p.A.	Financial statements for the year ended 31 December 2009 of Manutencoop Facility Management S.p.A. of the companies merged by incorporation
REVENUES			
Sales and service revenues	813,278,639	458,155,322	874,665,156
Other operating revenues	1,393,346	557,485	3,165,790
TOTAL REVENUES	**814,671,985**	**458,712,807**	**877,839,946**
OPERATING COSTS			
Consumption of raw materials and consumables	(91,036,203)	(61,891,542)	(87,539,854)
Change in inventories of finished and semi-finished products			
Costs for services and use of third party assets	(384,286,515)	(167,905,650)	(451,843,542)
Personnel costs	(265,206,058)	(186,803,011)	(266,001,016)
Other operating costs	(4,833,698)	(3,191,351)	(4,269,366)
Lower costs for own work capitalised			
(Amortisation/depreciation, impairment) - write-backs of assets	(26,032,735)	(10,167,830)	(15,690,016)
(Allocations to provisions for risks) - transfer of provisions	(11,519,955)	(8,650,878)	(10,318,556)
TOTAL OPERATING COSTS	**(782,915,164)**	**(438,610,262)**	**(835,662,350)**
EBIT	**31,756,821**	**20,102,545**	**42,168,596**
FINANCIAL INCOME AND CHARGES			
Dividends, income and charges generated by the sale of equity investments	7,867,702	9,551,146	16,172,367
Financial income	2,142,613	3,139,881	2,119,236
Financial charges	(13,641,574)	(10,851,032)	(15,548,948)
Exchange gains (losses)	39,126		
PRE-TAX PROFIT (LOSS)	**28,164,685**	**21,942,540**	**44,911,251**
Current, prepaid and deferred taxes	(20,446,598)	(11,850,102)	(22,354,786)
INCOME FROM CONTINUING OPERATIONS	**7,718,087**	**10,092,438**	**22,556,465**
Income from discontinued operations	(2,907,698)		
PROFIT (LOSS) FOR THE YEAR	**4,810,389**	**10,092,438**	**22,556,465**

3.2 Energy Project Business Unit Sale

On 28 June 2010, the company transferred to Envolta S.r.l., then renamed Energyproject S.p.A., the business unit constituting the assets, liabilities, active contractual relationships, authorisations and, generally speaking, all elements that composed the "*Project & Energy*" division. The business unit was transferred effective as of 1 July 2010.

For the valuation of the assets involved in the transfer, an expert appraiser was appointed to calculate the value of the economic capital of the business unit of Manutencoop Facility Management S.p.A. known as "*Project & Energy*". The appraiser valued the company assets involved in the transfer at € 1,010 thousand which, compared to the negative accounting value of shareholders' equity of € 1,674 thousand, determined a positive difference of € 2,684 thousand.

The transaction constitutes a business combination between entities under common control, given that the company EnergyProject S.p.A is wholly owned by Manutencoop Facility Management S.p.A..

This transaction was entered into by parties under common control and, therefore, is not regulated by IFRS 3.

As indicated in the Assirevi OPI 1 document on the "Accounting treatment of "business combinations of entities under common control", the economic substance must consist of the generation of valued-added for the group of interested parties (such as, for example, higher revenues, cost savings, creation of synergies), that materialises through significant variations in the cash flows before and after the transfer of the assets.
Application of the continuity of values principle gives rise to the recognition in the balance sheet 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 acquiree and the acquirer, therefore, were recorded at the carrying amounts the recorded in their accounts of the acquiree before the transaction.
Therefore, the accounting of the sale of the business unit using the continuity of values principle involved the insertion, in shareholders' equity, under a special reserve, for a total of € 813 thousand, of the higher value created by the difference between the value of shareholders' equity transferred and the valuation of balance sheet assets and liabilities by the expert appraiser, and a reduction of goodwill recorded during the business combination, amounting to € 1,871 thousand.

The table below summarises the equity effects of the transaction described:

EQUITY EFFECTS: SALE OF "PROJECT & ENERGY" BUSINESS UNIT

(in thousands of Euro)	**Recognised values**	**Carrying amounts**
Intangible fixed assets	6	6
Tangible fixed assets	15	15
Increase in share capital at Energyproject S.p.A.		1,010
Inventories		720
Trade receivables and advances to suppliers		919
Receivables and other current financial assets		(1,535)
Other current receivables	25	38
ASSETS	**46**	**1,173**
Employee severance indemnity	1,195	1,195
Other current payables	525	643
LIABILITIES	**1,720**	**1,838**
Carrying amount value of net assets	**(1,674)**	**(665)**
Value of goodwill	**2,684**	
Increase in value of "Energyproject S.p.A." equity investment	**1,010**	
Adjustment	**(1,535)**	

The update to the balance sheet as at 30 June 2010 involved an adjustment to credit of € 1,535 thousand.

On 12 November 2010, given that art. 2447 of the Italian Civil Code applied to the company Energyproject S.p.A. (reduction of share capital below the legal limit), Manutencoop Facility Management S.p.A. resolved to waive the above-mentioned credit owed from said entity, amounting to € 1,535 thousand, in the form of a capital payment.

3.3 Sale of Fiat business unit

On 30 December 2010, the company sold, effective as of 1 December 2010:

- the "Civil Maintenance business unit" to Fiat Partecipazioni S.p.A.;
- the "Industrial Maintenance business unit" to Fiat Group Automobiles S.p.A..

The Civil Maintenance business unit included, inter alia, 100% of the share capital of French company Altair IFM France SAS, sold on said date to the entity Fiat Partecipazioni S.p.A., as part of said business unit.
On 13 December 2010, the stake in Gestin Polska Sp. Z.o.o. was also sold to Fiat Auto Poland S.A., whose share transfer was effective from 1 January 2011.
The equity investment was sold for € 2,217 thousand, subject to adjustment on the basis of the value of the shareholders' equity of said company stated in the definitive financial statements as at 31 December 2010.

As regards the "Civil Maintenance business unit", the total price of the transaction was agreed at € 641 thousand, stated in the balance sheet as at 30 September 2010, with earn-outs resulting from balance sheet variations after the transfer date, which will be adjusted before 31 March 2011.

As regards the "Industrial Maintenance business unit", the total price of the transaction was agreed at € 203 thousand, stated in the balance sheet as at 30 September 2010, with earn-outs resulting from balance sheet variations after the transfer date, which will be adjusted before 31 March 2011.

The values transferred were not appraised given the transfer was conducted at book values.

The table below shows the equity effects of the transaction described:

EQUITY EFFECTS: SALE OF "CIVIL MAINTENANCE BUSINESS UNIT"

(in thousands of Euro)	**Values as at 30/09/2010**	**Values as at 30/11/2010**	**Adjustment Euro**
Property, plant and machinery	38		(38)
Other intangible assets	2		(2)
Trade receivables and advances to suppliers	320	320	
Inventories	58	58	
Advance payment - sale of Fiat business unit	778	778	
Assets	**1,196**	**1,156**	**(40)**
Employee severance indemnity - retirement	1,174	1,202	28
Other current payables	413	274	(139)
Liabilities	**1,587**	**1,476**	**(111)**
Sale price	**641**	**641**	
Surplus value recognised by the assignee	**1,032**	**1,032**	
Adjustment			**71**

EQUITY EFFECTS: SALE OF "INDUSTRIAL MAINTENANCE BUSINESS UNIT"

(in thousands of Euro)	Values as at 30/09/2010	Values as at 30/11/2010	Adjustment Euro
Property, plant and machinery	2		(2)
Trade receivables and advances to suppliers	321	385	64
Advance payment - sale of Fiat business unit	341	341	
Assets	**664**	**726**	**62**
Employee severance indemnity - retirement	1,144	1,134	(10)
Other current payables	438	309	(129)
Liabilities	**1,582**	**1,443**	**(139)**
Sale price	**203**	**203**	
Surplus value recognised by the assignee	**1,121**	**1,121**	
Adjustment			**201**

It should be pointed out that the "surplus values recognised by the assignee" deriving from the sale of the two business units, lowered the residual value of "Fiat" backlogs by € 1,962 thousand and goodwill generated by the company integration process by € 191 thousand.

4. PROPERTY, PLANT AND MACHINERY

(in thousands of Euro)	Properties	Plant equipment and other assets	Properties leased	Plant and equipment leased	Total
31-Dec-10					
As at 1 January 2010, net of accumulated depreciation and impairment	**0**	**5,250**	**0**	**694**	**5,944**
Increases from acquisitions and business combinations	1,345	13,608	191	441	15,585
Increases	35	2,144		48	2,227
Decreases from transfers or conferrals		(15)			(15)
Impairment losses					
Decreases		(49)			(49)
Depreciation in the year	(140)	(3,362)	(9)	(619)	(4,130)
As at 31 December 2010, net of accumulated depreciation and impairment losses	**1,240**	**17,576**	**182**	**564**	**19,562**
As at 1 January 2010					
Cost		16,753		2,604	19,357
Accumulated depreciation and accumulated impairment		(11,503)		(1,910)	(13,413)
Net carrying amount		**5,250**		**694**	**5,944**
As at 31 December 2010					
Cost	3,036	54,473	284	3,312	61,105
Accumulated depreciation and impairment	(1,796)	(36,897)	(102)	(2,748)	(41,543)
NET CARRYING AMOUNT	**1,240**	**17,576**	**182**	**564**	**19,562**

The previous table shows the amounts of historical cost and accumulated depreciation deriving from the business combinations performed in the year, as better described in paragraph 3.
The purchases in the year relate to technological and productive adjustments to industrial equipment, motor vehicles and assets regarding the company's information system, as well and furniture and fittings.
No fixed assets are present which were revalued.

(in thousands of Euro)	Plant equipment and other assets	Plant and equipment leased	Total
31-Dec-09			
As at 1 January 2009, net of accumulated depreciation and impairment losses	**5,921**	**955**	**6,876**
Increases	2,222	184	2,406
Reclassifications	1	(1)	
Revaluations			
Acquisition from CPV merger	231		231
Impairment losses			
Decreases	(56)		(56)
Decreases for sale of Building Division business unit	(886)		(886)
Decrease in historical cost for sale of Information Systems business unit	(4,528)		(4,528)
Accumulated depreciation from CPV merger	(197)		(197)
Decrease in accumulated depreciation of Building Division business unit	846		846
Decrease in accumulated depreciation of Information Systems business unit	3,498		3,498
Depreciation in the year	(1,802)	(444)	(2,246)
As at 31 December 2009, net of accumulated depreciation and impairment losses	**5,250**	**694**	**5,944**
As at 1 January 2009			
Cost	20,723	2,691	23,414
Accumulated depreciation and accumulated impairment	(14,802)	(1,736)	(16,538)
Net carrying amount	**5,921**	**955**	**6,876**
As at 31 December 2009			
Cost	16,753	2,604	19,357
Accumulated depreciation and impairment	(11,503)	(1,910)	(13,413)
NET CARRYING AMOUNT	**5,250**	**694**	**5,944**

5. INTANGIBLE ASSETS

(in thousands of Euro)	Other intangible fixed assets	Goodwill	Total
As at 31 December 2010			
Cost as at 1 January 2010, net of accumulated amortisation and impairment	**7,857**	**25,773**	**33,630**
Increases	7,084		7,084
Increases from acquisitions and business combinations	21,051	271,449	292,500
Impairment losses	(3,898)		(3,898)
Decreases from transfers or conferrals	(6)	(2,531)	(2,537)
Amortisation	(9,424)		(9,424)
Rounding off	(1)		(1)
As at 31 December 2010	**22,663**	**294,691**	**317,354**
As at 1 January 2010			
Cost (gross carrying amount) as stated previously	15,811	29,695	45,506
Accumulated amortisation and impairment as stated previously	(7,955)	(3,922)	(11,877)
Net carrying amount	7,856	25,773	33,629
As at 31 December 2010			
Cost (gross carrying amount)	49,527	352,168	401,695
Accumulated amortisation and impairment	(26,864)	(57,477)	(84,341)
NET CARRYING AMOUNT	**22,663**	**294,691**	**317,354**

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.
Backlogs, which emerged from the acquisition of the "Heat Management" business unit in 2008 were amortised in proportion to the duration of the contracts and fully written down in 2010 for a total of € 1,935 thousand. In fact, in 2010, the initial assumptions regarding the recovery of the higher price paid as a result of the acquisition of the aforementioned business unit no longer existed. In relation to the forecast of lower cash flows from the "Azienda Ospedaliera Universitaria G. Martino" and "Azienda Ospedaliera Ospedali Riuniti Papardo" job orders, management prudentially decided to write down the portion of backlogs still not amortised as at 31 December 2010.
Impairment losses also include the write-down, amounting to € 1,963 thousand, of the backlogs belonging to the "Fiat" business unit sold on 23 December 2010, as better described in paragraph 3.3.
The increase of € 271,449 thousand in the item 'Goodwill' is attributable to the company integration process, while the decrease of € 2,531 thousand refers to the sale of the "Project & Energy" and Fiat business units referred to in the previous paragraphs.
As of 1 January 2004, goodwill is no longer amortised and is tested annually for impairment as detailed in section 6 below.
The item 'Concessions and licences' includes costs incurred (€ 15 thousand) for a third party transport licence used to develop productive activities.
With reference to the item 'Other intangible fixed assets', the increases relate mostly to costs regarding software.

(in thousands of Euro)	Other intangible fixed assets	Goodwill	Total
As at 31 December 2010			
Cost as at 1 January 2009, net of accumulated amortisation and impairment	**8,854**	**25,773**	**34,627**
Increases	1,747		1,747
Impairment losses			
Decreases	(13)		(13)
Rounding off			
Amortisation	(2,731)		(2,731)
As at 31 December 2009	**7,857**	**25,773**	**33,630**
As at 1 January 2009			
Cost (gross carrying amount) as stated previously	11,963	29,695	41,658
Accumulated amortisation and impairment as stated previously	(5,964)	(3,922)	(9,886)
Net carrying amount	5,999	25,773	31,772
As at 31 December 2009			
Cost (gross carrying amount)	15,811	29,695	45,506
Accumulated amortisation and impairment	(7,954)	(3,922)	(11,876)
NET CARRYING AMOUNT	**7,857**	**25,773**	**33,630**

6. VERIFICATION OF IMPAIRMENT OF GOODWILL RECOGNISED

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 Group business plans in order to identify any indications of impairment. The analysis confirmed that the recoverable value greatly exceeds the associated carrying amount.

As in the previous years, for the purposes of checking the value of assets, company management identified beforehand the operating units to which the "Cash-Generating Units" ("CGU") correspond.
The operating units in question numbered three and were identified principally on the basis of the type of services offered by the Group: in particular, the Cash-Generating Units of Facility Management, Laundering/ sterilisation and Other Activities.

More specifically, impairment testing was carried out using the "Discounted Cash Flows" or "DCF" method, applied in the "unlevered" (or "asset-side") formulation relating to cash flow returns on invested capital before the financial structure.
In order to obtain indications of the potential net sale values ("fair value less costs to sell") of the assets regarding the individual operating units, valuations were also recorded deriving from the application of stock market multiples or the comparable transactions of certain listed companies in the sector, which were acquired as guiding elements with respect to the values in use.

The results of the tests performed indicate that the value in use as at 31 December 2010 of the goodwill included in the scope of the analysis is always higher than the corresponding carrying amount for the Cash-Generating Units at that date.
The valuation deriving from the application of stock market multiples, in a market context characterised by prolonged price volatility, highlighted results below the value in use, however, above the total carrying amounts for the Facility Management CGU at that date.

The projected cash flow contained in the latest financial plan was used for the calculation, relating to a period of four years. The discount rate applied to prospective cash flows is 6.8% (2009: 8.1%) and cash flows beyond four years are extrapolated using the constant rate of growth of 1%, equal to that of 2009: 1%).
The reduction in the rate used to discount prospective cash flows relating to the facility management CGU, compared to the previous year, is due essentially to the following aspects:

- different assumption regarding the weighting of the equity/debt structure;
- consideration of a different cost of borrowing, as a component for determining the WACC used as a calculation basis.

The rate of growth applied is held to be prudential with respect to the much higher provisional rates of growth drawn up by external observers and the average rates of growth in revenues relating to Facility Management activities, recorded by Manutencoop Facility Management S.p.A. over the last 5 years (to the tune of 20% per annum).

7. EQUITY 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.
The table below summarises, in relation to subsidiaries, joint ventures and associates, the information regarding the company name, registered office and the amount of share capital held directly and indirectly by the company, and the percentage of votes held at shareholders' meetings, if different.

SUBSIDIARIES

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL	INDIRECT STAKE IN SHARE CAPITAL
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.	Zola Predosa (BO)	90%	
Consorzio Imolese Pulizie Soc.Cons. a r.l.	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%	
MP Facility 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.	Zola Predosa (BO)	89.99%	
Alisei S.r.l. in liquidation	Modena (MO)	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	80%	
Energyproject S.p.A.	Zola Predosa (BO)	100%	
Integra Energy S.r.l.	Milano (MI)	100%	
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l. in liquidation	Pozzuoli (NA)	100%	
S.AN.GE Soc. Cons. a r.l.	Milan (MI)	89%	
Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation	Rome	60%	
Cardarelli Soc. Cons. a r. l.	Carinaro (CE)	60%	
S.AN.CO. Soc. Conso a r.l.	Milan	51.50%	
Fabbri Ascensori S.r.l.	Varese (VA)		100%
Protec S.r.l	Vicenza		100%
Sicura S.r.l.	Vicenza		100%
Securveneta S.r.l.	Vicenza		80%
Sedda S.r.l.	Vicenza		80%
Mako Engineering S.r.l.	Treviglio (BG)		70%
Sicurama S.r.l.	Casalecchio di Reno (BO)		75%
Firing S.r.l.	Lainate (MI)		65%
Cofam S.r.l.	Modena (MO)		60%

JOINT VENTURES

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL	INDIRECT STAKE IN SHARE CAPITAL
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%	
Altair Zander Italia S.r.l.	Milan	50%	
Malaspina Energy Soc. Cons. a r.l.	Milan	50%	
DUC Gestione Sede Unica Soc.Cons. a r.l.	Zola Predosa (BO)	49%	
SCAM - Società Consortile Adanti Manutencoop a r.l.	Zola Predosa (BO)		50%
AMG S.r.l.	Busca (CN)		50%
Servizi Luce Soc. Cons. a r.l.	Zola Predosa (BO)		50%
Serena S.r.l.	Zola Predosa (BO)		50%

ASSOCIATES

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL	INDIRECT STAKE IN SHARE CAPITAL
Savia Soc. Cons. a r.l.	Forlì (FC)	49.11%	
Servizi Taranto Soc. Cons. a r.l.	Taranto (TA)	44.3%	
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)	20.1%	
Se.Sa.Mo. S.p.A.	Carpi (Mo)	20.91%	
Global Riviera Soc.Cons. a r.l.	Zola Predosa (Bo)	23.11%	7.55%
Consorzio Energia Servizi Bologna in liquidation	Bologna	24.25%	
Newco DUC Bologna S.p.A.	Bologna	24.90%	
PBS Soc.Cons. a r.l.	Milan	25%	
Bologna Più Soc.Cons. a r.l. in liquidation	Bologna	25.68%	
Global Provincia di Rimini Soc.Cons. a r.l.	Zola Predosa (Bo)	42.4%	
Roma Multiservizi S.p.A.	Roma	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. in liquidation	Bologna	40%	
Progetto Nuovo Sant'Anna S.r.l.	Milan	24.0%	
Telepost S.p.A.	Milan	20%	
Tower Soc. Cons. a r.l.	Bologna	20.167%	
SE.STE.RO S.r.l.	Soragna (PR)		25%
San Martino 2000 soc.cons.a r.l.	Calata Gadda (GE)		40%
Sersan Servizi Sanitari S.p.A. in liquidation	Lamezia Terme (CZ)		20%
F.lli Bernard S.r.l.	Bari		20%
Servizi Sanitari Treviso Soc. Cons. a r.l.	Calata Gadda (GE)		40%
Iniziative Produttive Piemontesi S.r.l.	Turin (TO)		24.75%
Steril Piemonte Soc.Cons. a r.l.	Turin (TO)		25%
MCB Emirate LLC	United Arab Emirates		49%

EQUITY INVESTMENTS IN SUBSIDIARIES BEING DISPOSED OF

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL	INDIRECT STAKE IN SHARE CAPITAL
Gestin Polska Sp.zo.o.	Bielsko Biala (Poland)	100%	

EQUITY INVESTMENTS IN ASSOCIATES BEING DISPOSED OF

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL	INDIRECT STAKE IN SHARE CAPITAL
HEADMOST Division Service Facility Management S.p.A.	Pomezia	25%	

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

MOVEMENTS IN EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(in thousands of Euro)	Balance 01/01/2010	Increase	Combinations	Decrease/ write-down	Reclassifications	Balance 31/12/2010
SUBSIDIARIES						
Servizi Marche s.cons.r.l. in liquidation	6					6
Consorzio Imolese Pulizie s.cons.r.l.	6					6
S.I.MA.GEST2 s.cons.r.l.	30		15			45
S.I.MA.GEST3 s.cons.r.l.	45					45
Consorzio Servizi Toscana s.cons.r.l.	6					6
Gymnasium s.cons.r.l. in liquidation	7					7
Consorzio Igiene Ospedaliera s.cons.r.l.	7					7
Alisei S.r.l. in liquidation						
M.C.B. S.p.A.	11,729		(11,729)			
Gestlotto6 soc.cons.r.l. in liquidation	50					50
Servizi Ospedalieri S.p.A.	80,569					80,569
Servizi Brindisi s.cons.r.l.	5					5
Co.Ge.F. s.cons.r.l.	8					8
Teckal S.p.A.	61,463		(61,463)			
Palmanova servizi energetici s.cons.r.l.	6					6
Servizi l'Aquila s.cons.r.l.	12					12
Delivery S.r.l.			1,049	(1,049)		
Società Manutenzione Illuminazione S.p.A.	2,123			(2,003)		120
Manutenzione Installazione Ascensori S.p.A.	5,000	10,000				15,000
Gruppo Sicura S.p.A.	28,812	7,113				35,925
Integra F.M. BV	142,307		(142,307)			
M.P.Facility S.p.A.	500		15,295			15,795
MACO S. p.A.	409					409
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l. in liquidation			116			116
Energyproject S.p.A.		2,791	49	(2,720)		120
Integra Energy S.r.l.			149			149
Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation			11			11
S.AN.CO. Soc. Conso a r.l.		1	4			5
S.AN.GE Soc. Cons. a r.l.		3	6			9
Gestin Polska Sp.zo.o.			886		(886)	
TOTAL SUBSIDIARIES	**333,100**	**19,908**	**(197,919)**	**(5,772)**	**(886)**	**148,431**

MOVEMENTS IN EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(in thousands of Euro)	Balance 01/01/2010	Increase	Combinations	Decrease/ write-down	Reclassifications	Balance 31/12/2010
JOINT VENTURES						
Cardarelli Soc. Cons. a r. l.		6				6
Consorzio Leader Soc. Cons. a.r.l. in liquidation	5					5
Legnago 2001 Soc. Cons a r.l.	5					5
Global Maggiore Bellaria Soc. Cons. a r.l.	5					5
Servizi Sportivi Brindisi Soc. Cons. a r.l.	5					5
Duc Dest sede unica Soc. Cons.a r.l.	10					10
Altair Zander Italia S.r.l.			222			222
Malaspina Energy Soc. Cons. a r.l.			50			50
TOTAL JOINT VENTURES	**30**	**6**	**272**			**308**
ASSOCIATES						
Roma Multiservizi S.p.A.	3,324					3,324
Global Prov.Rimini Soc. Cons. a r.l.	4					4
Gico Systems S.r.l.	29					29
Bologna più Soc. Cons. a r.l. in liquidation	5					5
Como Energia Soc. Cons. a r.l.	74					74
Global Riviera Soc. Cons. a r.l.	7					7
Newco Duc Bologna S.p.A.	2,241			1,237		1,004
Sesamo S.p.A.	606					606
Consorzio Energia Servizi Bologna in liquidation	2					2
P.B.S. Soc. Cons.a r.l.	25					25
Global Vicenza Soc.Cons. a r.l.	4					4
Bologna Multiservizi Soc. Cons.a r.l.	4					4
Bologna Gestione Patrimonio Soc. Cons. a r.l.	6					6
Servizi Napoli 5 Soc. Cons. a r.l.	5					5
Costruzione Manutenzione Immobili S.r.l. in liquidation	62					62
Livia Soc. Cons. a r.l.	3					3
Telepost S.p.A.			24			24
Progetto Nuovo Sant'Anna S.r.l.		1,811	1,485	2,254		1,042
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.		1,111				1,111
Savia Soc.Cons. a r.l.		5				5
Servizi Taranto Soc. Cons. a r.l.		4				4
HEADMOST Division Service Facility Management S.p.A.			250		(250)	
Rounding off	2					1
TOTAL ASSOCIATES	**6,403**	**2,931**	**1,759**	**3,491**	**(250)**	**7,351**
TOTAL SUBSIDIARIES, JOINT VENTURES, ASSOCIATES	**339,533**	**22,845**	**(195,888)**	**(2,281)**	**(1,136)**	**156,090**

7.1 Description of movements in equity investments

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

Delivery S.r.l.

The company Delivery S.r.l. was acquired as part of the company integration process.
On 27 September 2010, Manutencoop Facility Management S.p.A. sold to Teorema Holding S.r.l. the entire stake held in Delivery S.r.l., equal to 60% of share capital, by exercising the sale option held, generating a capital gain of € 32 thousand.

Società Manutenzione Illuminazione S.p.A.

The decrease in the equity investment of € 2,003 thousand derives from the write-down made during the year, on the basis of the indications provided by the company's management and the economic-financial situation in the latest set of financial statements of the investee company.

Manutenzione Installazione Ascensori S.p.A.

On 29 March 2010, the company resolved to increase share capital from € 5,000 thousand to € 15,000 thousand and, therefore, amounting to € 10,000 thousand, offered under option to the sole shareholder Manutencoop Facility Management S.p.A., which saw the increase fully subscribed and paid in, in several tranches, before 31 December 2010.

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, and in other facility management sectors in Italy and abroad.
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 purchase.
The contract also makes provision for:

- the payment to transferors of an earn-out, for the 80% share purchased, to be paid in the 1 July 2014 - 30 June 2015 period, when requested by said sellers, upon satisfaction of the condition that the consolidated normalised EBITDA of the Sicura Group 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 equity investment, updated on the payment request date in the first case, and the option exercise date in the second.

The updated valuation of the equity 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 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 to be paid, was supplemented in 2010 by € 7,113 thousand and accounted for as a financial liability given that company management

deems it likely that the condition for payment of the earn-out will be satisfied (2013 EBITDA higher than 2007 EBITDA).

MP Facility S.p.A.

The increase in the equity investment of MP Facility S.p.A. to € 15,295 thousand, amounting to € 11,729 thousand, is the effect of the merger by incorporation of the company M.C.B. S.p.A. into MP Facility S.p.A., effective from 1 January 2010 for statutory, accounting and tax purposes, while the amount of € 3,566 thousand refers to the company integration process.

Energyproject S.p.A.

On 29 January 2010, the shareholders' meeting of Energyproject S.p.A. was held, to pass a resolution pursuant to art. 2482-ter of the Italian Civil Code, given that company had a negative shareholders' equity of € 304 thousand as at 30 September 2009.
At said meeting, the shareholders did not adopt any resolutions, except the one to postpone said shareholders' meeting to 3 March 2010. At the same time, Manutencoop Facility Management S.p.A. made a payment to cover losses/for future share capital increases, amounting to € 201 thousand.
On 3 March 2010 Manutencoop Facility Management SpA acquired from Hoch.rein GmbH the remaining 45% stake in the share capital of Envolta S.r.l. (subsequently renamed to EnergyProject S.p.A.), therefore becoming the sole shareholder. The acquisition of the stake in the company, operating in the construction and marketing of photovoltaic plants, was made for a payment of a consideration of € 45 thousand, equal to the nominal value of the capital involved in the sale.
As regards the transaction relating to the sale of the "Project&Energy" business unit, refer to paragraph 3.2.
The increase in the value of the equity investments amounts to € 2,791 thousand, detailed as follows:

03/03/2010	payment to cover losses/future share capital increase	201
03/03/2010	purchase of 45% of share capital from Hoch. Rein Gmbh	45
01/07/2010	share capital increase	1,010
01/07/2010	business unit adjustment	1,535
	TOTAL INCREASE	**2,791**

As at 31 December 2010, the equity investment was written down by € 2,720 thousand in relation to the forecasts made by management regarding the future profitability of management of the contracts involved in the conferment, taking into account the company plans prepared.

Gestin Polska Sp.Zo.o.

The company Gestin Polska Sp.Zo.o. was sold to Fiat Auto Poland S.A., effective as of 1 January 2011, therefore, as at 31 December 2010 it was reclassified under "non-current assets held for disposal".

Cardarelli Società Consortile a r.l.

On 23 April 2010, the company Cardarelli Società Consortile a r.l. was incorporated, whose corporate purpose is the unified performance of solely maintenance works required by the procedure opened for the award of the maintenance service for properties owned by Azienda Ospedaliera di Rilievo Nazionale A. Cardarelli. The share capital was fully paid in and subscribed by Manutencoop Facility Management S.p.A. for € 6 thousand, corresponding to 60% of share capital.

Newco Duc Bologna S.p.A.

The decrease in the equity investment of € 1,237 thousand derives from the write-down made during the year, on the basis of the indications provided by the company's management and the economic-financial situation in the latest set of financial statements of the investee company.

Progetto Nuovo S. Anna S.r.l.

The company was acquired in the year as part of the business combination process, described in paragraph 3, given that the share capital was 49.5% owned by Altair IFM S.p.A..

On 25 May 2010, the company covered, on a pro-quota basis, the losses of Progetto Nuovo S. Anna resulting as at 31 December 2009, by waiving its receivables deriving from the subordinate loan agreement of 31 July 2007, amounting to € 1,141 thousand (of which € 373 thousand in relation to the portion on behalf of Shareholder Aster S.p.A.).

On 18 June 2010, MFM stipulated the purchase of 24% of the share capital of Progetto Nuovo Sant'Anna S.r.l. with Aster S.p.A., at a price of € 1,042 thousand, therefore acquiring control of the Company.

Subsequently, 30 June 2010 saw the sale of 49.5% of the shares of Progetto Nuovo Sant'Anna S.r.l. to Fondaco Società di gestione del risparmio S.p.A., on behalf of the mutual investment fund PPP Italia, for a consideration of € 2,254 thousand.

Perimetro Gestione Proprietà Immobiliari S.c.p.a.

On 23 December 2010, Manutencoop Facility Management S.p.A. purchased from Banca Monte dei Paschi di Siena S.p.A. the 20.1% stake in the share capital of Perimetro Gestione Proprietà Immobiliari S.c.p.a., at a price of € 1,111 thousand, paid entirely in January 2011.

Savia Soc. cons. a r.l.

On 16 July 2010, the company Savia Soc. Cons. a r.l. was formed, whose corporate purpose is the unified performance of maintenance works in properties managed by the Local Health Unit of Cesena. The share capital was fully paid in and subscribed by Manutencoop Facility Management S.p.A. for € 4.9 thousand, corresponding to 49.11% of share capital.

Servizi Taranto Soc. cons. a r.l.

On 4 November 2010, the company Servizi Taranto Soc. Cons. a r.l. was formed, whose corporate purpose is the unified performance of solely services involving the "maintenance of buildings and plant" and "ordinary maintenance of buildings and electrical systems at the SS. Annunziata, San Giuseppe Moscati Hospitals, Via D'Alò, University Hospital, Via Pupino and infectious diseases ward". The share capital was paid in and subscribed by Manutencoop Facility Management S.p.A. for € 4.3 thousand, corresponding to 44.30% of share capital.

Headmost Division Service Facility Management S.p.A.

The company Headmost Division Service Facility Management S.p.A., active in providing facility management services in the tourism-hotel industry, was acquired as part of the company integration process. As at 31 December 2010, the equity investment (25%) was reclassified in assets held for disposal by virtue of the put option that will be exercised by the company.

Bresso Energia S.r.l.

The Company was acquired in the year as part of the business combination process, described in paragraph 3, given that the share capital was 50% owned by Altair IFM S.p.A., as assets held for disposal. In fact, on 23 December 2009, a sale agreement was signed for the entire shareholding held by Zambon Immobiliare S.p.A., for a consideration of € 98.5 thousand. The deed of sale was completed on 26 January 2010, determining a decrease in the value of the equity investment recorded.

8. OTHER EQUITY INVESTMENTS (NON-CURRENT)

OTHER EQUITY INVESTMENTS (NON-CURRENT)		
(in thousands of Euro)	**2010**	**2009**
Other equity investments	1,925	1,542
TOTAL	**1,925**	**1,542**

Net equity investments in companies that are not subsidiaries or associates are made for strategic-production reasons; in fact, these investments are all related to production sites and also mostly regard investments in companies that have the legal form of cost charge-back consortia or consortium companies. 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 given subject to rules and agreements which, in fact, prevent their free circulation. In any case, said valuation method is deemed to approximate the fair value of the security.
The increase in the year is mainly related to:

- the acquisition of 3.8% of the shares in Sviluppo Campania S.p.A. as a result of the business combination process described in paragraph 3 (€ 207 thousand);
- the payment of € 150 thousand for the future share capital increase of Genesi 1 S.p.A..

It should be noted that as a result of the business combination, Manutencoop Facility Management S.p.A. acquired the share capital of the companies:

- Progetto Vallata S.r.l., 9% owned, amounting to € 135 thousand;
- Golfo Aranci S.p.A. – Società di Trasformazione Urbana, 1.2% owned, amounting to € 107 thousand.

The two equity investments were fully written down in 2010 given that the assumptions regarding the recovery of invested capital no longer existed.

9. LONG-TERM FINANCIAL ASSETS AND OTHER SECURITIES (NON-CURRENT)

LONG-TERM FINANCIAL ASSETS AND OTHER SECURITIES (NON-CURRENT)		
(in thousands of Euro)	**2010**	**2009**
Long-term financial assets and other securities	10,025	2,082
TOTAL	**10,025**	**2,082**

The loans granted to some investee companies are non-interest bearing given disbursed on a pro-quota basis by each shareholder. Therefore, they were 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 of 0.5%. The increase with respect to the previous year derives mainly from:

- interest-bearing loan of € 4,932 thousand granted to associate Progetto Nuovo Sant'Anna S.r.l.;

- non-interest bearing loan of € 1,650 thousand granted to subsidiary S.AN.CO. Soc. Conso a r.l.;
- non-interest bearing loan of € 336 thousand granted to Congregazione delle Suore Infermiere dell'Addolorata of Como, deriving from the acquisition of the business unit, which took place in 2005, by the company Gestin Facility S.p.A. (incorporated in Manutencoop Facility Management S.p.A.) and refers to the commitment assumed by the selling party for future disbursements relating to personnel transferred along with said business unit.

These loans were disbursed as a result of the business combination process detailed in paragraph 3.

10. OTHER RECEIVABLES AND NON-CURRENT ASSETS

OTHER RECEIVABLES AND NON-CURRENT ASSETS

(in thousands of Euro)	**2010**	**2009**
Other receivables and non-current assets	1,146	663
TOTAL	**1,146**	**663**

The other financial assets are mostly made up of security deposits regarding some commercial contracts.

11. INVENTORIES

INVENTORIES

(in thousands of Euro)	**2010**	**2009**
Raw materials (at cost)	2,542	989

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

12. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

(in thousands of Euro)	2010	2009
Trade receivables due from third parties	449,893	214,791
Trade receivables due from Subsidiaries	72,549	33,528
Trade receivables due from Associates and Joint ventures	18,983	13,376
Trade receivables due from Parent Companies	43	299
Costs advanced to suppliers	3,371	1,004
TOTAL TRADE RECEIVABLES	**544,838**	**262,997**

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 discount was applied to trade receivables at a risk-free discount rate of 0.793% (0.46% in 2009), for the period elapsed between the average number of days of delayed payment of our main competitors and those of the company identified during the year.

PROVISION FOR DISCOUNTING OF RECEIVABLES

(in thousands of Euro)	Opening value	Provisions	Releases	Business combination	Closing value
	84	370	(184)	99	370

In respect of 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:

PROVISION FOR WRITE-DOWN OF RECEIVABLES

(in thousands of Euro)	Opening value	Business combination	Provisions	Releases	Uses	Other movements	Closing value
	4,150	9,325	4,712	(200)	(2,003)	588	16,572

The item 'other movements' refers to adjustments to interest arrears billed, but which are unlikely to be collected.

See note 41 for the terms and conditions relating to receivables due from related parties.

The table below shows the analysis of trade receivables by past due bracket, net of the write-down provision and including the discount provision in place as at 31 December 2010:

(in thousands of Euro)	Total	Not past due	Past due	Residual receivables written down
Al 31/12/2010	544,467	353,656	174,239	16,572
Al 31/12/2009	263,081	190,523	68,046	4,512

In 2010, as in the previous year, the company transferred receivables originating from commercial activities with Calyon S.A. Corporate & Investment Bank, to free up resources to support the Company's industrial growth operations.
The contrast has a one-year term, can be renewed for 5 years and involves the transfer of receivables on a revolving basis at quarterly intervals.
The non-recourse factoring of receivables in 2010 took place on 23 March 2010, 25 June 2010, 23 September 2010 and 23 December 2010, for a total nominal value of € 188,477 thousand. In consideration of the characteristics of the operation, the company derecognised the receivable, and accounted for costs relating to the credit discount amounting to € 746 thousand and interest discount costs of € 1,798 thousand, for a total amount of € 2,544 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 noted that receivables due from customers, transferred as at 31 December 2010 but still not collected, amounted to € 76,063 thousand.
As part of the transaction the company issued a surety for a nominal amount of € 8,354 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 € 78 thousand.

13. OTHER CURRENT RECEIVABLES

(in thousands of Euro)	**2010**	**2009**
Receivables due from employees	325	118
Trade receivables	839	74
Receivables due from Social Security Institutions	142	117
Receivables due from Parent Company	3	1
Receivables due from subsidiaries	291	1
Bank receivables for INPDAP (Social Security Institute for employees in public administration) accounts	2,178	2,178
INAIL (National Institute for Insurance against Accidents at Work) receivables	524	184
Tax authorities - VAT	325	185
Other receivables	2,859	1,935
Receivables due from Tax authorities	253	
Rounding off		
TOTAL OTHER CURRENT RECEIVABLES	**7,739**	**4,792**

The amount of € 2,178 thousand refers to the balance of current accounts held at Banca di Roma managed in the name and on behalf of *INPDAP* (Social Security Institute for employees in public administration), as envisaged in a commercial contract stipulated with the aforementioned authority by the company B.S.M. S.r.l., merged by incorporation in 2006.
Other receivables include € 349 thousand in the form of collections to be received from the Parent Company of an ATI (temporary association of companies) in which Manutencoop Facility Management S.p.A. is the principal.

14. RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

(in thousands of Euro)	**2010**	**2009**
Servizi Marche Soc.cons.r.l. in liquidation		12
Consorzio Imolese Pulizie Soc.cons.r.l.	36	36
Gymnasium Soc.cons.r.l. in liquidation	7	7
Gestlotto6 Soc.cons.r.l. in liquidation	20	20
Consorzio Igiene Ospedaliera Soc.cons.r.l.		175
MP Facility S.p.A. (incorporating company of M.C.B. S.p.A.)		1,161
Società Manutenzione Illuminazione S.p.A.	6,932	3,681
Global Prov. Rimini Soc. Cons. a r.l.	170	170
Receivable for purchase of equity investment		1,023
Manutenzione Installazione Ascensori S.p.A.		813
Energyproject S.p.A.	17,089	
S.AN.GE Soc. Cons. a r.l.	3,394	
MACO S.p.A.	4,408	
Integra Energy S.r.l.	678	
Receivable for transfer of business unit	533	195
Receivable due from Fondaco SGR S.p.A.	5,780	
Companies incorporated during the year 2010		86,441
TOTAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**39,047**	**93,735**

Financial current accounts opened with Group Companies are classified in this item, in which financial relations and receivables resulting from the sales of business units detailed in the proper paragraphs are settled.

Total receivables and other current financial assets recorded a positive balance of € 39,047 thousand and the decrease in the year is essentially due to the business combination process, given that the most significant loans in the previous year were primarily disbursed to the companies merged. The balance in these accounts accrues interest at the 3-month Euribor plus a spread of 0.5%; it is repayable on demand and the financial current account contract expires on 31 December 2011, except where tacitly renewed.

The item also includes € 1,023 thousand relating to a claim recorded against the transferor of the company Società Manutenzione Illuminazione S.p.A., already present as at 31 December 2009.

The receivable due from Fondaco SGR S.p.A. refers to the transfer of the receivable which occurred on 30 June 2010 and relates to the portion of the shareholder loan of the company to Progetto Nuovo Sant'Anna S.r.l. with a nominal value of € 5,780 thousand and representing 49.5% of all shareholder loans disbursed and to be disbursed. The receivable purchase price will be paid by 31 August 2011. The receivable was transferred on a non-recourse basis, with it being understood that Fondaco SGR S.p.A. did not assume any commitment regarding the debtor transferred.

15. CASH AND CASH EQUIVALENTS

(in thousands of Euro)	**2010**	**2009**
Bank deposits on demand and cash	21,570	15,013
Company - financial accounts	6,348	3,262
TOTAL CASH AND CASH EQUIVALENTS	**27,919**	**18,275**

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.), have the nature of available current accounts and accrue interest.
The fair value of cash and cash equivalents is therefore € 27,919 thousand (2009: € 18,275 thousand).
As at 31 December 2010, the Company had unused credit lines of € 157,044 thousand (2009: € 76,036 thousand), in relation to which all previous conditions/terms were observed.

For cash flow statement purposes, as at 31 December 2010, the item cash and cash equivalents is composed as follows:

(in thousands of Euro)	**2010**	**2009**
Deposits on demand and cash	27,919	18,275
Bank overdrafts		
TOTAL	**27,919**	**18,275**

16. NON-CURRENT ASSETS HELD FOR DISPOSAL

The item non-current assets held for disposal stood at € 11,596 thousand as at 31 December 2010, as shown in the following table:

31-Dec-10 *(in thousands of Euro)*	**"Heat Management Business Unit"**	**Gestin Polska Sp. Zo. O**	**H.D.S. S.p.A.**	**Total**
Property, plant and machinery	1			1
Equity investments in subsidiaries		2,713		2,713
Equity investments in associates			250	250
Trade receivables and advances to suppliers	8,632			8,632
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL	**8,633**	**2,713**	**250**	**11,596**

In the Balance sheet as at 31 December 2010, in accordance with IFRS 5 - Assets held for sale and discontinued operations, and on the basis of the indications from management, assets and liabilities relating to the Servizi Energia Calore S.r.l. (SEC) business unit were reclassified separately from other assets and liabilities, given that they constitute a "disposal group".

In particular, assets held for disposal in the Heat Management business unit are composed mainly of trade receivables totalling € 8,632 thousand.

The company Gestin Polska Sp.Zo.o. was sold to Fiat Auto Poland S.A., effective as of 1 January 2011; the Group will exercise a PUT option for H.D.S. S.p.A., with a fixed strike price.

17. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	**2010**	**2009**
Ordinary shares with a value of € 1 each	109,150	109,150

Ordinary shares have a nominal value of € 1 each.

Ordinary shares issued and fully paid up as at 31 December 2010 totalled 109,149,600.
The Parent Company does not hold any own shares.

RESERVES AND ACCUMULATED PROFITS (LOSSES)

(in thousands of Euro)	**Legal reserve**	**Share premium reserve**	**Other reserves**	**TOTAL RESERVES**	**Accumulated profits (losses)**
As at 31 December 2007	**3,731**		**2**	**3,733**	
Effect of change of accounting standard - ESI			(3,809)	(3,809)	1,326
As at 31 December 2007 re-stated	**3,731**		**(3,807)**	**(76)**	**1,326**
Allocation of 2007 profit	10,585			10,585	
Share capital increase		143,685		143,685	
Effect of Sorie method			1,563	1,563	
Business Combination under common control			(366)	(366)	2,483
Rounding off				2	
As at 31 December 2008	**14,316**	**143,685**	**(2,610)**	**155,393**	**3,809**
Allocation of 2008 profit	750		10,206	10,956	
Share capital increase		1,052		1,052	
Business Combination under common control			611	611	
Total comprehensive profit/ (loss)			(1,062)	(1,062)	
Rounding off		(1)	(2)	(3)	
As at 31 December 2009	**15,066**	**144,736**	**7,143**	**166,947**	**3,809**
Allocation of 2009 profit	505		9,588	10,093	
Business Combination under common control			(3,290)	(3,290)	
Total comprehensive profit/ (loss)			(383)	(383)	
Other transactions		282		282	
Rounding off					
As at 31 December 2010	**15,571**	**145,018**	**13,058**	**173,649**	**3,809**

It should be noted that:

- The share premium reserve increased by € 282 thousand in 2010, as a contra-item to the recognition of higher receivables due from the tax authorities for Ires (corporate income tax), relating to share capital increase costs recorded in 2008, involving the direct deduction of said reserve. In fact, for prudential reasons, the company did not record the tax effect (lower taxes) relating to costs connected with the share capital increase which took place on 23 December 2008. In 2009, a request for an opinion was submitted to the Tax Authorities, in order to obtain confirmation of the correct tax treatment of said expenses. Following the positive response from the Tax Authorities, the company recorded the tax credit as a contra-item in the same reserve in which the expenses that generated said credit were recognised. In 2010, the Company then acknowledged the clarification received from the Tax Authorities in the '*Modello Unico*' (Unified Tax Return).
- Other Reserves decreased by € 3,290 thousand, mainly in relation to the recognition of the capital gain generated by the sale of the "Project & Energy" business unit, amounting to € 813 thousand and the merger surplus generated by the integration process, totalling € 3,942 thousand, as comprehensively detailed in paragraph 3. This item increased by € 9,588 thousand as a result of the allocation of the profit for 2009 which also involved an increase of € 505 thousand in the legal reserve.
- The item Total comprehensive profit/(loss) includes the recognition to shareholders' equity of net actuarial gains and losses for € 24 thousand, as well as the effect of the fair value of IRS hedging derivatives on the BNP Paribas loan, net of the relative tax effect of € 359 thousand.

Nature and purpose of other reserves

The statement showing the shareholders' equity items separated by origin, possibility of use, distributability and use in the three previous years is outlined below.

(in thousands of Euro)

				Summary of uses made in the 3 previous years	
NATURE/DESCRIPTION	**Amount**	**Possibility of use**	**Available amount**	**To cover losses**	**For other reasons**
Capital	**109,150**				
Capital reserve:					
> Share premium reserve	145,018	A,B	145,018		
		C	138,759		
Profit reserve:					
> Legal reserve	15,571	B			
> Reserves for IFRS transition	2	B			
Extraordinary reserve	19,794	B,C			
Profits/losses carried forward	**3,809**				
TOTAL	**293,243**				
Non-distributable portion	25,639				
Remaining distributable portion	158,453				

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

18. EMPLOYEE BENEFITS AND PENSION FUNDS

The Company has no genuine 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 said type 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 benefits recorded in the income statement and the amounts recognised in the equity accounts in relation to employee severance indemnity.
Details of the net cost of the benefit, included in personnel costs, are shown below.

ESI

(in thousands of Euro)	**2010**	**2009**
Financial charges on obligations assumed	1,563	734
Curtailment	337	17
Net actuarial gains (losses) recorded in the year		
Other defined contribution benefits	10,392	6,990
NET COST OF THE BENEFIT	**12,292**	**7,741**

It should be noted that the actuarial loss in 2010, amounting to € 14 thousand, does not fall under the cost of the benefit since it is booked to equity.
There are no plan assets.

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

(in thousands of Euro)	**2010**	**2009**
Opening balance of the present value of the defined benefit obligation	13,021	13,455
Increase/(decrease) due to business combinations	7,424	(135)
Benefits paid	(4,792)	(1,433)
Financial charges on obligations assumed	1,900	734
Actuarial gains (losses) on the obligation	14	400
Reclassification (IFRS 5) of liabilities held for disposal	(207)	
Other transactions	(150)	
CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	**17,211**	**13,021**

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

REFERENCE RATES

	% 2010	% 2009
Discount rate	4.80%	5.70%
Rate of inflation	2.00%	2.00%
Future salary increases	N/A	N/A
Turnover	1.50% before the age of 50 11.50% after the age of 50	1.50% before 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:

	2010	2009
Executives	38	9
Office employees	766	251
Manual workers	9,664	8,096
EMPLOYEES	**10,468**	**8,356**
Executives	15	16
Office employees	210	242
Manual workers	327	351
LEASED PERSONNEL	**552**	**609**

19. PROVISIONS FOR RISKS AND CHARGES

(in thousands of Euro)	Risks on job orders	Ongoing legal proceedings	Personnel bonuses	Provision to cover equity investment losses	Company restructuring	Other provisions for risks and charges - Length of service bonuses	Tax dispute	Provision for employees legal proceedings	Total
As at 1 January 2010	**767**	**1,670**	**414**	**17**	**7,040**				**9,908**
Provisions	5,420	2,316	712	2,177	4,391	19	16	423	15,474
Business combinations	315	1,616	377			371		445	4,260
Uses	(594)	(753)	(144)		(5,035)	(117)		(603)	(7,843)
Reclassifications		(1,736)					1,136	600	
Reclassification of liabilities held for disposal	(679)								(679)
Other					1	(229)			(228)
As at 31 December 2010	**5,229**	**3,113**	**1,359**	**2,194**	**6,397**	**44**	**1,152**	**868**	**20,356**
Short-term 2010	4,872	546		2,194	6,397		1,152		15,161
Medium/long-term 2010	357	2,567	1,359			44		868	5,195
TOTAL	**5,229**	**3,113**	**1,359**	**2,194**	**6,397**	**44**	**1,152**	**868**	**20,356**
Short-term 2009	349			17	7,040				7,406
Medium/long-term 2009	418	1,670	414						2,502
TOTAL	**767**	**1,670**	**414**	**17**	**7,040**				**9,908**

Provision for job order risks

The provision of € 5,420 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 balance sheet date.

Provision for ongoing legal proceedings

At the end of the financial year, an assessment is carried out regarding the risk of having to pay future indemnities in the event of unsuccessful legal disputes with customers and suppliers. This provision is subject to adjustment for an amount of € 2,316 thousand and uses for legal proceedings closed amounting to € 1,353 thousand.

Personnel bonuses

The presumed amount of € 1,359 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 to cover equity investments

The provision to cover equity investments includes allocations for Group companies whose shareholders' equity is lower than the amount required by the Italian Civil Code. The details are shown below:

- Società Manutenzione Illuminazione S.p.A: € 215 thousand;
- Alisei S.r.l. in liquidation: € 27 thousand;
- Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation: € 215 thousand;
- Energyproject S.p.A: € 1,737 thousand.

Company restructuring fund

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 and corporate restructuring operations (mergers and conferrals) detailed in paragraph 3, continued in 2010 and will be brought to an end in 2011.
The ongoing restructuring involved a rationalisation of company monitoring and the elimination of duplication of departments which were effected in 2010 through an extension of the restructuring plan launched in 2009, which led, in the last few months of the year, to the signing of trade union agreements for the start of mobility procedures.
Therefore, due to the use of the provision set aside in 2009 (€ 5,035 thousand), the company made an additional allocation of € 4,391 thousand in 2010.

Provision for length of service bonuses

The provision for length of service bonuses amounted to € 44 thousand and refers to loyalty bonuses paid to Fiat Group employees up until 28.02.2007, the date of transfer of the company Gestin Facility S.p.A. to Altair IFM S.p.A., both merged in Manutencoop Facility Management S.p.A., effective as of 1 January 2010. The provision concerns personnel still employed by the company as at 31 December 2010.

Tax dispute provision

The tax dispute provision derives from the integration process, as described in paragraph 3. In particular, the amounts refer to:

- € 960 thousand was allocated as a result of the tax dispute raised with the Turin Customs Agency against the payment notice issued by the latter, for the dispute relating 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 cancelled said notice in full. The Customs Agency filed an appeal against said ruling before the Regional Tax Commission of Turin. The ruling issued by said Commission dramatically 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., filed an appeal against said ruling before the Court of Cassation in the previous year.

- € 150 thousand recorded following the issuing of a P.V.C. (report on findings) by the Inland Revenue to Altair IFM S.p.A., now incorporated in Manutencoop Facility Management S.p.A., regarding a sanction on excise relating to the electricity of the Municipality of Birtritto (BA);
- € 42 thousand concerning residual amounts for the tax notices partially relieved, received for incorporated companies.

Provision for employee legal proceedings

The provision for risks related to employee legal proceedings, amounting to € 868 thousand, refers to the best estimate made of liabilities as at 31 December 2010, whose risk is deemed to be likely, connected to ongoing labour law disputes.

20. LOANS AND OTHER FINANCIAL LIABILITIES

LOANS

(in thousands of Euro)	Effective interest rate %	Maturity	2010	2009
Short- and medium/long-term				
BNP-Unicredit Loan	3.66*	on demand		82,987
C.C.F.S. Loan	2.03	29/07/2013	29,945	30,000
BPCI - UBI Banca Group Loan	2.233	30/11/2015	11,929	
Unicredit Banca D'Impresa	1.614	31/12/2013	10,841	
Payables for the purchase of long-term equity investments	Not applicable	30/06/2014	11,463	
Obligations deriving from financial leasing	2.50 - 3.00	2010-2014	204	347
TOTAL LOANS AND OTHER NON-CURRENT FINANCIAL LIABILITIES			**64,382**	**113,334**
BNP-Unicredit Loan	3.66*	on demand	131,150	21,000
BPCI - UBI Banca Group Loan	2.233	30/11/2015	3,000	
Unicredit Banca D'Impresa	1.614	31/12/2013	4,985	
Bill advance	1.75 – 2.375	On demand	76,512	24,617
Hot money	1.98 – 3.814 31/01/2010	07/01/2010	49,501	35,111
Commercial cards	1.75 - 2.03 21/04/2010	14/01/2010		2,439
Parent Company/Subsidiary financial accounts	Euribor 3m./365 + 1.5/1.0 – 4.0	31/12/2011	20,363	19,155
Obligations deriving from financial leasing	2.5 – 3.00	2010-2014	451	408
TOTAL CURRENT LOANS			**285,962**	**102,730**

* average weighted rate for the various lines including the higher rate paid to hedge the variable rate

BNP-Unicredit Loan

Following the acquisition of Integra FM BV on 23 December 2008, Manutencoop Facility Management S.p.A. and Altair IFM S.p.A., now incorporated in said Manutencoop Facility Management S.p.A., stipulated a pooled loan with Banca Nazionale del Lavoro, acting as agent bank, for a total of € 180 million and broken down into different credit lines of which:

- € 60 million reserved to Altair IFM S.p.A.,
- € 90 million reserved to Manutencoop Facility Management S.p.A.;
- € 30 million usable by both companies.

A total of € 165 million was used by the company as at 31 December 2010, of which € 33 million repaid as per the repayment plan.

The loan presents variable interest rates on credit lines equal to the 6-month Euribor plus a variable spread based on changes in certain financial parameters.
The loan is to be repaid in half-yearly instalments over 5 years.
As at 31 December 2010, the residual debt, accounted for using the amortised cost method, stood at € 131,150 thousand (31 December 2009: € 103,987 thousand).

The loan agreement also makes provision for the verification of a series of financial parameters to be calculated on the consolidated financial statements, adjusted to take into account the new acquisitions and all non-recurring elements and restrictions on the distribution of dividends.
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.
The parameters were complied with at all the previous half-yearly expiry dates at which they were verified.
One of the above-mentioned financial parameters, and in particular the one relating to Leverage, given by the ratio of *net financial indebtedness* to *normalised EBITDA* was, based on a preliminary valuation, not observed with regard to the situation at 31 December 2010.
It is necessary to highlight that the reference parameter was reduced, as provided for in the contract, from 3 to 2.75 on 31 December 2010, and that the aforementioned ratio will exceed the new threshold (2.75) but not the previous one (3.0), and that the gap will, nonetheless, be very small.
Given that the conditions set out in IAS 1 governing non-compliance with the terms of a loan agreement were met, the Group therefore assessed the need to state its residual loan debt as a "financial liability payable on request" and so classifiable as a current liability.
At the current state of play, it should be noted that, owing to the minor significance of the gap of the reference parameter, the pool of banks did not make any request for early repayment of the residual debt.
The parties have already started negotiations to modify and redefine the loan agreement and the financial parameters.

Unicredit loan

The Unicredit loan derives from the process of integration with Teckal S.p.A. In fact, during the acquisition of the company Teckal S.p.A. 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 taking out a loan with Unicredit for a nominal € 25,000 thousand. As at 31 December 2010, the carrying amount of the latter was € 15,826 thousand.

Other loans

It should be noted that, on 30 November 2010, a long-term loan agreement was stipulated for a total of € 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 of 1.25%.

Hot money

Short-term bank loans known as hot money are not secured by guarantees.

Parent Company/Subsidiary Financial accounts

Loans are not secured and are repayable in a lump-sum as at the 31 December 2011, except in the case of a tacit renewal.

Obligations deriving from financial leasing

The lease contracts stipulated have a term of five years each, are not secured, have a ceiling of € 6,600 thousand and refer to motor vehicles.

Financial current account at Cooperative Consortia

These relate to financial current accounts on demand, which accrue interest, that are used mainly to settle transactions between the Company and said consortia. Normally they show a positive balance and, in that case, are classified under cash and cash equivalents.

Payables for the purchase of equity investments

Payables for the purchase of equity investments as at 31 December 2010 refer to the actual non-current value of the earn-out for the purchase of Gruppo Sicura at € 11,463 thousand, already accounted for as a financial liability in these financial statements given that the Company management deem it likely that the condition will be met for payment of the earn-out (2013 EBITDA higher than 2007 EBITDA).

21. OTHER CURRENT FINANCIAL LIABILITIES

(in thousands of Euro)	**2010**	**2009**
Collections on behalf of securitisation assignee	5,989	6,092
Share capital to be paid to equity investments	5	5
Payables for the purchase of business units and equity investments	11,924	17,125
TOTAL OTHER CURRENT FINANCIAL LIABILITIES	**17,919**	**23,283**

The item 'Other current financial liabilities' includes the allocation of the payable due to Calyon S.A. Corporate & Investment Bank in relation to bills credited by customers to the Company's bank accounts, but which were already involved in the transfer described in note 12. This type of payable is normally settled financially every 15 days via bank transfer. As part of the securitisation transaction the company issued a surety for a nominal amount of € 8,354 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 € 78 thousand as at 31 December 2010.

(in thousands of Euro)	**2010**	**2009**
Financial liabilities valued at fair value	78	61
TOTAL LIABILITIES FOR CURRENT DERIVATIVES	**78**	**61**

Payables for the purchase of equity investments relate to:

- the present value of the earn-out to be paid, relating to the purchase of the Sicura Group, at a total of € 10,814 thousand, already described in the previous paragraph. Financial charges were also recorded which contributed to the calculation of the actual value, amounting to € 1,029 thousand.
- financial payable amounting to € 1,110 thousand, recorded for the purchase of 20.1% of the share capital of associate Perimetro Gestione Proprietà Immobiliari S.c.p A..

22. FINANCIAL LIABILITIES FOR MEDIUM/LONG-TERM HEDGING DERIVATIVES

The BNL Paribas loan agreement made provision for the subscription, before 23 June 2009, of one or more derivatives to hedge variable interest rate risk on the loan for a nominal € 165,000 thousand. The derivative had to be subscribed for at least 50% of the credit lines used by the loan in question. The Group took out three different interest rate swaps for a total notional value of € 105,000 thousand, on which it pays a fixed rate and collects the basic variable rate on the loan. The fair value measurement (mark to market) of the associated liability stands at € 1,560 thousand as at 31 December 2010. The derivative instrument was designated as a hedge from the start and tests were performed which confirmed its effectiveness as at 31 December 2010 and in prospective terms.
For said reason, the contra-item for fair value changes of the derivative in question are recorded directly in a shareholders' equity reserve net of the relative tax effect.

23. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

(in thousands of Euro)	**2010**	**2009**
Trade payables	267,094	104,295
Trade payables - Associates and Joint ventures	30,057	18,103
Trade payables - Subsidiaries	24,421	16,129
Trade payables - Parent Companies	4,909	8,806
Payables due to customers for works to be performed	2,829	2,206
	329,310	**149,539**

The table below shows the analysis of trade payables by past due bracket, as at 31 December 2010:

PAST DUE BRACKETS - TRADE PAYABLES

(in thousands of Euro)	**Total**	**Due to expire**	**Not past due**
Al 31/12/2010	329,310	110,252	219,058
Al 31/12/2009	149,539	108,500	41,039

Terms and conditions of the liabilities listed above:
See the appropriate note for the terms and conditions relating to related parties.
Trade payables do not accrue interest and are settled, on average, 225 days from the invoice date.

24. OTHER CURRENT PAYABLES

The details of other current payables are shown below:

(in thousands of Euro)	**2010**	**2009**
Payables due to employees	32,124	24,433
Payables due to Social Security Institutions	6,155	3,290
Payables due to Tax authorities	37,663	22,573
Collections on behalf of temporary association of companies	22,833	6,407
Other payables due to Subsidiaries	361	
Directors' fees to be paid	104	306
Property collections on behalf of customers	2,178	2,178
Other	3,002	705
Accrued expenses and deferred income	314	
	104,732	**59,892**

Other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued 14th monthly pay and holidays 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 receivables.

25. LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR DISPOSAL

The item concerns liabilities relating to the Servizi Energia Calore S.r.l. (SEC, Heat Management) business unit, and more specifically:

(in thousands of Euro)	**31 December 2010 Amounts**
Employee severance indemnity	208
Provision for short-term risks and charges	679
Trade payables and advances from customers	5,746
Other current payables	1,258
Loans and other current financial liabilities	2,989
TOTAL LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR DISPOSAL	**10,880**

In particular, the item 'other current financial liabilities' shown above includes the payable still outstanding for the purchase of the "business unit" subject to disposal.

26. SEGMENT REPORTING

Following the postponement of the listing process, the Company, given not required to provide segment reporting, decided to provide this in the Group's consolidated financial statements.

27. SALES AND SERVICE REVENUES

SALES AND SERVICE REVENUES

(in thousands of Euro)	2010	2009
Integrated services - system and building maintenance	277,164	69,436
Cleaning and sanitation services	257,844	218,770
Heat management	96,049	54,344
Construction works, building renovation	84,004	57,765
Other services	59,157	34,118
Plant construction works	16,738	7,471
Landscaping	9,275	9,732
Porterage services	6,570	3,281
Revenues from product sales	4,025	
Equity management	1,665	2,379
Cemetery services	787	859
TOTAL	**813,279**	**458,155**

Pursuant to art. 5, paragraph 1, letter b of Ministerial Decree 221/03, it is hereby declared that the company possesses shareholders' equity equal to 44 times the specific turnover for 2010 of the 'porterage' sector.

28. OTHER REVENUES AND INCOME

OTHER REVENUES AND INCOME

(in thousands of Euro)	2010	2009
Reimbursement of damages	1,095	201
Other revenues	283	191
Grants	8	16
Capital gains from disposal of assets	7	149
TOTAL	**1,393**	**557**

As at 31 December 2010, the balance was € 1,393 thousand, compared to a figure of € 557 thousand in 2009.
The item reimbursement of damages includes the repayment received for an arbitration award won.

29. CONSUMPTION OF MATERIALS

CONSUMPTION OF MATERIALS

(in thousands of Euro)	2010	2009
Change in inventories of raw materials	(22)	(190)
Purchase of fuels	(45,636)	(28,274)
Purchase of raw materials	(33,589)	(26,988)
Purchase of auxiliary materials and consumables	(8,931)	(4,594)
Other purchases	(2,858)	(1,846)
TOTAL	**(91,036)**	**(61,892)**

As at 31 December 2010, the item amounted to € 91,036, compared to a figure of € 61,892 thousand in 2009. The increase is primarily due to the rise in the consumption of fuels and raw materials.

30. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

COSTS FOR SERVICES

(in thousands of Euro)	2010	2009
Third party services	(244,297)	(102,561)
Professional services	(34,139)	(19,807)
Consortia services	(34,951)	(21,728)
Utilities	(20,415)	(3,559)
Rent expense	(17,878)	(5,326)
Personnel services	(6,584)	(3,167)
Transport	(5,833)	(2,105)
Equipment maintenance and repair	(4,727)	(2,436)
Insurance and sureties	(4,378)	(1,982)
Other services	(3,515)	30
Travel expenses and reimbursement of costs	(3,222)	(1,473)
Advertising and promotion	(2,438)	(918)
Rentals and other	(1,386)	(1,060)
Directors' and Statutory Auditors' Fees	(395)	(1,750)
Banking services	(113)	(58)
Bonuses and commission	(15)	(5)
TOTAL	**(384,287)**	**(167,906)**

For the year ended 31 December 2010, costs for services totalled € 384,287 thousand.

31. PERSONNEL COSTS

PERSONNEL COSTS

(in thousands of Euro)	2010	2009
Wages and salaries	(172,655)	(115,271)
Social security costs	(53,932)	(35,778)
Personnel lease costs	(25,984)	(27,708)
Other current benefits	90	(88)
CURRENT BENEFITS	**(252,480)**	**(178,844)**
Employee severance indemnity	(1,900)	(753)
Other post-employment benefits	(75)	
DEFINED BENEFITS	**(1,975)**	**(753)**
Payments to employee pension funds	(10,317)	(6,990)
DEFINED CONTRIBUTION BENEFITS	**(10,317)**	**(6,990)**
TERMINATION BENEFITS	**(435)**	**(216)**
TOTAL PERSONNEL COSTS	**(265,206)**	**(186,803)**

The year ended 31 December 2010 recorded a total increase in personnel costs of € 78,403 thousand compared to the previous year, up from € 186,803 thousand to € 265,206 thousand.

More specifically:

- as regards current benefits, the item 'Salaries and wages' increased by € 57,384 thousand, the item 'Social security costs' by € 18,154 thousand, whilst the item 'Costs of leased personnel' fell by € 1,724 thousand;
- as regards defined benefits, an increase was recorded in the item 'ESI Provision' amounting to € 1,147 thousand; for more details please refer to the comments on the item 'Employee severance indemnity'.

The above-mentioned increases are due essentially to the increase of 2,112 units in the workforce, due to the company integration process.

It should be noted that all items of cost for personnel leased and temporary work are stated in current benefits.

32. OTHER OPERATING COSTS

OTHER OPERATING COSTS

(in thousands of Euro)	2010	2009
Other operating costs	(2,270)	(1,721)
Fines and penalties	(1,029)	(289)
Taxes other than income taxes	(782)	(301)
Securitisation credit discount	(746)	(849)
Capital losses on disposal of assets	(6)	(31)
TOTAL	**(4,834)**	**(3,191)**

Other operating costs amounted to € 4,834 thousand as at 31 December 2010, marking an increase of € 1,643 thousand compared to the previous year.
This increase is attributable mainly to the items Other operating expenses (€ 549 thousand) and Fines and penalties (€ 740 thousand).
The increase in Other operating expenses refers mainly to entertainment costs, membership fees and works and services for employees.

33. AMORTISATION/DEPRECIATION, IMPAIRMENT AND WRITE-BACKS OF ASSETS

AMORTISATION/DEPRECIATION, IMPAIRMENT AND WRITE-BACKS OF ASSETS

(in thousands of Euro)	2010	2009
Amortisation of intangible assets	(9,116)	(2,732)
Write-down of equity investments in Group companies	(8,165)	(3,160)
Write-down of receivables	(4,712)	(1,990)
Depreciation of property, plant and machinery	(3,754)	(1,802)
Depreciation of leased property, plant and machinery	(375)	(444)
Transfers of provisions	90	0
Other write-downs	0	(41)
TOTAL	**(26,033)**	**(10,168)**

The item 'Amortisation/depreciation, write-downs and write-backs of assets' rose from € 10,168 thousand as at 31 December 2009, to € 26,033 thousand in 2010. The item 'Amortisation of intangible fixed assets' amounted to € 9,116 thousand in 2010, marking an increase of € 6,384 thousand compared to 2009 and refers mainly to the amortisation of intangible fixed assets deriving from business combinations carried at fair value as part of the "Purchase Price Allocation" process, as a result of the corporate acquisitions made by the Group to strengthen its position in the facility management market.
The item 'Write-down of Group equity investments' includes the allocations recorded in relation to the following companies:

- € 4,456 thousand relating to subsidiary Energyproject S.p.A.;
- € 2,218 thousand relating to subsidiary Società Manutenzione Illuminazione S.p.A.;
- € 11 thousand relating to subsidiary Alisei S.r.l. in liquidation;
- € 1,238 thousand relating to associate Newco DUC Bologna S.p.A.;
- € 135 thousand relating to the company Progetto Vallata S.rl., present under Other Equity Investments;
- € 107 thousand relating to the company Golfo Aranci S.p.A., present under Other Equity Investments.

An increase of € 2,722 thousand was recorded in the item Write-down of receivables.

34. DIVIDENDS, INCOME AND CHARGES GENERATED BY THE SALE OF EQUITY INVESTMENTS

DIVIDENDS

(in thousands of Euro)	**2010**	**2009**
Dividends	7,868	9,551

Dividends pertaining to the year derive from Group companies (€ 7,594 thousand) and other equity investments (€ 274 thousand).

The details are shown below:

DIVIDENDS FROM EQUITY INVESTMENTS IN GROUP COMPANIES

(in thousands of Euro)	**2010**	**2009**
M.P. Facility S.p.A.	2,800	2,405
Roma Multiservizi S.p.A.	1,399	3,187
M.C.B. srl		1,055
Costruzione Manutenzione Immobili S.r.l		2,880
Gestin Polska	2,919	
Altair France	476	
TOTAL DIVIDENDS - GROUP COMPANIES	**7,594**	**9,527**

DIVIDENDS FROM EQUITY INVESTMENTS IN OTHER COMPANIES

(in thousands of Euro)	**2010**	**2009**
Co.ve.di. S.r.l.	251	
Consorzio Cooperativo Finanziario per lo Sviluppo	21	20
Consorzio Coop. Costruzioni	1	2
Consorzio Nazionale Servizi	1	2
TOTAL DIVIDENDS - OTHER COMPANIES	**274**	**24**

35. FINANCIAL INCOME

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

OTHER FINANCIAL INCOME

(in thousands of Euro)	2010	2009
Interest on trade receivables	1,050	352
Interest on non-proprietary and intercompany current accounts	916	1,733
Interest from discounting of non-interest bearing loans	104	1,002
Interest on bank current accounts	55	33
Other financial income	19	20
TOTAL FINANCIAL INCOME	**2,143**	**3,140**

The item 'Financial income' registered a decrease of € 997 thousand as at 31 December 2010, compared to the previous year, due to the reduction in the implicit interest from discounting non-interest bearing loans and interest on intercompany current accounts, only partially offset by the increase in interest on trade receivables.

36. FINANCIAL CHARGES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

FINANCIAL CHARGES

(in thousands of Euro)	2010	2009
Other loans	(6,958)	(5,091)
Other financial charges	(3,919)	(3,473)
Bank loans and current account overdrafts	(2,424)	(1,718)
Financial charges - Group financial accounts	(284)	(511)
Financial charges for financial leasing	(39)	(50)
Charges for derivative instruments	(17)	(7)
TOTAL FINANCIAL CHARGES	**(13,642)**	**(10,851)**

The item Financial charges recorded an increase of € 2,791 thousand in 2010, compared to the previous year. Other financial charges, as indicated in note 21, relating to Other current financial liabilities, to which reference should be made, also include the effects of discounting of payables for earn-outs, totalling € 1,029 thousand.

The item 'other financial charges' also includes the 'interest discount costs incurred in the transfers of receivables carried out as at 31 December 2010 (€ 1,798 thousand).

37. TAXES

The main components of income taxes are shown below, for the years ended 31 December 2010 and 2009:

(in thousands of Euro)	**2010**	**2009**
Current IRES	13,528	7,810
Reclassification of current IRES on assets held for disposal	38	
Current IRAP	10,005	6,684
Reclassification of current IRAP on assets held for disposal	(14)	
(Income)-charges from tax consolidation		
Adjustment to current taxes of previous years	(446)	(124)
CURRENT TAXES	**23,111**	**14,370**
Prepaid/deferred IRES	(3,112)	(2,325)
Reclassification of prepaid/deferred IRES on assets held for disposal	749	
Prepaid/deferred IRAP	(622)	
Reclassification of prepaid/deferred IRAP on assets held for disposal	106	
Prepaid/deferred taxes relating to previous years	215	(194)
PREPAID/DEFERRED TAXES	**(2,664)**	**(2,519)**
CURRENT, PREPAID AND DEFERRED TAXES	**20,447**	**11,850**

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 2010 and 2009 to pre-tax profit is as follows:

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRES RATE

(in thousands of Euro)	**31 December 2010**		**31 December 2009**	
Pre-tax profit	**28,164,687**		**21,942,541**	
Ordinary rate applicable		27.50%		27.50%
Effect of increases (decreases):				
> Temporary differences	10,244,441		8,529,178	
> Permanent differences	10,921,914		(2,173,834)	
Income from assets held for disposal	(2,877,745)			
Effect of increases (decreases):	2,739,385			
IRES taxable income	**49,192,682**		**28,297,885**	
Tax / Effective rate	**13,527,988**	**48.03%**	**7,781,956**	**35.46%**

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRAP RATE

(in thousands of Euro)	31 December 2010		31 December 2009	
Pre-tax profit	**28,164,687**		**21,942,541**	
Ordinary rate applicable		2.98%		3.90%
Increase for regions with a deficit		3.90%		4.73%
		4.73%		4.82%
		4.82%		
		4.97%		
Effect of increases (decreases):				
> Cost of labour	265,206,058		186,803,011	
> Balance from financial management	(3,592,134)		1,839,995	
> Other differences between taxable base and pre-tax result	37,374,041		15,062,502	
Income from assets held for disposal	(2,877,745)			
> Cost of labour - assets held for disposal	508,865			
> Temporary and permanent differences	2,721,911			
Gross IRAP taxable base	**334,689,951**		**225,648,048**	
Deductions	**239,432,776**		**64,388,800**	
Net IRAP taxable base	**161,259,249**		**161,259,249**	
Tax / Effective rate	**10,004,820**	**35.52%**	**6,678,902**	**30.44%**

Deferred taxes

Deferred taxes were as follows as at 31 December 2010:

DETAILS OF PREPAID TAXES

(in thousands of Euro)	Tax - equity effect 31/12/2010	Tax - economic effect 31/12/2010	Tax - equity effect 31/12/2009	Tax - economic effect 31/12/2009
Taxes paid in advance:				
Long-term costs	600	(282)	846	282
Maintenance exceeding deductible limit	9	(30)	39	39
Presumed losses on receivables	3,047	589		
Provision for risks and charges	4,831	1,893	2,707	(2,242)
Discounting of receivables	34	(1)		
Fees to Directors, Board of Statutory Auditors and Independent Accounting Auditors	85	(87)	10	133
Services not completed		(342)	45	(46)
Amortisation/depreciation			289	77
Adjustment of job order margin		(276)	141	(141)
Substitute tax	1,385			
Employee incentives	374	(273)		
Other temporary differences	1,952	590	253	(170)
Deferred taxes - fair value			293	
Write-downs of assets			790	(448)
TOTAL PREPAID TAXES	**12,317**	**1,781**	**5,413**	**(2,516)**

DETAILS OF DEFERRED TAXES (EURO)

(in thousands of Euro)	Tax - equity effect 31/12/2010	Tax - economic effect 31/12/2010	Tax - equity effect 31/12/2009	Tax - economic effect 31/12/2009
Deferred taxes:				
Tax amortisation			(980)	13
Leasing for tax purposes	99		(6)	
Discounting of employee benefits	697	(4)	(187)	
Amortisation goodwill	4,529	(598)		
Capital gains - deferred taxation	9		(9)	9
Other temporary differences	5,606	2,558	(225)	(16)
TOTAL DEFERRED TAXES	**10,939**	**1,956**	**(1,407)**	**6**

Prepaid tax assets were fully allocated given that it is reasonably certain that they will be recovered in future years and derive from the application of the IRES rate of 27.5% and IRAP rate of 3.9%.

38. INCOME FROM DISCONTINUED OPERATIONS

The details of income from discontinued operations are shown below:

(in thousands of Euro)	31 December 2010
Revenues	1,573
Costs	(1,639)
Gross margin	**(66)**
Amortisation/depreciation, write-downs and write-backs	(2,243)
Allocations to provisions for risks, transfer of provisions	(568)
Pre-tax profit (loss) from discontinued operations	**(2,811)**
EBIT	**(2,878)**
Capital gains/losses on discontinued operations	(909)
Income taxes deriving from discontinued operations	**879**
Profit (loss) net of taxes deriving from discontinued operations	**(2,908)**

Income from discontinued operations therefore presented a loss of € 2,908 thousand. The loss is mainly a result of the write-down of backlogs belonging to the Heat Management business unit of € 1,935 thousand, and the capital losses recorded as a result of the adjustment of the shareholders' equity on the equity investments involved in the sale of the Fiat business unit (€ 942 thousand).

39. 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.

40. 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)	2010		2009	
	Rents	Current value of rents	Rents	Current value of rents
Within one year	467	451	429	408
After one year, but within five years	209	204	362	347
TOTAL LEASING FEES	**676**	**655**	**791**	**755**
Financial charges	(39)	0	(50)	0
Current value of leasing fees	637	655	741	755

Guarantees given

The company has the following contingent liabilities as at 31 December 2010:

- it granted sureties for bank overdrafts and to secure the obligations of subsidiaries and associates for a maximum amount of € 37,733 thousand (2009: € 40,124 thousand);
- it granted sureties to third parties to guarantee the proper fulfilment of commercial contracts in place with customers and to the Inland Revenue for VAT reimbursements; it also issued a surety to Calyon S.A. to guarantee the necessary compliance of the contract for the transfer of trade receivables amounting to € 8,354 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 € 61 thousand.

The total exposure of sureties granted to third parties comes to € 151,088 thousand. It is not believed that any liabilities will emerge.

41. RELATED PARTY DISCLOSURES

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

PARENT COMPANY

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Manutencoop	2010	217	31,603		43	45	8,406		219	
Soc. Coop.	2009	4,658	32,206	117	87	300	13,946		476	
TOTAL - PARENT COMPANY	**2010**	**217**	**31,603**		**43**	**45**	**8,406**		**219**	
	2009	**4,658**	**30,716**	**117**	**87**	**300**	**13,946**		**976**	

SUBSIDIARIES

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Alisei S.r.l.	2010	1	1			1				
	2009		1				2			
M.C.B. S.p.A.	2010	89				136	299			
	2009	506		9	13	209	76	1,161		
Simagest 2 Soc. Cons.a r.l.	2010	4	19			1,329	69			
	2009	165	145			4,336	51			
Simagest 3 Soc. Cons.a r.l.	2010	4	13			61	13			
	2009	129	218			57	31			
Gymnasium Soc. Cons.a r.l.	2010		6			1	28	7	5	
	2009		5			1	22	7	5	
Gestlotto 6 Soc.Cons.a r.l.	2010		4			6	26	20		
	2009		4			6	22	20		
Cons. Imolese Pulizie Soc.Cons.a r.l.	2010	41	79			105	51	36		
	2009	32	95			56	66	36		
Cons. Servizi Toscana Soc.Cons.a r.l.	2010	220	128			334	190			
	2009	212	185			167	76			
Servizi Marche Soc.Cons.a r.l.	2010	7	61			7	3			
	2009	9	154			8	71	12		
Cons. Igiene Ospedaliera Soc.Cons.a R.L.	2010	1,123	425			670	377			
	2009	1,239	394			332	226	174		
Co.Ge.F. soc.cons.a r.l.	2010	15,354	19,270			10,743	12,142			
	2009	11,388	14,685			7,881	8,938			
Servizi Ospedalieri s.p.a.	2010	608	56		214	239	224		4,743	
	2009	992	55	45	323	427	517		18,579	
Servizi Brindisi soc.cons.a r.l.	2010	398	4,804			2,815	3,375			
	2009	440	6,103			2,613	3,613			
Teckal s.p.a.	2010									
	2009	523	730	3	61	427	1,271	2,946		
Gruppo Sicura s.r.l.	2010	2								
	2009									

SUBSIDIARIES

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Integra s.p.a.	2010									
	2009							47		
Manutenzione installazione ascensori S.p.A.	2010	326	102	4		33	101		1,618	
	2009	466		1	28	475	28	813		
Palmanova servizi energetici Soc. Cons.a R.L.	2010	344	1,076			138	322			
	2009	245	1,016			117	113			
Sedda s.r.l.	2010		59				54			
	2009		10				5			
Servizi l'aquila soc.cons. r.l.	2010	86	284			76	107			
	2009	87	150			103	122			
Servizi sportivi Brindisi soc.cons. r.l.	2010	90	469			108	344			
	2009		396				171			
Sicura s.r.l.	2010		1,470				1,000			
	2009	1	567				500			
Sicurama s.r.l.	2010	1	110			1	103			
	2009		77				50			
Società manutenzione illuminazione S.p.A.	2010	350	31	78		399	31	6,932		
	2009	442		30		443		3,681		
MP Facility S.p.A.	2010	103,582	573		26	36,621	185		13,782	
	2009	48,405	191			13,765	137			
Altair IFM s.p.a.	2010									
	2009	729	73	1,555		2,141	73	83,448		
Cofam s.r.l.	2010		28				62			
	2009		68				67			
Leonardo s.r.l.	2010		79				63			
	2009		1				1			
Manutencoop Costruzioni s.p.a.	2010	566	821	41		229	184	4,408		
	2009		72			1	72		100	
Cardarelli Soc. Cons. a r. l.	2010		320				144			
	2009									
ENERGYPROJECT S.P.A.	2010	5,689	172	246		5,949	193	17,089		
	2009									
Integra Energy S.r.l.	2010	932	462	4		765	220	678		
	2009									
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l.	2010					10				
	2009									
S.AN.CO. Soc. Conso a r.l.	2010	1,719	5,256			4,179	5,256	1,650		
	2009									
S.AN.GE Soc. Cons. a r.l.	2010	6,659	4,612	131		7,716	4,632	3,393		
	2009									
Consorzio Sermagest Servizi Manutentivi Gestionali	2010					77	4			
	2009									

SUBSIDIARIES

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Gestin Polska Sp.zo.o. (being disposed of)	2010	15								
	2009									
TOTAL - SUBSIDIARIES	**2010**	**133,985**	**36,566**	**504**	**240**	**67,926**	**25,581**	**34,214**	**20,149**	
	2009	**69,536**	**24,426**	**524**	**532**	**33,027**	**9,385**	**65,398**	**28,125**	**2**

JOINT VENTURE

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Legnago 2001 Soc.Cons.a r.l.	2010	581	1,347			455	546			
	2009	592	1,303			447	550			
Global Maggiore Bellaria Soc. Cons.a R.L.	2010		4			20	(73)			
	2009	20	(69)			290	(77)			
Gest Park Pordenone Soc.Cons.a r.l.	2010									
	2009									
Consorzio Leader Soc.Cons.a r.l.	2010	3	17			9	5			
	2009	5	51			5	98			
SCAM Soc.Cons. a r.l.	2010					37				
	2009	120	1,437			50	813			
Altair Zander Italia s.r.l.	2010	111	490			150	593			
	2009									
Malaspina Energy Soc. Cons. a r.l.	2010	23	82	4		25	60	160		
	2009									
TOTAL JOINT VENTURE	**2010**	**718**	**1,940**	**4**		**697**	**1,132**	**160**		
	2009	**3,052**	**6,049**			**2,998**	**4,574**	**40**		

ASSOCIATES

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Newco DUC Bologna S.p.A.	2010	12	7			5	7			
	2009	12	7			2				
Gico Systems S.r.l.	2010	7	241			5	129			
	2009	8	177			3	123	20		
Consorzio Cooperativo Karabak Soc.a r.l.	2010	49				4	2			
	2009	51				14	2			
Se.Sa.Mo. S.p.A.	2010	4,553	9	41		5,097	32	606		
	2009	4,500	11	43		5,025	23	606		
Bologna Global Service Soc.Cons.a R.L.	2010	455	1,682			273	816	170		
	2009	425	1,737			254	879	170		
Bologna Più Soc.Cons.a r.l.	2010					(2)	3	90		
	2009	3				(2)	3	90		
Global Riviera Soc.Cons.a r.l.	2010	1,562	5,285			1,180	3,206			
	2009	1,524	5,430			952	3,852			
Como Energia Soc.Cons.a r.l.	2010		1,229				1,883			
	2009		794			17	773			
DUC Gestione Sede Unica Soc.Cons.a r.l.	2010	4,297	2,417			4,187	2,044			
	2009	4,344	2,733			2,253	1,067			
Cons.Energia servizi Bologna	2010		22			54	28			
	2009	92	1			54	2			
P.B.S. s.c.r.l.	2010	4	48			845	299			
	2009		2,051				1,443			
Bologna Multiservizi soc.cons.a r.l.	2010	1,325	3,989			1,566	3,319			
	2009	1,193	4,929			974	3,281			
Roma Multiservizi S.p.A.	2010	2,017	5,739			1,065	8,881			
	2009	1,706	3,223			830	2,459			
Tower soc.cons. a r.l.	2010		202				21			
	2009	79	3,081			13	54			
Bologna gestione patrimonio soc.cons.r.l.	2010	75	146			24	104			
	2009	380	299			189	160			
Edex s.r.l.	2010		39				13			
	2009	10	37			14	21			
Global Vicenza soc.cons.r.l.	2010	397	1,903			131	919			
	2009	403	2,131			58	805			
Servizi Napoli 5 soc.cons. r.l.	2010	1,307	1,224			1,266	229			
	2009	1,977	1,548			1,841	738			
Livia soc.cons.r.l.	2010	177	1,021			275	1,203			
	2009	166	1,029			130	864			
Progetto Nuovo Sant'Anna s.r.l.	2010	78		354		464		4,932		
	2009									
Savia Soc. Cons. a r.l.	2010	474				498				
	2009									
Servizi Taranto Soc. Cons. a r.l.	2010		67				67			
	2009									
Telepost S.p.A.	2010	728				293				
	2009									

ASSOCIATES

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
HEADMOST Division Service Facility Management S.p.A. (being disposed of)	2010	725				1,455				
	2009									
TOTAL ASSOCIATES	**2010**	**18,241**	**25,267**	**394**		**18,684**	**23,204**	**5,798**		
	2009	**16,373**	**24,995**	**49**		**18,491**	**19,458**	**1,049**	**1**	

SUBSIDIARIES OF MANUTENCOOP SOC. COOP. OR OTHER GROUP COMPANIES

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Trade receivables and other	Trade payables and other	Financial receivables	Financial payables	Provisions for risks and charges
Manutencoop Immobiliare S.p.A.	2010	29	619			19	2			
	2009	1,549	612			931	184			
SIES s.r.l.	2010	2				176				
	2009	3,539				1,656				
Manutencoop Servizi Ambientali S.p.A.	2010	75	50			15	40			
	2009	1,042	495			1,248	415			
Cerpac S.r.l. in liquidation	2010					1				
	2009	1				1				
Fabbri Ascensori s.r.l.	2010									
	2009									
Consorzio Karabak Cinque coop.	2010	3				3				
	2009									
Consorzio Karabak Quattro coop	2010	1				1				
	2009									
Consorzio Karabak Tre soc.coop	2010	2				2				
	2009									
Total subsidiaries of Manutencoop Soc. Coop.	**2010**	**113**	**669**			**217**	**41**			
	2009	**6,328**	**1,023**			**2,702**	**271**			
Cavarzere Ambiente s.r.l.	2010									
	2009	2								
Sacoa s.r.l.	2010	5				3				
	2009									
Total associates of Manutencoop Soc. Coop. or other group companies	**2010**	**5**				**3**				
	2009	**137**				**42**				
TOTAL RELATED PARTIES	**2010**	**153,280**	**96,046**	**903**	**284**	**87,573**	**58,365**	**40,172**	**20,368**	
	2009	**100,084**	**87,209**	**690**	**2,103**	**60,988**	**44,035**	**66,487**	**29,319**	**2**

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 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 which would involve an increase in the costs re-charged by said consortium to the syndicated shareholders for the same amount. These loans, if long-term, were discounted in the Company's financial statements. The Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain group companies. No guarantees were given or received in relation to receivables and payables with related parties. For the period in question, the company did not make any allocation to the bad debt provision for amounts due from related parties. This evaluation was made at the close the year through the examination of the financial position of the related parties and the market in which they operate.

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

- Manutencoop Facility Management S.p.A. and MP Facility S.p.A. signed an agreement on the basis of which Manutencoop Facility Management S.p.A. is committed to providing MP Facility S.p.A. with environmental hygiene services, landscaping services, transport management and maintenance services for mechanical, electrical, fire prevention and elevating systems, construction works, furnishings, equipment, manufactured at certain facilities (indicated in an annex to the contract) owned by the companies Telecom Italia S.p.A. and Emsa S.p.A.. The contract will cease to produce effects on 31 October 2010. For the provision of the aforementioned services, MP Facility S.p.A. will pay Manutencoop Facility Management S.p.A. an annual consideration which is determined on the basis of reference volumes and the unit prices relating to each type of service, indicated in a list attached to the contract.
- On 8 November 2010 Manutencoop Facility Management S.p.A. and MP Facility S.p.A. signed a contract on the basis of which Manutencoop Facility Management S.p.A. is committed to providing MP Facility S.p.A. with various services, including Administrative, Tax and personnel management services. The contract entered into force on 1 January 2010 and will cease on 31 December 2012 and makes provision for a consideration of € 463 thousand per year for administrative services and € 235 thousand per year for personnel management.
- 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 2005 to 31 December 2010, renewed automatically if none of the parties has communicated, 12 months previously, their intention not to renew the contract, by means of registered letter. Annual rent is expected to be € 1,622 thousand, to be paid in 12 monthly instalments.
- On 6 July 2007, the Company 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 contract has a five-year term, and is tacitly renewed, if there is no cancellation received from one of the parties. In order to be effective, it must be received at least 18 months before the natural expiry of the first five-year period. As a result of said 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 over the former - 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.
- On 1 August 2008, Manutencoop Facility Management S.p.A. and Roma Multiservizi S.p.A. signed an agreement on the basis of which Manutencoop Facility Management S.p.A. is committed to providing the information system service to Roma Multiservizi S.p.A.. The contract entered into force on 1 September 2008 and will cease on 30 August 2011 and makes provision for a consideration of € 1,250 thousand per year.

› On 17 December 2010 Manutencoop Facility Management S.p.A. and Energyproject S.p.A. signed a contract on the basis of which Manutencoop Facility Management S.p.A. is committed to providing Energyproject S.p.A with various services, the most important one being the Information System services. The contract entered into force on 1 July 2010 and will cease on 31 December 2010 and makes provision for a consideration of € 189 thousand.

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

MANUTENCOOP SOC.COOP.VA - FINANCIAL STATEMENTS 31/12/2009

(in thousands of Euro)	**2009**	**2008**
BALANCE SHEET		
ASSETS		
A) Subscribed capital, unpaid	243	299
B) Fixed assets	300,217	300,382
C) Working capital	51,576	36,974
D) Accruals and Deferrals	3,078	3,464
TOTAL ASSETS	**355,114**	**341,119**
LIABILITIES		
A) Shareholders' equity:		
Share capital	13,992	15,038
Reserves	251,664	252,261
Profit/Loss for the year	1,967	(597)
B) Provision for risks and charges	3,101	2,568
C) Employee Severance Indemnity	3,454	4,436
D) Payables	80,135	66,526
E) Accruals and deferrals	802	887
TOTAL LIABILITIES	**355,115**	**341,119**
MEMORANDUM ACCOUNTS	**133,237**	**124,784**
INCOME STATEMENT		
A) Value of production	40,580	45,059
B) Costs of production	(43,953)	(48,179)
C) Financial income and charges	5,509	5,199
D) Value adjustment of financial assets		(3,710)
E) Extraordinary income and charges	(216)	1,074
Income taxes for the year	31	(41)
Profit/(Loss) for the year	16	(598)

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

The table below shows the gross fees due, in any form whatsoever, to the categories of Executives and the Board of Statutory Auditors listed below:

(in thousands of Euro)	2010	2009
BOARD OF DIRECTORS		
MANAGEMENT BOARD		
Short-term benefits	1,491	1,148
Post-employment benefits (E.S.I.)	377	
TOTAL - MANAGEMENT BOARD	**1,868**	**1,148**
SUPERVISORY BOARD		
Short-term benefits	278	360
TOTAL - SUPERVISORY BOARD	**278**	**360**
Other executives with strategic responsibilities		
Short-term benefits	2,091	734
Post-employment benefits (E.S.I.)	292	49
TOTAL OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,383**	**783**

The table below illustrates the total amounts paid in 2010 to Reconta Ernst & Young S.p.A.

ENTITY THAT PROVIDED THE SERVICE

(in thousands of Euro)	2010		2009	
	Auditing-Revision	Other	Auditing-Revision	Other
Reconta Ernst & Young s.p.a.	422	32	304	19

42. FINANCIAL RISK MANAGEMENT: 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 a revolving Securitisation transaction which makes 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. Said policy was respected for the year under review.

Categories of financial assets and liabilities defined by IAS 32

The following table shows the classification of financial assets and liabilities recorded, as defined by IAS 32 and required by IFRS 7, in the separate financial statements of Manutencoop Facility Management S.p.A. and the associated economic effects for the year closed as at 31 December 2010:

FINANCIAL ASSETS - 2010

(in thousands of Euro)	**31 DECEMBER 2010**	FINANCIAL ASSETS AVAILABLE FOR SALE	LOANS AND RECEIVABLES
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	1,925	1,925	
Long-term financial assets and other securities	10,025		10,025
Other receivables and non-current assets	1,146		1,146
Total non-current financial assets	**13,096**	**1,925**	**11,171**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	539,863		539,863
Current tax credits	2,655		2,655
Other current receivables	7,739		7,739
Other current financial assets	39,047		39,047
Cash and cash equivalents	27,919		27,919
Total current financial assets	**617,222**		**617,222**
TOTAL FINANCIAL ASSETS	**630,318**	**1,925**	**628,393**
FINANCIAL INCOME (CHARGES)	**2,143**		**2,143**

FINANCIAL LIABILITIES - 2010

(in thousands of Euro)	**31 DECEMBER 2010**	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE IN THE INCOME STATEMENT	FINANCIAL LIABILITIES VALUED AT AMORTISED COST
NON-CURRENT FINANCIAL LIABILITIES			
Long-term loans	64,382		64,382
Financial liabilities for non-current derivatives	1,560	1,560	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**65,942**	**1,560**	**64,382**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	324,335		324,335
Short-term loans	303,960		303,960
Other current financial liabilities	78	78	
TOTAL CURRENT FINANCIAL LIABILITIES	**628,373**	**78**	**628,295**
TOTAL FINANCIAL LIABILITIES	**694,315**	**1,638**	**692,677**
FINANCIAL INCOME AND CHARGES	**(13,642)**	**(17)**	**(13,625)**

The same information for the year ended 31 December 2009 is shown below:

FINANCIAL ASSETS - 2009

(in thousands of Euro)	**31 DECEMBER 2009**	FINANCIAL ASSETS AVAILABLE FOR SALE	LOANS AND RECEIVABLES
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	1,542	1,542	
Long-term financial assets and other securities	2,082		2,082
Other receivables and non-current assets	663		663
TOTAL NON-CURRENT FINANCIAL ASSETS	**4,287**	**1,542**	**2,745**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	262,997		262,997
Current tax credits			
Other current receivables	4,792		4,792
Other current financial assets	93,735		93,735
Cash and cash equivalents	18,275		18,275
TOTAL CURRENT FINANCIAL ASSETS	**379,800**		**379,800**
TOTAL FINANCIAL ASSETS	**384,087**	**1,542**	**382,544**
FINANCIAL INCOME (CHARGES)	**3,164**	**24**	**3,140**

FINANCIAL LIABILITIES - 2009

(in thousands of Euro)	31 DECEMBER 2009	FINANCIAL LIABILITIES AT FAIR VALUE IN THE INCOME STATEMENT	FINANCIAL LIABILITIES DESIGNATED VALUED AT AMORTISED COST
NON-CURRENT FINANCIAL LIABILITIES			
Long-term loans	113,334		113,334
Financial liabilities for non-current derivatives	1,065		
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**113,334**		**113,334**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	149,539		149,539
Short-term loans	125,951		125,951
Other current financial liabilities	61	55	6
TOTAL CURRENT FINANCIAL LIABILITIES	**275,552**	**55**	**275,497**
TOTAL FINANCIAL LIABILITIES	**388,886**	**55**	**388,831**
FINANCIAL INCOME AND CHARGES	**(8,769)**	**(7)**	**(9,977)**

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 Group 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 Group has to also finance working capital through bank indebtedness and/or the transfer of receivables.

In 2010, the general economic crisis involved payment delays, also from some major private customers.

Price risk

The only risk of this kind to which the company is exposed could concern changes in the price of oil products, in relation to *heat management* activities.

However, these changes are, for the most part, 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; therefore, it is believed that the effect on the Group's profit for the year would essentially be of an insignificant amount.

Credit risk

The Group, following the acquisitions made over recent years, diversified its portfolio mix, which was represented in the past mostly by contracts with the Public Administration, a situation that did not present insolvency problems, but 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.

The new acquisitions involved a shift in the portfolio mix towards the private sector and large Italian industrial groups (particularly the acquisition of the Altair Group) and, to a lesser extent, the retail sector (through the acquisition of the Sicura Group).

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

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 Group's current policy has a preference, for the management of financial charges, for variable rate loans and possession of a rather marginal share of fixed rate loans.

In 2008, the MFM Group's management deemed it appropriate to perform a debt restructuring transaction as a result, in particular, of the acquisitions made at the end of 2008, rebalancing the mix of short- and medium/long-term debt.

In order to hedge interest rate risk, on 19 June 2009, the parent company MFM S.p.A. stipulated the following "Interest rate Swaps":

HEDGE CONTRACT CONDITIONS

	BNP PARIBAS
Notional value from 23/12/2010 to 23/6/2011	36,000,000
Initial date	23/6/2009
Final date	23/12/2014
Variable rate	6-month Euribor
Fixed rate	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, with all other variables kept constant. There is no impact on the Company's equity.

	Increase/decrease in percentage terms	Effect on cost for consumption of raw materials before taxes *(in thousands of Euro)*
2010	+100 basis points	(3,729)
	-30 basis points	1,119
2009	+50 bps	(1,464)
	-30 bps	878

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 aims to maintain said ratio below 65%. 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 objective was met for the year ended 31 December 2010.

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Employee severance indemnity	17,212	13,021
Interest-bearing loans	368,264	239,285
Trade payables and other payables	440,085	216,318
Cash and cash equivalents	(27,918)	(18,275)
NET DEBT	**797,643**	**450,349**
Capital	109,149	109,149
reserves and profits not distributed	182,269	180,849
OWN EQUITY	**291,418**	**289,998**
TOTAL OWN EQUITY+NET DEBT	**1,089,061**	**740,347**
DEBT RATIO	**73.24%**	**60.83%**

43. EVENTS AFTER THE BALANCE SHEET DATE

On 1 January 2011, the transfer of Gestin Polska Sp.z.o.o. to Fiat Auto Poland S.A. became effective.
On 20 January 2011, the subsidiary Sicura S.r.l. acquired 100% of Stablum S.r.l..
In January 2011, the subsidiary MIA S.p.A. acquired a 49% stake in Lenzi S.p.A., with registered office in Bolzano and 100% of CMA Pentade S.r.l. in Turin. In March 2001, said company MIA S.p.A. acquired 80% of the share capital of Unilift S.r.l..

Chairman of the Management Board
Claudio Levorato

MANUTENCOOP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Euro)	Notes	31 December 2010	31 December 2009 re-stated	1 January 2009 re-stated
ASSETS				
Non-current assets				
Property, plant and machinery	4	62,727	55,741	57,728
Leased property, plant and machinery	4	5,479	6,946	4,946
Goodwill	5.6	391,755	384,905	376,254
Other intangible assets	5	25,379	30,826	12,967
Equity investments valued at equity	8	14,635	12,635	19,317
Other equity investments	9	3,233	3,301	2,836
Long-term financial assets and other securities	9	14,916	15,694	6,708
Other non-current assets	10	1,409	1,730	1,414
Prepaid tax assets	32	19,347	10,297	7,579
TOTAL NON-CURRENT ASSETS		**538,880**	**522,075**	**489,749**
Current assets				
Inventories	11	10,052	7,139	8,448
Trade receivables and advances to suppliers	12	727,815	649,517	634,777
Current tax credits		5,300	9,401	234
Other current operating receivables	12	16,668	14,758	17,074
Receivables and other current financial assets	13	7,955	1,960	1,220
Financial assets for current derivatives		250	-	-
Cash and cash equivalents	13	51,583	79,802	97,927
TOTAL CURRENT ASSETS		**819,623**	**762,577**	**759,680**
Non-current assets held for disposal	**14**	**15,939**	**98**	**6,959**
Total non-current assets held for disposal		**15,939**	**98**	**6,959**
TOTAL ASSETS		**1,374,442**	**1,284,750**	**1,256,388**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		109,150	109,150	109,150
Reserves		134,266	119,033	110,855
Accumulated profits (losses)		18,443	17,963	10,576
Profit (loss) for the year pertaining to the Parent Company		7,743	15,119	20,637
Shareholders' equity of the Parent Company		**269,602**	**261,265**	**251,218**
Shareholders' equity pertaining to minority interests		394	446	752
Profit (loss) pertaining to minority interests		134	221	304
Shareholders' equity pertaining to minority interests		**528**	**667**	**1,056**
TOTAL SHAREHOLDERS' EQUITY		**270,130**	**261,932**	**252,274**
Non-current liabilities				
Employee severance indemnity - retirement	16	29,537	35,645	37,309
Provision for non-current risks and charges	17	7,669	7,124	4,112
Financial liabilities for non-current derivatives	18	1,560	1,065	-
Non-current loans	19	90,192	209,210	229,708
Deferred tax liabilities		13,272	12,830	8,719
Other non-current liabilities		13	2	12
TOTAL NON-CURRENT LIABILITIES		**142,243**	**265,876**	**279,860**

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Euro)	Notes	31 December 2010	31 December 2009 re-stated	1 January 2009 re-stated
Current liabilities				
Provision for current risks and charges	17	27,491	8,174	4,315
Trade payables and advances from customers	20	478,139	431,103	490,049
Current tax payables		1,437	12,022	
Other current operating payables	20	136,511	133,614	114,014
Loans and other current financial liabilities	19	303,128	172,026	110,531
TOTAL CURRENT LIABILITIES		**946,706**	**756,939**	**718,909**
Liabilities associated with assets held for disposal	**14**	**15,363**	**3**	**5,345**
Total liabilities associated with assets held for disposal		**15,363**	**3**	**5,345**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,374,442**	**1,284,750**	**1,256,388**

* The comparison column relating to the previous year and the opening column with figures as at 1 January 2009 show the re-stated data to take into account the effects of the application of IFRIC 12 - Service Concession Arrangements (see note 2.3).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Euro)	NOTES	31 December 2010	31 December 2009 re-stated
REVENUES			
Sales and service revenues	22	1,136,606	1,146,579
Other operating revenues	23	2,485	4,398
TOTAL REVENUES		**1,139,091**	**1,150,977**
OPERATING COSTS			
Consumption of raw materials and consumables	24	(131,497)	(114,012)
Change in inventories of finished and semi-finished products		-	105
Costs for services and use of third party assets	25	(541,221)	(580,475)
Personnel costs	26	(344,483)	(337,219)
Other operating costs	27	(7,381)	(6,200)
Lower costs for own work capitalised		-	-
Amortisation/depreciation, write-downs and write-backs of assets	28	(40,942)	(43,308)
Allocations to provisions for risks, transfer of provisions	17	(26,353)	(11,680)
TOTAL OPERATING COSTS		**(1,091,877)**	**(1,092,789)**
EBIT		**47,214**	**58,188**
FINANCIAL INCOME AND CHARGES			
Income (charges) resulting from equity investments valued at equity	29	1,194	418
Dividends, income and charges generated by the sale of equity investments	29	398	209
Financial income	30	1,963	2,714
Financial charges	31	(16,434)	(18,188)
Exchange gains (losses)		35	(103)
Pre-tax profit (loss)		**34,370**	**43,238**
Current, prepaid and deferred taxes	32	(26,293)	(27,892)
Profit (loss) from continuing operations		**8,077**	**15,346**
Income from discontinued operations	14	(200)	(6)
Profit (loss) for the year		**7,877**	**15,340**
Profit (loss) for the year pertaining to minority interests		(134)	(221)
Profit (loss) for the year pertaining to the Group		**7,743**	**15,119**

(in Euro)	NOTES	31 December 2010	31 December 2009
Basic earnings per share	33	0.071	0.139
Diluted earnings per share	33	0.071	0.139
Basic earnings per share of continuing operations	33	0.073	0.139
Diluted earnings per share of continuing operations	33	0.073	0.139

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Euro)	NOTES	31 December 2010	31 December 2009 re-stated
PROFIT (LOSS) FOR THE YEAR		**7,877**	**15,340**
Exchange differences arising on translation of foreign financial statements		(5)	(82)
Effects transferred to SE on companies valued using the equity method	8	911	(185)
Actuarial gains/(losses) on defined benefit plans (SORIE)		(297)	(1,444)
Effect of income taxes (SORIE)		82	397
Net effect of actuarial gains/(losses) (SORIE)	**16**	**(215)**	**(1,047)**
Net profits/(losses) from cash flow hedge		(470)	(1,063)
Effect on income taxes of cash flow hedge		129	292
Net effect on profits/(losses) of cash flow hedge	**18**	**(341)**	**(771)**
TOTAL PROFIT (LOSS) IN THE STATEMENT OF COMPREHENSIVE INCOME NET OF TAXES		**350**	**(2,085)**
TOTAL COMPREHENSIVE PROFIT (LOSS) NET OF TAXES		**8,227**	**13,255**
Attributable to:			
Shareholders of the Parent Company		8,093	13,034
Minority interests		134	221

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Euro)	NOTES	31 December 2010	31 December 2009
Pre-tax profit		34,370	43,236
Amortisation/depreciation, write-downs (write-backs) of assets		47,189	43,308
Allocations (transfers) of provisions		26,353	11,680
Employee severance indemnity provision		3,529	2,788
Charges (income) generated by equity investments booked to SE net of dividends collected		205	5,651
Taxes paid in the year		(40,213)	(31,355)
Cash flow from current operations		**71,433**	**75,308**
Decrease (increase) in inventories		(2,887)	1,838
Decrease (increase) in trade receivables		(76,196)	(18,030)
Decrease (increase) in other operating assets		1,646	2,727
Change in trade payables		34,679	(59,221)
Change in other operating liabilities		3,478	18,847
Decrease for use of ESI provision		(9,840)	(6,157)
Decrease for use of provision for risks and charges		(5,886)	(5,085)
Change in operating assets and liabilities		**(55,006)**	**(65,081)**
Cash flow from operations		**16,427**	**10,227**
(Acquisition of intangible fixed assets)		(8,920)	(2,636)
(Acquisition of tangible fixed assets)		(28,073)	(25,598)
Sales of tangible fixed assets		984	2,108
(Net purchases of equity investments)		(1,730)	265
(Disbursement) repayment of loans (lending)		(5,208)	(9,726)
Financial effects of business combinations	3	(3,964)	(5,479)
Discontinued operations	14	(105)	1,513
Cash requirements for investments		**(47,016)**	**(39,553)**
Net acquisition (reimbursement) of loans (borrowing)		4,829	15,283
Dividends distributed		(75)	(4,082)
Change in the scope of consolidation		(236)	0
Change in share capital and reserves		13	0
Reclassification of discontinued operations	14	(2,161)	0
Cash flow from financing activities		**2,370**	**11,201**
Change in cash and cash equivalents		**(28,219)**	**(18,125)**
Opening cash and cash equivalents		79,802	97,927
Change in cash and cash equivalents		(28,219)	(18,125)
Closing cash and cash equivalents		**51,583**	**79,802**
Details of cash and cash equivalents			
Bank current account income		51,583	79,802
Bank current account expense		0	0
TOTAL CASH AND CASH EQUIVALENTS		**51,583**	**79,802**
Supplementary information:			
Interest paid	(16,204)	(18,064)	
Interest collected	1,851	2,714	
Dividends collected	1,399	6,067	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of Euro)	Share Capital	Reserves	Accumulated profits (losses)	Net profit in the year	Total shareholders' equity of the Parent Company	Shareholders' equity pertaining to minority interests	Total shareholders'
1 JANUARY 2009	**109,150**	**110,855**	**10,566**	**20,595**	**251,166**	**1,056**	**252,222**
Re-statement due to application of IFRIC 12			10	42	52		52
1 JANUARY 2009 RE-STATED	**109,150**	**110,855**	**10,576**	**20,637**	**251,218**	**1,056**	**252,274**
Costs related to share capital increases		1,051			1,051		1,051
Distribution of dividends				(4,038)	(4,038)	(44)	(4,082)
Allocation of profit of previous years		9,212	7,387	(16,599)	0		0
Change in the scope of consolidation					0	(566)	(566)
Total profit (loss) for the year		(2,085)		15,117	13,032	221	13,253
31 DECEMBER 2009	**109,150**	**119,033**	**17,963**	**15,117**	**261,263**	**667**	**261,930**
1 JANUARY 2010	**109,150**	**119,033**	**17,911**	**15,117**	**261,211**	**667**	**261,878**
Re-statement due to application of IFRIC 12			52	2	54		54
1 JANUARY 2010 RE-STATED	**109,150**	**119,033**	**17,963**	**15,119**	**261,265**	**667**	**261,932**
Costs related to share capital increases		282			282		282
Distribution of dividends					0	(75)	(75)
Allocation of profit of previous years		14,601	518	(15,119)	0		0
Change in the scope of consolidation			(38)		(38)	(198)	(236)
Total profit (loss) for the year		350		7,743	8,093	134	8,227
31 DECEMBER 2010	**109,150**	**134,266**	**18,443**	**7,743**	**269,602**	**528**	**270,130**


SPINGERE

ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. GENERAL INFORMATION

Publication of the Consolidated Financial Statements of the Manutencoop Facility Management S.p.A. group (the Group or the MFM Group) for the year ended 31 December 2010 was authorised by means of resolution of 28 March 2011 of the Management Board.
The Group is in turn 71.89% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa (BO), which exercises management and coordination activities over the Group, while the remaining 28.11% of share capital is held by financial shareholders.

1.1 Activity performed

The Group is active in the management and provision of integrated services, to public and private customers, targeted at properties, the area and to support so-called "Integrated Facility Management" health care activities.

In particular, the MFM Group provides a wide and coordinated range of integrated services throughout Italy, aimed at rationalising and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

The services provided by the MFM Group may be grouped into three main business sectors, which coincide with the company's Strategic Business Units (SBUs):

- property management and maintenance (also known as Facility Management);
- linen rental and industrial laundering and sterilisation in support of health activities (also known as Laundering/Sterilisation);
- Other supplementary activities (so-called 'Other'), which include Project Management, the Energy Management activity and the construction activity (also known as Building). These activities are presented as an aggregate for two reasons: on one hand, they are less significant in terms of volumes than the other activities listed, on the other, the business management methods are similar in the three activities, and rather different from those of facility management and laundering/sterilisation.

Facility Management

Facility Management consists of offering a collection of logistical and organisational support services targeted at users of properties and geared towards optimising the management of property-related activities.

The so-called "traditional" Facility Management services provided by the MFM Group 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 Group employees.
The second type of activity included in Facility Management service comes in the form of Technical Services encompassing the management, running and maintenance of property-related systems (including heating and air conditioning systems, electrical systems, lifts, fire prevention and safety systems), including therein:

- design and implementation of redevelopment work and adjustment into line with the safety legislation;
- design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere;

Lastly, the third type of activity relating to the Facility Management service provided by the Group regards Landscaping services, which include both the planning and implementation of maintenance of properties' green areas, and services for the area.

Starting from the end of 2008, the MFM Group launched a series of external acquisitions in order to expand the range of facility management services offered to customers, in addition to the already described traditional facility management services, also including specialist facility management services, such as:

- elevating system installation and maintenance services;
- services related to building security;
- public lighting services;
- document management services.

Laundering/Sterilisation

Laundering/Sterilisation is an industrial activity given in support of health care activities.
Laundering/Sterilisation activities provided by the MFM Group mainly involve (i) the rental and industrial laundering of bed linens, packaged linen and Mattress Provider (linen rental and industrial laundering), (ii) Sterilisation of linen and (iii) Sterilisation of surgical instruments.
Laundering/Sterilisation services provided by the Group include the following activities:

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items;
- rental of linen with special materials for operating rooms;
- acceptance, treatment, sterilisation and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilisation systems.

Other

Other SBU includes the activities listed below:

- Project Management consists of a collection of activities involving the technical design, planning, procurement management and supervision of construction job orders, restructuring or reconversion of properties.
- Energy Management consists of the collection of activities involving the technical design, construction and management of photovoltaic and cogeneration systems, from the feasibility study to completion, and management and maintenance of systems to provide customers with energy efficiency solutions.

- Building consists of minor construction activities, carried out mainly on behalf of other Manutencoop Group companies, such as Manutencoop Soc. Coop. and Manutencoop Immobiliare, as well as, on occasion, to support facility management activities where, as part of extraordinary maintenance works, small building works are also necessary.

2. ACCOUNTING STANDARDS AND DRAFTING CRITERIA

The consolidated financial statements for the year ended 31 December 2010 comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, statement of changes in shareholders' equity and associated explanatory notes.

The consolidated financial statements for the year ended 31 December 2010 were drafted on the basis of the historical cost principle, with the exception of derivative financial instruments, which were designated at fair value.

The balance sheet separates equity items into current and non-current assets and liabilities; the income statement presents items and the statement of comprehensive income indicate these by nature, while the cash flow statement is prepared according to the indirect method and presented in compliance with IAS 7, distinguishing cash flows between operating, investment and financing activities.
The financial statements are presented in Euro, the Group's functional currency.
The figures in the financial statements and explanatory notes, where not indicated otherwise, are stated in thousands of Euro.

2.1 Statement of compliance with international accounting standards (IFRS)

The consolidated financial statements for the year ended 31 December 2010 were drafted in compliance with the International Financial Reporting Standards (IFRS).
As regards the accounting standards adopted for the preparation of the consolidated financial statements it should be noted that the Group falls within the field of application set forth in letter f) of art. 2 of Legislative Decree no. 38 of 28 February 2005, which governs the exercising of options set out in art. 5 of Community Regulation no.1606/2002 regarding the International Accounting Standards and, therefore, pursuant to art. 3, paragraph 2 and art. 4, paragraph 5 of said decree, the Group applied the IFRS adopted by the EU for the preparation of its consolidated financial statements and separate financial statements, effective from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The drafting criteria adopted for the preparation of the consolidated financial statements are the same as those used to prepare the consolidated financial statements for the previous year, with the exception of the aspects detailed below.

New or revised IFRS and interpretations applicable as of 1 January 2010

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 the Group for the first time starting on 1 January 2010.

IFRS 3 (Revised) – Business combinations and IAS 27 (Revised)

IFRS 3 (Revised) introduces significant changes to the accounting of business combinations which take place after the date of application of the standard. The changes concern the evaluation of non-controlling interests, accounting of transaction costs, initial recognition and subsequent evaluation of contingent consideration and business combinations performed in multiple phases. These changes will impact the amount of goodwill recorded, the results achieved in the period in which the acquisition is made and future results.

IAS 27 (Revised) requires a change of the ownership structure of a subsidiary (without loss of control) to be recorded as a transaction between shareholders in their role as shareholders. Therefore, these transactions no longer generate goodwill, profits or losses. In addition, the amended standard introduces changes to the accounting of losses recorded by the subsidiary and of the loss of control of the subsidiary. IAS 27 (Revised) also establishes that all dividends received by subsidiaries, joint ventures and associates must be recognised in the income statement of the separate financial statements when the right to receive said dividends is realised, without distinguishing whether they are paid out of pre- or post-acquisition profits of the equity investment. In relation to the above, IAS 36 - Impairment was also revised, for which, in assessing whether impairment indicators exist, in the event in which an investee company has distributed dividends, it is necessary to consider the following aspects:

- the book value of the equity investment in the separate financial statements exceeds the carrying amount of the investee's net assets (including any associated goodwill) stated in the consolidated financial statements;
- the dividend exceeds the total comprehensive income of the investee in the period to which the dividend relates.

The changes introduced by IFRIS 3 (Revised) and IAS 27 (Revised) will concern future acquisitions or losses of control of a subsidiary and transactions with minority interests.

It should be noted that, during the year, acquisitions of minority interests of companies controlled previously were completed (San.ge. Soc. cons. a r.l., EnergyProject S.p.A. and Sicurama S.r.l.). For these transactions, in compliance with the provisions of the new standards, the difference between the purchase cost and the pro-quota value of the net assets acquired to reduce the consolidated shareholders' equity was recorded (€ 42 thousand), in place of the recognition of higher goodwill, according to the approach adopted previously by the Group.

IFRIC Interpretation 12 – Service concession arrangements

The interpretation clarified the accounting model to be adopted when the grantor has control over the infrastructure used by the concession holder to provide public services, establishing that the concession holder, rather than recording the infrastructure as a tangible asset, recognises a right to make users pay for the service provided through the use of the infrastructure, or the right to receive consideration from the grantor (or from other party identified) for the public services provided. In view of the interpretation, the concession holder acts as the service provider (i.e. construction work) and, therefore, must record revenues from construction and improvement services in compliance with IAS 11 - Construction contracts, and revenues from infrastructure management in accordance with IAS 18 - Revenues. The adoption of the interpretation in the consolidated financial statements for the year ended as at 31 December 2010 involved a different valuation of the value of the equity investments in some associate concession holders and the need to re-state the financial statements to reflect this. For an in-depth examination refer to paragraph 2.3 below.

IFRIC Interpretation 15 – Agreements for the Construction of Real Estate

The interpretation's objective is to clarify whether an agreement for the construction of real estate falls within the field of application of IAS 11 or IAS 18 and, consequently, when revenues from real estate construction need to be recognised. If the risks and rewards are gradually transferred to the acquirer, the revenues are recognised on the basis of the percentage of completion. In the opposite case, they are recognised on the basis of the provisions of IAS 18, i.e. normally on completion of the work.

IFRIC Interpretation 17 – Distribution of non-cash assets to owners

On 27 November 2008, IFRIC issued IFRIC Interpretation 17, aiming to standardise the accounting of the distribution of non-cash assets to owners. In particular, the interpretation clarifies that a dividend payable should be recognised when the dividend is appropriately authorised and that said payable must be measured at the fair value of the net assets that will be used for its payment. Lastly, the company should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in the income statement. This interpretation did not impact the Group's balance sheet or performance.

IFRIC Interpretation 18 – Transfer of assets from customers

The interpretation, issued in January 2009, clarifies the accounting treatment to be adopted if the entity stipulates an agreement in which it receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In fact, some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment which will be used to fulfil the contract. This interpretation did not have any significant effects on the Group's balance sheet or performance.

Improvements to IFRS

In May 2008 and April 2009, the IASB issued a series of improvements to the standards, mainly with a view to eliminating inconsistencies and clarifying terminology.

Variations that the IASB has indicated have involved a change in the presentation, recognition and valuation of balance sheet items are shown below, but those that only involve a change in the terminology, publishing changes with minimal effects in accounting terms, and those that have an effect on standards or interpretations that are not applicable by the Company or those solely with effects on the consolidated financial statements are instead omitted.

The adoption of the amendments to the accounting standards described below but did not have any impact on the Group's financial position or result.

Improvements to IFRS 5 – Non-current assets held for sale and discontinued operations:

the measure clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even in the case in which the company represents a minority interest after the sale. The amendment was applied prospectively and did not have any impact on the Group's financial position or results.

It also clarifies that additional disclosures needed in relation to non-current assets and disposal groups classified as held for sale or relating to discontinued operations, are solely those required by IFRS 5. The information required by the other IFRSs only applies if specifically requested in relation to these types of non-current assets or discontinued operations.

Improvements to IFRS 8 – Operating segments:

the provision clarifies that assets and liabilities relating to the operating segment must only be disclosed if they are part of the reporting used by the chief decision makers. Given that the Group's chief decision makers review the sector assets and liabilities, the Group continued to provide information in the notes to the consolidated financial statements.

Improvements to IAS 36 – Impairment of assets:

the amendment clarifies that the largest identifiable cash-generating unit for the purposes of allocation of the goodwill acquired under a business combination is the operating segment as defined by IFRS 8 before the combination for the reporting purposes. The amendment had no effect on the Group's financial statements.

Improvements to IAS 1 – Presentation of financial statements:

this amendment modified the definition of current liabilities contained in IAS 1. The previous definition required liabilities that could be extinguished at any moment through the issue of equity instruments to be classified as current liabilities. This involved the recognition under current liabilities of those relating to convertible bonds that could be converted to issuer's shares at any time. Following this amendment the existence of a currently exercisable option for conversion into equity instruments becomes irrelevant for the purposes of the current/non-current classification of a liability.

Improvements to IAS 7 – Cash flow statement:

this amendment requires that only cash flows deriving from expenses included in the recognition of an asset in the Balance sheet can be classified in the Cash flow statement as derived from investment activities, while cash flows deriving from expenses not included in the recognition of an asset (as may be the case of promotional, advertising or staff training expenses) must be classified as derived from operating activities.

Improvements to IAS 17 – Leasing:

as a result of the amendments, the general conditions set out in IAS 17 shall also applied to leased land, for the purposes of classification of the contract as a financial or operating lease, regardless of obtainment of the title of ownership at the end of the lease term. Before these changes, the accounting standard required that, if the title of ownership of the leased land was not transferred at the end of the lease term, the same was to be classified as an operating lease as it has an indefinite useful life. At the date of adoption, land involved in lease agreements still in place and still not expired must be valued separately, with the retrospective recognition of new leasing accounted as if the relative contract was a financial one.

Improvements to IAS 38 – Intangible assets:

the revision made to IFRS 3 in 2008 established that if an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure the fair value of the asset. IAS 38 was subsequently amended to reflect this change to IFRS 3. The amendment in question also clarified the valuation techniques to be used as standard to measure the fair value of the intangible assets for which there is no active market; in particular, these techniques alternatively include an estimate of net discounted cash flows originating from the assets, the estimate of costs that the company avoided incurring by possessing the asset and not having to use it under a licence agreement with a third party, or the costs required to recreate or replace it (as with the cost method).

Improvements to IAS 39 – Financial instruments:

recognition and measurement: the amendment restricts the exception of non-applicability contained in paragraph 2(g) of IAS 39 to forward contracts between an acquirer and a selling shareholder for the purposes of the sale of an entity transferred in a business combination at a future acquisition date, if the completion of the business combination does not depend on further action from one of the two parties, but only on the elapsing of a suitable period of time. By contrast, the amendment clarifies that option contracts (whether or not they are currently exercisable) fall within the field of application of IAS 39, which allow one of the two parties to have control over whether or not future events occur and whose exercise would entail control of an entity. Lastly, the amendment clarifies that the implicit penalties for the early repayment of loans, the price of which compensates the provider for the loss of additional interest, must be considered closely correlated to the loan agreement which makes provision for them, and, therefore, must not be accounted for separately. Lastly, the amendment establishes that the profits or losses on a hedged financial instrument must be reclassified from shareholders' equity to the income statement in the period in which the hedged expected cash flow has an effect on the income statement.

Improvements to IFRS 2 – Share-based payments:

the amendment clarifies the field of application of IFRS 2 and the relations existing between this and other accounting standards. In particular, it establishes that a company that receives goods or services as part of share-based payment plans must record said assets and services irrespective of which group company settles the transaction, and regardless of whether the transaction is settled in cash or in equities. It also sets out that the term "group" has the same meaning as in IAS 27 - Consolidated and Separate Financial Statements, i.e. includes the Parent Company and its subsidiaries. The amendment also specifies that a company must measure the goods or services received as part of a cash-settled or equity-settled transaction from its point of view, which may not coincide with that of the group and the associated amount recognised in the consolidated financial statements. The amendment incorporates the guidelines previously included in IFRIC 8 - Field of application of IFRS 2 and in IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions. As a result, the IASB withdrew IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the Group's financial position or performance, but could impact the accounting of future agreements or transactions.

Improvements to IFRIC 9 – Reassessment of embedded derivatives:

the amendment excludes from the field of application of IFRIC 9 embedded derivatives in contracts acquired during business combinations at the time of formation of jointly-controlled companies or joint ventures.

Improvements to IFRIC 14 – Prepayments:

the objective of the amendment to IFRIC 14 is to eliminate an undesired consequence of IFRIC 14 in cases where an entity subject to a minimum funding requirement makes an early payment of contributions for which, under given circumstances, the entity that makes said prepayment would be required to record an expense. In the event in which a defined benefit plan is subject to a minimum funding requirement, the amendment to IFRIC 14 requires the entity to treat this prepayment as an asset, in the same way as any other early payment.

New or revised IFRS and interpretations applicable from 2011 and not adopted early by the Company

Effective from the year 2011, the following international accounting standards and interpretations will be applicable, which the MFM Group did not adopt early in 2010, for which the effects on the Group's balance sheet valuations are currently being assessed.

IAS 24 (Revised) – Related party disclosures:

The amendments introduced by the revision to IAS 24 simplify the definition of a "related party", at the same time eliminating certain inconsistencies and exempting public entities from certain disclosure requirements concerning related party transactions.

IFRIC 19 – Extinguishing financial liabilities with equity instruments:

the interpretation provides guidelines regarding recording the extinguishing of financial liabilities with equity instruments. The interpretation establishes that if a company renegotiates the conditions of the discharge of a financial liability and its creditor accepts the discharge through the issuing of company shares, the shares issued by the company become part of the price paid to extinguish the financial liability and must be valued at fair value; the difference between the carrying amount of the financial liability extinguished and the initial value of the equity instruments issued must be charged to the income statement in the period.

Improvements to IAS 32 – Financial instruments:

the amendment governs the recording of rights issues (rights, options or warrants) denominated in a currency different from the issuer's functional currency. Previously, these rights were recognised as liabilities from

derivatives: by contrast, the amendment requires, under certain conditions, said rights to be classified under shareholders' equity, irrespective of the currency in which the exercise price is denominated.

The Group did not make provision for the early adoption of any other standard, interpretation or improvement issued but still not in force.

In 2010 too, the IASB issued a set of amendments to IFRS which shall be applicable to years starting on or after 1 January 2011.
Variations that could involve a change in the presentation, recognition and valuation of balance sheet items are shown below, instead omitting those that will only involve terminology or publishing changes, with minimal effects in accounting terms, or those that have an effect on standards or interpretations that are not applicable to the company.

Improvements to IAS 1 – Presentation of financial statements:
this amendment requires the reconciliation of changes in each component of shareholders' equity to be disclosed in the notes or in the financial statements.

Improvements to IAS 34 – Interim reporting:
by means of some examples, some clarifications regarding additional disclosures that must be presented in Interim Reports were inserted.

Improvements to IFRS 3 (Revised) – Business Combinations:
the amendment clarifies that the components of non-controlling interests that do not give holders the right to receive a proportional share of the net assets of the subsidiary must be valued at fair value or according to the requirements of the applicable accounting standards. Therefore, for example, a stock options plan granted to employees must be valued, in the event of a business combination, in line with the rules of IFRS 2, and the equity share of a convertible bond must be valued in accordance with IAS 32. The Board also conducted an in-depth examination of share-based payment plans which are replaced as part of a business combination by adding specific guidelines for clarifying their accounting treatment.

Improvements to IFRS 7 – Financial instruments: Additional disclosures: the amendment emphasises the interaction between additional qualitative and quantitative disclosures that the entity must provide on the basis of said standard, regarding the nature and extent of risks relating to financial instruments. The scheme presented should help financial statement users to link the information presented and establish a general description of the nature and extent of risks deriving from financial instruments. In addition, the amendment eliminated the disclosure requirement regarding financial assets which are expired but which have been renegotiated or written down and the requirement relating to the fair value of collaterals.

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 amendments to the IFRSs, applicable to subsequent years. However, at the date of publication of this Balance sheet, the competent EU bodies have still not completed the approval process necessary for the application of the standards and improvements described below.

On 12 November 2009, the IASB published the first chapters of the standard IFRS 9 - Financial instruments on the classification and measurement of financial assets applicable from 1 January 2013. This publication represents the first part of a process which aims to fully replace IAS 39 in phases. The new standard employs a unique approach based on the methods of managing financial instruments and on the characteristics

of the contractual cash flows of financial assets to determine the measurement criteria by replacing the different rules set forth by IAS 39. Furthermore, the new standard provides a unique method of calculating the impairment of financial assets. At the date of this balance sheet, the competent EU bodies have still not completed the approval process necessary for the application of the new standard.

2.3 Re-statement of the financial statements

Effects of application of IFRIC 12 - Concession arrangements

IFRIC Interpretation 12 - Service concession arrangements, was published by the IFRIC in November 2006 and approved by means of EC Regulation no. 254/2009. This interpretation is applicable to financial years starting in the period following the date of approval, i.e. year starting 1 January 2010.

IFRIC 12 applies to the recording of concession arrangements in which private companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concession holder through the infrastructures that the concession holder obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorisation granted and any other interest in the infrastructures upon expiry of the concession agreement.
According to this interpretation, the concession holder must not record the infrastructure transferable between tangible assets given that it does not hold "control", as set out in paragraph 5 of IFRIC 12. In fact, the asset to be recognised is represented by the right to use the infrastructure for the provision of the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation, regardless of the actual use of the infrastructure, and as an intangible asset in the presence of a right to gain financially from use of said infrastructure, charging users based on use of the service. Provision is also made for a "mixed" accounting model if the concession holder is the owner of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration envisaged in the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).
The concession holder also recognises revenues for the services it provides, in compliance with IAS 11 and IAS 18 and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). The interpretation also specifies that, pursuant to IAS 23, financial charges attributable to the agreement must be recognised as costs in the year in which they are incurred, unless the concession holder has recognised an intangible asset, for which said costs are capitalised during the phase of drafting of the agreement. Vice versa, if the concession holder has recorded a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognised in the income statement.

The analysis conducted during the first-time application at the MFM Group showed that the interpretation applies to the accounting of concession agreements held by the Group's associates. In particular:

- the associate Newcoduc S.p.A. was incorporated in 2004 and is the holder of a concession for the design and construction of a property complex for office (Head office of the Municipality of Bologna) and other uses (commercial and recreational areas) and of a multi-storey car park, as well as the associated pertinent structures, on the basis of a surface right recognised on an area owned by the Municipality of Bologna. The contract also involves the subsequent provision of facility management and property management services, targeted directly at the municipal administration and users, as well as the management of the public car park, for a period of 27 years starting from project testing, which took place in 2008. It was deemed appropriate to apply the "mixed" accounting model to said concession, where the component of the agreement relating to shared offices constitutes a financial asset. The component of the agreement

relating to commercial spaces and the multi-storey car park constitute, by contrast, an intangible right of use by the concession holder, it too valued at the date of completion of the work at third party construction cost;

- on 3 February 2005, the associate Sesamo S.p.A. signed a concession agreement with the Modena Local Health Authority for the definitive design, construction and completion of the Modena Hospital and a Services Centre, together with the 30-year management starting from the testing of "non-core" services (i.e. service and support for health activities) and compatible business services. The intangible fixed asset accounting model is applicable for the concession in question, given that the consideration due from the grantor in the period of infrastructure use is determined on the basis of the services actually used by the hospital facility users;
- the associate Progetto Nuovo Sant'Anna S.r.l. has been the holder of a concession, since 2006, for the design and construction of the new Como Hospital, regarding the Sant'Anna di Como Hospital, following the obtainment of a surface right on the areas concerned, and subsequent provision of "non-core" services for a period initially set at 24 years and 8 months from the award date. As a result of the analysis performed, the decision was taken to apply the financial asset model in recording the concession in question, given that the component of the agreement relating to the same essentially absorbs the entire value of the construction services provided.

In all three models adopted, the fair value of the asset booked was measured at the date of completion of the works, equal to the cost incurred for the construction works. This is due to the fact that the construction activities are not part of the core business of the project company (set up to fulfil the agreement signed with the public entity) but are awarded in full to consortium companies incorporated ad hoc and third party sub-contractors, in respect of which profits are realised on the job order.
In the accounting models adopted, in respect of the recognition of the financial asset and/or intangible asset, the tangible asset represented by freely transferable goods recorded previously was simultaneously eliminated.

It should be noted that the effect on the change of consolidated shareholders' equity of the MFM Group deriving from the application of IFRIC 12 is reflected by the valuation of equity investments in associate concession holders using the equity method. Therefore, the Group made provision for the exclusive adjustment of the value of the equity investment and the recognition of higher revenues from equity investments valued at equity, already including the related tax effect.

Reconciliation between shareholders' equity and profit for the period presented in the consolidated financial statements for the year ended as at 31 December 2009 and shareholders' equity and profit for the year ended as at 31 December 2009 re-stated

The application of IFRIC 12 was stated retroactively according to IAS 8 (restatement as at 1 January 2009), pursuant to paragraph 29 of IFRIC 12. In order to explain the effects of the application of the interpretation, the reconciliation statements of shareholders' equity as at 1 January 2009 and 31 December 2009 are shown below, as well as the economic result as at 31 December 2009.

(in thousands of Euro)	Shareholders' equity 1 January 2009	Net profit 31 December 2009	Shareholders' equity 31 December 2009
VALUES OF APPROVED FINANCIAL STATEMENTS	**251,166**	**15,117**	**261,211**
Effects of re-statement			
Adjustment of the value of equity investments valued using the equity method	52	2	54
VALUES OF RE-STATED FINANCIAL STATEMENTS	**251,218**	**15,119**	**261,265**

The reconciliation between the equity balances as at 1 January 2009 shown in the consolidated financial statements as at 31 December 2008 and the equity balances as at 31 December 2008 are shown below, re-stated to acknowledge the aforementioned adjustments.

(in thousands of Euro)	1 January 2009	Re-statement IFRIC12	1 January 2009 re-stated
ASSETS			
Non-current assets			
Property, plant and machinery	57,728	-	57,728
Leased property, plant and machinery	4,946	-	4,946
Property investments	-	-	-
Goodwill	376,254	-	376,254
Other intangible assets	12,967	-	12,967
Equity investments valued at equity	19,265	52	19,317
Other equity investments	2,836	-	2,836
Long-term financial assets and other securities	6,708	-	6,708
Financial liabilities for non-current derivatives		-	-
Other non-current assets	1,414	-	1,414
Prepaid tax assets	7,579	-	7,579
TOTAL NON-CURRENT ASSETS	**489,697**	**52**	**489,749**
Current assets			
Inventories	8,448	-	8,448
Trade receivables and advances to suppliers	634,777	-	634,777
Current tax credits	234	-	234
Other current operating receivables	17,074	-	17,074
Receivables and other current financial assets	1,220	-	1,220
Financial assets for current derivatives		-	-
Cash and cash equivalents	97,927	-	97,927
TOTAL CURRENT ASSETS	**759,680**	**-**	**759,680**
Non-current assets held for disposal	6,959	-	6,959
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL	**6,959**	**-**	**6,959**
TOTAL ASSETS	**1,256,336**	**52**	**1,256,388**

(in thousands of Euro)	1 January 2009	Re-statement IFRIC12	1 January 2009 re-stated
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	109,150	-	109,150
Reserves	110,855	-	110,855
Accumulated profits (losses)	10,566	-	10,576
Profit (loss) for the year pertaining to the Parent Company	20,595	52	20,637
Shareholders' equity of the Parent Company	251,166	52	251,218
Shareholders' equity pertaining to minority interests	752	-	752
Profit (loss) pertaining to minority interests	304	-	304
Shareholders' equity pertaining to minority interests	1,056	-	1,056
TOTAL SHAREHOLDERS' EQUITY	**252,222**	**52**	**252,274**
Non-current liabilities			
Employee severance indemnity - retirement	37,309	-	37,309
Provision for non-current risks and charges	4,112	-	4,112
Financial liabilities for non-current derivatives		-	-
Non-current loans	229,708	-	229,708
Deferred tax liabilities	8,719	-	8,719
Other non-current liabilities	12	-	12
TOTAL NON-CURRENT LIABILITIES	**279,860**	**-**	**279,860**
Current liabilities			
Provision for current risks and charges	4,315	-	4,315
Trade payables and advances from customers	490,049	-	490,049
Current tax payables	-	-	-
Other current operating payables	114,014	-	114,014
Loans and other current financial liabilities	110,531	-	110,531
Financial assets for current derivatives		-	-
TOTAL CURRENT LIABILITIES	**718,909**	**-**	**718,909**
Liabilities associated with assets held for disposal	5,345	-	5,345
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL	**5,345**	**-**	**5,345**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,256,336**	**52**	**1,256,388**

The reconciliation between the income statement balances as at 31 December 2009 shown in the consolidated financial statements as at 31 December 2009 and the income statement balances as at 31 December 2009 are shown below, re-stated to acknowledge the aforementioned adjustments.

(in thousands of Euro)	31 December 2009	Re-statement IFRIC12	31 December 2009 re-stated
REVENUES			
Sales and service revenues	1,146,579		1,146,579
Other operating revenues	4,398		4,398
TOTAL REVENUES	**1,150,977**	**-**	**1,150,977**
Operating costs			
Consumption of raw materials and consumables	(114,012)		(114,012)
Change in inventories of finished and semi-finished products	105		105
Costs for services and use of third party assets	(580,475)		(580,475)
Personnel costs	(337,219)		(337,219)
Other operating costs	(6,200)		(6,200)
Lower costs for own work capitalised	-		-
Amortisation/depreciation, write-downs and write-backs of assets	(43,308)		(43,308)
Allocations to provisions for risks, transfer of provisions	(11,680)		(11,680)
TOTAL OPERATING COSTS	**(1,092,789)**	**-**	**(1,092,789)**
EBIT	**58,188**	**-**	**58,188**
Financial income and charges			
Income (charges) resulting from equity investments valued at equity	416	2	418
Dividends, income and charges generated by the sale of equity investments	209		209
Financial income	2,714		2,714
Financial charges	(18,188)		(18,188)
Exchange gains (losses)	(103)		(103)
Pre-tax profit (loss)	**43,236**	**2**	**43,238**
Current, prepaid and deferred taxes	(27,892)		(27,892)
Profit (loss) from continuing operations	**15,344**	**2**	**15,346**
Income from discontinued operations	(6)		(6)
Profit (loss) for the year	**15,338**	**2**	**15,340**
Profit (loss) for the year pertaining to minority interests	(221)		(221)
Profit (loss) for the year pertaining to the Group	**15,117**	**2**	**15,119**

Lastly, the reconciliation between the equity balances as at 31 December 2009 shown in the consolidated financial statements as at 31 December 2009 and the equity balances as at 31 December 2009 are shown below, re-stated to acknowledge the aforementioned adjustments.

(in thousands of Euro)	31 December 2009	Re-statement IFRIC12	31 December 2009 re-stated
ASSETS			
Non-current assets			
Property, plant and machinery	55,741		55,741
Leased property, plant and machinery	6,946		6,946
Property investments	-		-
Goodwill	384,905		384,905
Other intangible assets	30,826		30,826
Equity investments valued at equity	12,305	330	12,635
Other equity investments	3,301		3,301
Long-term financial assets and other securities	15,694		15,694
Financial assets for non-current derivatives	-		-
Other non-current assets	1,730		1,730
Prepaid tax assets	10,297		10,297
TOTAL NON-CURRENT ASSETS	**521,745**	**330**	**522,075**
Current assets			
Inventories	7,139		7,139
Trade receivables and advances to suppliers	649,517		649,517
Current tax credits	9,401		9,401
Other current operating receivables	14,758		14,758
Receivables and other current financial assets	1,960		1,960
Financial assets for current derivatives	-		-
Cash and cash equivalents	79,802		79,802
TOTAL CURRENT ASSETS	**762,577**	**-**	**762,577**
Non-current assets held for disposal	98		98
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL	**98**	**-**	**98**
TOTAL ASSETS	**1,284,420**	**330**	**1,284,750**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	109,150		109,150
Reserves	119,033		119,033
Accumulated profits (losses)	17,911	52	17,963
Profit (loss) for the year pertaining to the Parent Company	15,117	2	15,119
Shareholders' equity of the Parent Company	261,211	54	261,265
Shareholders' equity pertaining to minority interests	446		446
Profit (loss) pertaining to minority interests	221		221
Shareholders' equity pertaining to minority interests	667	-	667
TOTAL SHAREHOLDERS' EQUITY	**261,878**	**54**	**261,932**

(in thousands of Euro)	31 December 2009	Re-statement IFRIC12	31 December 2009 re-stated
Non-current liabilities			
Employee severance indemnity - retirement	35,645		35,645
Provision for non-current risks and charges	7,124		7,124
Financial liabilities for non-current derivatives	1,065		1,065
Non-current loans	209,210		209,210
Deferred tax liabilities	12,830		12,830
Other non-current liabilities	2		2
TOTAL NON-CURRENT LIABILITIES	**265,876**	**-**	**265,876**
Current liabilities			
Provision for current risks and charges	7,898	276	8,174
Trade payables and advances from customers	431,103		431,103
Current tax payables	12,022		12,022
Other current operating payables	133,614		133,614
Loans and other current financial liabilities	172,026		172,026
Financial liabilities for current derivatives			-
TOTAL CURRENT LIABILITIES	**756,663**	**276**	**756,939**
Liabilities associated with assets held for disposal	3		3
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL	**3**	**-**	**3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,284,420**	**330**	**1,284,750**

2.4 Discretionary assessments and significant accounting estimates

Preparation of the consolidated 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 main decisions taken by directors in applying the accounting standards of the Group, based on discretionary assessments (excluding those relating to accounting estimates), with a significant effect on the balance sheet values are as follows:

- the adoption, starting from 2007, of the continuity of values principle for the recognition of business combinations under common control.
  These transactions, given entered into by parties under common control, are not regulated by IFRS 3. As indicated in the Assirevi OPI 1 document "Accounting treatment of business combinations of entities under common control", the accounting of transactions under common control is the result of evidence or no evidence of economic substance, i.e. a significant influence on the future cash flows of the net assets transferred for the entities concerned. The selection of the accounting standard for the transactions in question, although legally relevant but lacking a significant impact on future cash flows, must be made in view of the accruals principle in particular. Application of the continuity of values principle gives rise to the recognition in the balance sheet 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 acquiree and the acquirer, therefore, are recorded at the carrying amounts the entities recorded in their respective accounts before the transaction.
- The application, effective from 2005, the first year in which the Group drafted consolidated financial statements in compliance with IAS/IFRS, of the proportional consolidation method to companies held under a joint venture with other shareholders, in application of the right granted by IAS 31, as an alternative to the valuation of equity investments in joint ventures using the equity method. The application of the proportional consolidation method with respect to the valuation using the equity method involves the same net profit for the year and the same shareholders' equity value. However, it involves significant differences on the individual financial statement items, both balance sheet and income statement, and on the cash flows for the year (in this regard, see section 2.5 below, and subsequent note 8).
- The application, effective from 2008, of the criteria for the recording of actuarial gains and losses on defined benefit funds directly in a shareholders' equity reserve rather than in the income statement (Sorie method).

Uncertainty of estimates

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

Impairment of goodwill

Goodwill is subject to impairment testing at least annually, or more frequently if there are signs of potential impairment in the carrying amounts; this requires an estimate of the value in use of the CGU (cash-generating unit) 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 2010, the carrying amount of goodwill stood at € 391,755 thousand (31 December 2009: € 384,905 thousand). More details are shown in note 5.

Recognition of the present value of liabilities for Put Options on minority shares of subsidiaries and of the present value of liabilities for earn-outs on acquisitions made

The Group holds majority stakes in two subsidiaries in relation to which the minority shareholders hold PUT options which can be exercised in the future at prices determined on the basis of certain parameters that require estimates from management for the purposes of a reliable valuation.

Similarly, the contract for the purchase of one of these majority stakes envisaged the recognition for transferors, current minority shareholders, of an earn-out when given conditions are met on a certain future date. In this case too, the correct recognition in the balance sheet of the associated liability requires management to determine parameters that call for estimates.

Other balance sheet 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.

Consolidation principles

The consolidated financial statements include the financial statements of Manutencoop Facility Management S.p.A. ("the Parent Company", "MFM S.p.A." or simply "MFM") and its subsidiaries, prepared as at 31 December. The subsidiaries' financial statements are drafted using the same accounting standards as the Parent Company.

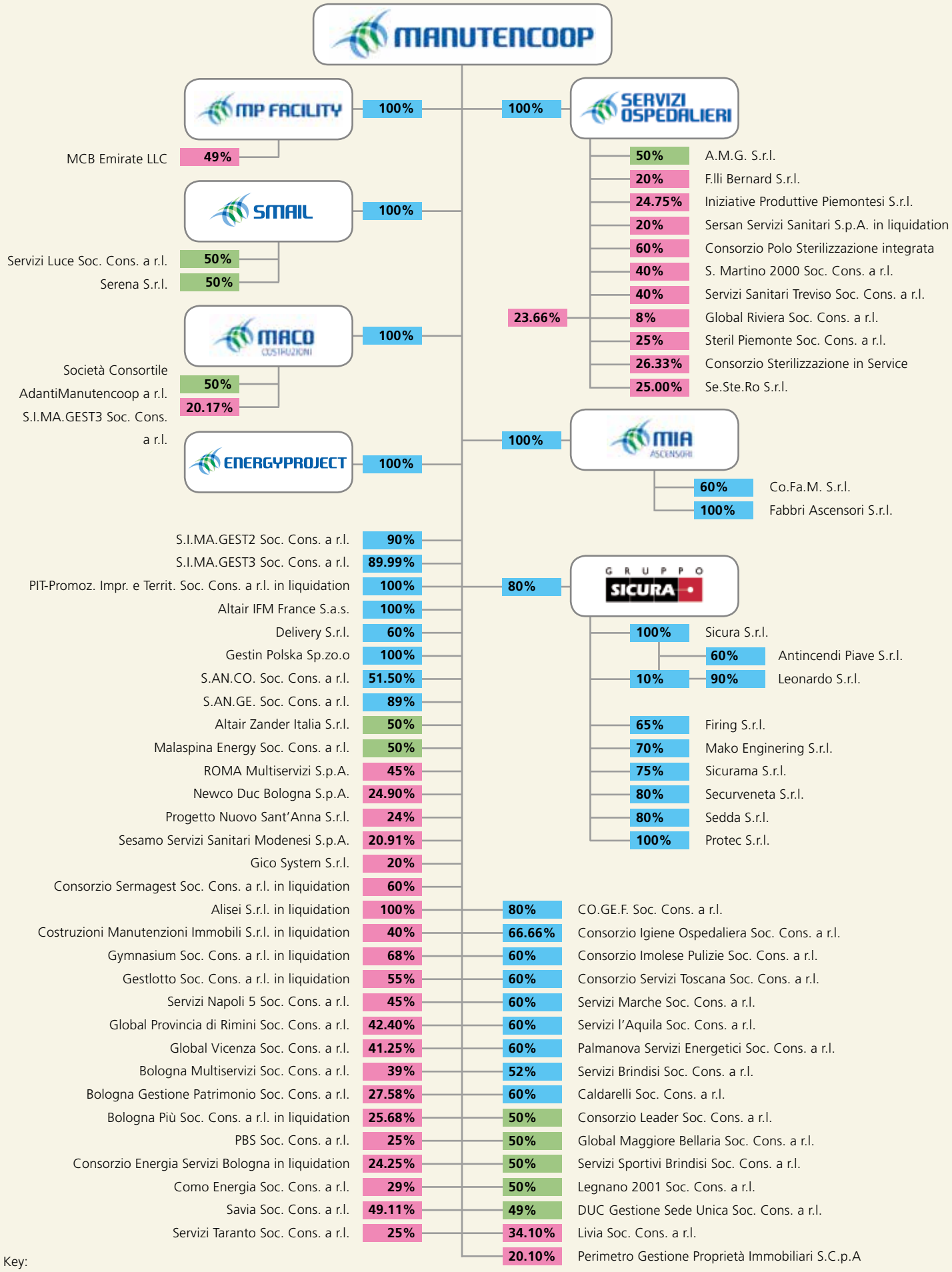
All balances and intercompany transactions, including unrealised profits and losses deriving from relations between Group companies which are recognised under assets, are completely eliminated.

Subsidiaries are fully consolidated starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group.

Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to common control, as stated previously, are accounted for using the purchase method. This involves the allocation of the cost of the business combination at the fair values of the assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the company acquired from the date of acquisition until the closure of the financial year. Companies held as part of a joint venture with other shareholders are consolidated proportionally, while associates are carried at equity. Subsidiaries and those held under a joint venture in liquidation are valued at equity since, starting from the date the company is placed into liquidation, said company's operations cease and the possibility of the Parent Company determining said company's strategies is eliminated given that management is targeted purely at the sale of assets and settlement of the liabilities. In fact, Group management believe that said status leads to the loss of control.

Minority interests represent the portion of profits or losses of net assets not held by the Group and are stated in a separate item in the income statement and in the balance sheet under components of shareholders' equity, separately from Group shareholders' equity.

The scope of consolidation as at 31 December 2010 is shown below.


MANUTENCOOP
MP FACILITY
100%
MCB Emirate LLC
49%
SMAIL
100%
Servizi Luce Soc. Cons. a r.l.
50%
Serena S.r.l.
50%
MACO COSTRUZIONI
100%
Società Consortile AdantiManutencoop a r.l.
50%
S.I.MA.GEST3 Soc. Cons. a r.l.
20.17%
ENERGYPROJECT
100%
S.I.MA.GEST2 Soc. Cons. a r.l. 90%
S.I.MA.GEST3 Soc. Cons. a r.l. 89.99%
PIT-Promoz. Impr. e Territ. Soc. Cons. a r.l. in liquidation 100%
Altair IFM France S.a.s. 100%
Delivery S.r.l. 60%
Gestin Polska Sp.zo.o 100%
S.AN.CO. Soc. Cons. a r.l. 51.50%
S.AN.GE. Soc. Cons. a r.l. 89%
Altair Zander Italia S.r.l. 50%
Malaspina Energy Soc. Cons. a r.l. 50%
ROMA Multiservizi S.p.A. 45%
Newco Duc Bologna S.p.A. 24.90%
Progetto Nuovo Sant'Anna S.r.l. 24%
Sesamo Servizi Sanitari Modenesi S.p.A. 20.91%
Gico System S.r.l. 20%
Consorzio Sermagest Soc. Cons. a r.l. in liquidation 60%
Alisei S.r.l. in liquidation 100%
Costruzioni Manutenzioni Immobili S.r.l. in liquidation 40%
Gymnasium Soc. Cons. a r.l. in liquidation 68%
Gestlotto Soc. Cons. a r.l. in liquidation 55%
Servizi Napoli 5 Soc. Cons. a r.l. 45%
Global Provincia di Rimini Soc. Cons. a r.l. 42.40%
Global Vicenza Soc. Cons. a r.l. 41.25%
Bologna Multiservizi Soc. Cons. a r.l. 39%
Bologna Gestione Patrimonio Soc. Cons. a r.l. 27.58%
Bologna Più Soc. Cons. a r.l. in liquidation 25.68%
PBS Soc. Cons. a r.l. 25%
Consorzio Energia Servizi Bologna in liquidation 24.25%
Como Energia Soc. Cons. a r.l. 29%
Savia Soc. Cons. a r.l. 49.11%
Servizi Taranto Soc. Cons. a r.l. 25%
100%
SERVIZI OSPEDALIERI
50% A.M.G. S.r.l.
20% F.lli Bernard S.r.l.
24.75% Iniziative Produttive Piemontesi S.r.l.
20% Sersan Servizi Sanitari S.p.A. in liquidation
60% Consorzio Polo Sterilizzazione integrata
40% S. Martino 2000 Soc. Cons. a r.l.
40% Servizi Sanitari Treviso Soc. Cons. a r.l.
23.66%
8% Global Riviera Soc. Cons. a r.l.
25% Steril Piemonte Soc. Cons. a r.l.
26.33% Consorzio Sterilizzazione in Service
25.00% Se.Ste.Ro S.r.l.
100%
MIA ASCENSORI
60% Co.Fa.M. S.r.l.
100% Fabbri Ascensori S.r.l.
80%
GRUPPO SICURA
100% Sicura S.r.l.
60% Antincendi Piave S.r.l.
10%
90% Leonardo S.r.l.
65% Firing S.r.l.
70% Mako Enginering S.r.l.
75% Sicurama S.r.l.
80% Securveneta S.r.l.
80% Sedda S.r.l.
100% Protec S.r.l.
80% CO.GE.F. Soc. Cons. a r.l.
66.66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l.
60% Consorzio Imolese Pulizie Soc. Cons. a r.l.
60% Consorzio Servizi Toscana Soc. Cons. a r.l.
60% Servizi Marche Soc. Cons. a r.l.
60% Servizi l'Aquila Soc. Cons. a r.l.
60% Palmanova Servizi Energetici Soc. Cons. a r.l.
52% Servizi Brindisi Soc. Cons. a r.l.
60% Caldarelli Soc. Cons. a r.l.
50% Consorzio Leader Soc. Cons. a r.l.
50% Global Maggiore Bellaria Soc. Cons. a r.l.
50% Servizi Sportivi Brindisi Soc. Cons. a r.l.
50% Legnano 2001 Soc. Cons. a r.l.
49% DUC Gestione Sede Unica Soc. Cons. a r.l.
34.10% Livia Soc. Cons. a r.l.
20.10% Perimetro Gestione Proprietà Immobiliari S.C.p.A
Key:
Subsidiaries consolidated on a line-by-line basis
Joint Ventures consolidated proportionally
Companies associated to companies in liquidation consolidated using the equity method

In 2010, the Group carried out the following transfers and acquisitions of equity investments:

- On 26 January 2010 the Parent Company sold, at book value, its 50% stake in Bresso Energia S.r.l..
- On 3 March 2010 the Parent Company acquired from Hoch.rein GmbH the remaining 45% stake in the share capital of Envolta S.r.l., subsequently renamed to EnergyProject S.p.A., therefore becoming the Sole Shareholder.
- On 18 June 2010, the Parent Company stipulated, with Società Aster S.p.A., the purchase of 24% of the share capital of Progetto Nuovo Sant'Anna S.r.l., already 49.5% owned, acquisition of 25.5% of the share capital of S.AN.GE S.c.a.r.l., already 63.5% owned and the purchase of a 14% stake in S.AN.CO S.c.a.r.l., previously 37.5% owned, therefore acquiring control of the latter. Subsequently, on 30 June 2010, said MFM sold 49.5% of the shares of Progetto Nuovo Sant'Anna S.r.l. to Fondaco Società di gestione del Risparmio S.p.A., on behalf of the mutual investment fund PPP Italia.
- On 15 July 2010, the subsidiary MIA S.p.A. acquired, for a total price of € 780 thousand, the entire share capital of Carf Ascensori S.r.l..
- On 8 August 2010, MIA S.p.A. acquired 100% of the share capital of the Companies GI.MA Ascensori and Fabbri Ascensori S.r.l., for a total price of € 523 thousand and € 2,750 thousand respectively.
- On 27 September 2010, the Parent Company MFM sold to Teorema Holding S.r.l. the entire stake held in Delivery S.r.l., equal to 60% of share capital, by exercising the sale option held.
- On 30 November 2010, the Parent Company MFM sold a business unit to FIAT also including all the share capital of French Company Altair IFM France.
- On 23 December, MFM purchased from Banca Monte dei Paschi di Siena S.p.A. (MPS), the 20.1% stake in the share capital of Gestione Proprietà Immobiliari S.c.p.a., at a price of € 1,111 thousand, paid entirely in January 2011.
- On 13 December 2010, MFM stipulated the sale of 100% of the equity investment in Polish company Gestin Polska Sp.z.o.o. to Fiat Auto Poland S.A., effective as of 1 January 2011; the company's assets and liabilities, as at 31 December 2010, were recognised under assets and liabilities destined for disposal.

In addition, on 1 July 2010, the merger by incorporation of Coplift S.r.l. and M.P.E. S.r.l. into MIA S.p.A. became effective from 1 January 2010 for accounting and tax purposes and 21 December 2010 saw the signing of the merger by incorporation of GI.MA Ascensori S.r.l. and Carf Ascensori S.r.l. into MIA, holder of all of share capital, effective from 1 January 2010 for accounting and tax purposes.

2.5 Summary of the main accounting criteria

Equity investments in joint ventures

The Group participates in numerous joint ventures classified as companies under joint control. A joint venture is a contractual agreement whereby two or more parties undertake an economic activity subject to joint control; a jointly controlled company is a joint venture that involves the setting up of a separate company in which each participant holds a stake.

Joint control is deemed to exist when stakes of 50% are held.

The Group consolidates its equity investments in joint ventures using the proportional method, adding on a line by line basis its share in each asset, liability, revenues and costs of the jointly controlled company to the respective items in the consolidated financial statements. Joint ventures draft financial statements for the same financial year as the Parent Company and apply the same accounting standards. Any inconsistencies between the accounting standards applied are corrected through adjustments.

When the Group contributes or sells assets to the joint venture, the recognition of profits or losses deriving from the transaction reflects the content of the transaction itself. When the Group purchases goods or services from the joint venture, it does not record its share of profit deriving from the transaction until it resells said good or service to an independent third party.

Proportional consolidation of the joint venture is ended on the date on which the Group ceases to have joint control over said entity.

Conversion of foreign currency items

The financial statements are presented in Euro, the Group's functional currency.
Balance sheets and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for balance sheet items and average exchange rates for items in the income statement.
Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference emerging from the conversion of the result for the period at year-end exchange rates with respect to the average exchange rate. The conversion reserve is reserved to the income statement at the moment of the sale or liquidation of the company that set up said reserve.

Property, plant and machinery

Property, plant and machinery are recorded 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 they conform to the recognition criteria.
Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of.
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 eliminated from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net income from the sale and the carrying amount) are included in the income statement in the year of the aforementioned elimination.
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 estimated as shown below:

Types of plant and machinery	**Useful life**
Plant and machinery, maintenance and creation of green areas	11 years
Plant and machinery, maintenance and construction of buildings	From 6.5 to 10 years
Telephone systems	4 years
Equipment for cleaning/green activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Motor vehicles	From 4 to 5 years
Furniture and office equipment	From 5 to 8 years
Improvements to third party assets (including under plant and machinery)	< between useful life and contractual duration

The plant and machinery category includes not only plant and machinery in the strictest sense, but also equipment, motor vehicles, office machines and furniture.
Financial charges deriving from the purchase is booked to the income statement except in the case in which it is directly attributable to the acquisition, construction or production of an asset which justifies their capitalisation (qualifying asset), in which case they are capitalised.
A qualifying asset is an asset that requires a certain period of time to be ready for use.
The capitalisation of financial charges ceases when essentially all the activities needed to make the qualifying asset ready for use have been completed.
Extraordinary maintenance expenses are only included in the carrying amount of the asset when the company is likely to receive the associated economic benefits in the future and the cost can be reliably measured. The costs of repairs, maintenance or other operations to ensure the functioning of the assets are charged to the income statement in the year in which they are incurred.
Improvements to third party assets are classified, on the basis of the nature of the cost incurred, under tangible fixed assets when they meet the capitalisation criteria set forth by IAS 16. The depreciation period corresponds to the lower of the residual useful life of the tangible fixed asset and the residual duration of lease.

Goodwill

Goodwill, acquired in a business combination, is initially valued at cost, represented the excess of the cost of the business combination with respect to the share pertaining to the Group 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 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 of the Group which believe that they will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units. Each unit to which goodwill is allocated:

- represents the lowest level, within the Group, at which goodwill is monitored for internal management purposes; and
- is not larger than the segments identified on the basis of either the primary or secondary presentation layout as regards disclosures on the Group's operating segments, based on IFRS 8 - Operating Segments.

Impairment 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.
The value of goodwill previously written down cannot be restored.

Other intangible assets

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations of companies not subject to common control are capitalised at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortisation and accumulated impairment losses.
The useful life of the intangible assets is definite or indefinite.
Intangible assets with a definite useful life are amortised over their useful life and subject to consistency tests when there is an indication of potential impairment. The amortisation 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 methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the amortisation period or method, as necessary, and treated as changes in the accounting estimates. The amortisation charges of intangible assets with a definite useful life are recorded in the income statement under the cost category 'amortisation, write-downs and write-backs of assets'.

The Group did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Group applied for intangible assets are summarised below:

	Concessions, licences, trademarks and similar	Other intangible assets
Breakdown	Software and trademarks	Contractual relations with customers
Useful life	Definite	Definite
Method used	Amortisation on a straight line basis over the shortest time span between: > legal duration of the right > expected period of use	Amortisation proportionally on consumption of the relative backlog.
Produced internally or acquired	Acquired	Acquired as part of a business combination
Consistency test for recognition of impairment loss / on recoverable values	Annually or more frequently when there is an indication of an impairment loss	Annually or more frequently when there is an indication of an impairment loss

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 disposal.

Equity investments in associates

The Group's equity investments in associates are valued using the equity method. An associate is a company over which the Group exercises a significant influence and is not classified as a subsidiary or joint venture.
An associate is a company in which a shareholding of 20% or more is held.
Pursuant to the equity method, the equity investment in an associate is recorded in the balance sheet at cost, increased by changes, after the acquisition, in the Group's share of the associate's net assets. Goodwill relating to the associate is included in the carrying amount of the equity investment and not subject to amortisation. Following application of the equity method, the Group determines whether it is necessary to record any additional impairment losses with reference to the Group's net equity investment in the associate.
The income statement reflects the Group's share of the associate's result for the year. In the event in which the associate records adjustments directly in shareholders' equity, the Group recognises its share, and presents this, where applicable, in the statement of changes in shareholders' equity.
In the majority of cases, the end of the associate's financial year is the same as that of the Group. Where this does not occur, in most cases, the associates prepare accounting statements at the close of the Group's financial year.
The accounting standards used conform to those used by the Group, for transactions and events of the same nature and in similar circumstances.

Impairment of assets

At the close of each financial year, the Group assesses whether there are any indicators of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit net of sales costs and its value in use 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, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group 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 'amortisation/depreciation, write-downs and write-backs of assets'.

At the close of each financial year, the Group also assesses the existence of indications that the impairment losses recorded previously no longer exist (or have fallen) and, if said indications exist, estimate 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 said 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 amortisation, if no impairment loss had been recognised in the preceding 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 revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recorded, the amortisation charge 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 makes provision for the following types of financial instruments:

- financial assets at fair value with changes booked to the income statement, a category which includes the financial assets held for trading, i.e. all assets acquired for short-term sale;
- loans and receivables, defined as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
- investments held to maturity, i.e. financial assets that are not derivative instruments and which are characterised by fixed or determinable payments on maturity for which the owner has the intention and capacity to hold them in the portfolio to maturity;
- available-for-sale financial assets, i.e. financial assets, excluding derivative financial instruments, which have been designated as such or are not classified in one of the other three previous categories.

  All financial assets are initially recorded at fair value, increased, in the event of assets other than those at fair value in the income statement, by accessory charges; following the initial recognition, the Group determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the close of each financial year.

The financial assets held by the Group in the year just closed, equal to those held in the previous year, relate exclusively to the two categories 'loans and receivables' and 'available-for-sale financial assets'.

The valuation criteria applied by the Group are the following:

Loans and receivables

Loans and receivables are recorded according to the amortised cost criterion using the effective discount rate method. Profits and losses are booked to the income statement when the loans and receivables are eliminated for accounting purposes or when impairment occurs, plus through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets, following initial recognition at cost, must be valued at fair value and profits and losses must be recorded in a separate shareholders' equity item until the assets are eliminated for accounting purposes or until it has been verified that they have been impaired; profits or losses accumulated up until that moment in shareholders' equity are then charged to the income statement.

For the year closed however, as in the previous year, the Group classifies solely shareholdings of lower than 20% in this category, which are valued at cost if the calculation of the fair value is not reliable. In particular, consortium companies and consortia, which are not quoted on regulated markets and whose objective is to regulate relations as part of temporary associations of companies established for the operational purposes of management of service contracts, are valued at cost, represented by the portion of subscribed share capital.

Inventories

Inventories are valued at cost and the net presumed realisable value, whichever is the lower.
The costs incurred to deliver each asset to its current location and for warehousing are recorded as follows:

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

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

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recorded at nominal value, stated in the invoice net of the bad debt provision. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified.
The Group's customers are largely made up of public authorities and health care facilities, whose payment times greatly exceed the contractual maturities.
For this reason, trade receivables due from third parties 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 Group's customers taken from historical data) and the average payment extension granted to customers by similar companies that operate in the same market as the Group.
Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Job orders for building works and plant construction

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a purchaser, who defines its design and technical features on a preliminary basis.
Job order revenues include the considerations initially agreed with the purchaser, plus changes to the job order and price variations set out in the contract which can be determined reliably.
When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage completion method; the progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order.
When the costs of the job order are likely to exceed total revenues, the expected loss is recorded immediately as a cost.

The amount due from purchasers for contract works, for all job orders in progress for which the costs incurred together with the profits recorded (or net of losses recognised) exceed the billing of the work completed, is recorded as a receivable and, as such, is classified under the item "Trade receivables". The gross amount due from purchasers for contract works, for all job orders in progress for which the billing of the work completed exceeds the costs incurred added to the profits recorded (or net of losses recognised), is recorded as a payable and, as such, is classified under the item "Trade payables".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the balance sheet include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recorded at the fair value of the consideration received net of accessory charges involved in acquiring the loan.

After initial recognition, loans are valued according to the amortised cost criterion using the effective interest rate method.

All profits or losses are recognised in the income statement when the liability is extinguished, plus through the amortisation process.

Elimination of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised from the financial statements when:

- the contractual rights over cash flows deriving from financial assets have expired;
- the Group 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 eliminated, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group records the new financial asset, financial liability or liability originating from service at fair value.

Financial liabilities

A financial liability is derecognised from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the end of each financial year, the Group assesses whether a financial asset or group of financial assets has incurred any impairment.

Assets valued according to the amortised cost criterion

If objective evidence exists that a loan or receivable carried at amortised cost has suffered impairment, 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 income statement.
The Group firstly assesses the existence of objective evidence of impairment 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, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment testing in a collective fashion. 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 valuation.
If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment, the previously reduced value can be written back. Any subsequent write-backs are booked to the income statement, to the extent the carrying amount does not exceed the amortised cost at the write-back date.

Assets recognised at cost

If there is objective evidence of an impairment of an unquoted equity instrument which is not recognised at fair value since its fair value cannot be reliably measured, or of a derivative instrument which is linked to said equity and must be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

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

Provisions for risks and charges

Allocations to provisions for risks and charges are made when the Group 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 Group believes an allocation to the provision for risks and charges will be 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 virtually certain. In said 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 Group 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 Group 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 Italian 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 (revalued as necessary) and on the length of service. According to statutory Italian legislation, said 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. ESI accrued up until 31.12.2006 remains a defined benefit plan, without future contributions. Therefore, its valuation is performed by independent actuaries solely on the basis of employees' average expected remaining working life, no longer considering their perceived remuneration over the course of a predetermined period of service.

Therefore, ESI accrued prior to 1 January 2007 undergoes a change of calculation due to the cancellation of previously envisaged actuarial assumptions relating to salary increases. In particular, the liability connected to "accrued ESI" is actuarially valued as at 1 January 2007 without application of the pro-rata element (years of service already given/total years of service), given that employee benefits relating to the entire year up to 31 December 2006 can be considered almost entirely accrued (with the sole exception of the revaluation), in application of paragraph 67 (b) of IAS 19. The result is that, for the purposes of this calculation, current service costs relating to future services provided by employees are considered to be zero, given that they are represented by contributions to the supplementary pension funds or *INPS* (National Social Security Institute) Treasury Fund.

In addition, starting from 2008, for ESI accrued up until 31 December 2006, the Group, having decided to amend the accounting standard, 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 the previous year 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-quota 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 Group has no other significant 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;
(c) there is a change in conditions according to which fulfilment of the contract depends on a specific asset; or
(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 scenarios 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 Group, 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 rents. Rents are split on a pro-quota 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 Group 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 Group 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 main types of service provided by the Group, 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;
- project management services;
- linen rental and industrial laundering and sterilisation 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, hospital days).
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 quantified 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 Group 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

Revenues are 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 amortisation charges.

Income taxes

Current taxes

Current tax assets and liabilities for the period are valued by applying estimate criteria to determine the amount pertaining to the period 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 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 balance sheet 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 balance sheet 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 it is likely that the deductible temporary differences will be reversed in the immediate future and that adequate 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;
- refers to trade receivables and payables for which the invoice has already been issued or received, which are stated inclusive of VAT.

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.

Derivative financial instruments and hedges

At the moment of initial recognition, then subsequently, derivative instruments are booked at fair value, changes in fair value are recorded in the income statement, 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 said method.

In particular, the transaction is considered a hedge if documentation exists of the relationship between the hedging instrument and the liability hedged that shows risk management objectives, the hedging strategy and methods that will be 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, prospectively, 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 remeasured. They are accounted as assets when the fair value is positive and liabilities in the case of a negative fair value.

Any profits 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.

Segment reporting

In consideration of the fact that the Group's risks and profitability are affected, in the first place, by the differences between the types of service offered, the Group's primary presentation layout is by business sector.

An operating segment is a clearly identifiable component of an entity which provides a collection of related products and services, subject to different risks and awards from those of other Group business sectors.

The secondary presentation layout of the Group is by geographic area.

The geographic sector is a clearly identifiable part of the company dedicated to providing related products and services and is subject different risks and awards from those relating to components that operate in other economic environments.

The operating segments identified in the primary sector are represented by strategic business units in which the Group operates and coincide with the activities indicated in paragraph 1.1.

Methods of calculation of the costs allocated to the segments

The Group includes direct and indirect production costs relating to the business sector in the costs attributed to the segments.

Starting from the consolidated financial statements for the year ended 31 December 2007, it was deemed appropriate to allocate to the segments also commercial costs and other general overheads on the basis of the appropriate conventional allocation drivers.

By contrast, income and charges generated by financial management and current and deferred taxes remain unallocated to the segments, while income from equity investments valued using the equity method is attributed to the segments.

Methods of calculation of the assets and liabilities allocated to the segments

The assets and liabilities were attributed to the various segments in accordance with the method used for income statement items.

3. BUSINESS COMBINATIONS

The transactions performed in the year, shown below, constitute business combinations. Therefore, the Group applied the purchase method in recording these, as per IFRS 3.

Acquisition of the capital of S.AN.CO S.c.a.r.l.

On 18 June 2010, the Parent Company MFM acquired from Società Aster S.p.A., 25.5% of the share capital of S.AN.CO S.c.a.r.l., already 37.5% owned. The consideration, agreed at € 5 thousand by the parties, was paid in full to the transferor during the acquisition.

Accounting effects of the acquisition

Following the acquisition of the shareholding in S.AN.CO S.c.a.r.l., the MFM Group has control of the Company. 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 relating to the transaction and the net liquidity used in the acquisition are shown in the table below:

(in thousands of Euro)	Recognised value	Carrying amount
ASSETS		
Property, plant and machinery		
Other intangible assets		
Long-term financial assets and other securities	9	9
Prepaid tax assets	79	79
Inventories		
Trade receivables and advances to suppliers	21,459	21,459
Current tax credits	24	24
Other current receivables	3,223	3,223
Cash and cash equivalents	42	42
TOTAL ASSETS	**24,836**	**24,836**
LIABILITIES		
Shareholders' equity pertaining to minority interests	4	4
Employee severance indemnity - retirement	12	12
Provision for non-current risks and charges	261	261
Non-current loans	2,881	2,881
Deferred tax liabilities		
Short-term loans		
Trade payables and advances from customers	21,160	21,160
Current tax payables	471	471
Other current payables	42	42
Other current financial liabilities		
TOTAL LIABILITIES	**24,831**	**24,831**
Fair value of net assets	**5**	**5**
Goodwill arising from the combination		
Total cost of the combination	**5**	
TOTAL COST OF THE COMBINATION:		
Payments to the transferor	5	
Additional purchase costs		
TOTAL COST OF THE COMBINATION	**5**	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquiree	42	
Additional purchase costs		
Payments to the transferor	-5	
NET LIQUIDITY USED IN THE ACQUISITION	**37**	

The total cost of the business combination is € 5 thousand, equal to the fair value of the assets and liabilities acquired through the combination.
Net liquidity used in the aggregation was € 37 thousand.

Acquisition of 100% of Carf Ascensori S.r.l.

On 15 July 2010, MIA S.p.A., a subsidiary of Parent Company MFM, acquired 100% of the share capital of Carf Ascensori S.r.l., a company operating in the maintenance of elevating systems. The acquisition was made as part of the "Lift" project, launched via the incorporation of MIA S.p.A., for the development of elevating system maintenance services in order to expand integrated facility management services offered

to customers. The acquisition price of € 780 thousand was paid at the moment the equity investment deed of sale was signed.

Accounting effects of the acquisition

The value of the assets and liabilities of the acquiree at the date of acquisition, the goodwill arising from the transaction and the net liquidity used in the acquisition are shown in the table below:

(in thousands of Euro)	**Recognised value**	**Carrying amount**
ASSETS		
Property, plant and machinery	33	33
Other intangible assets		
Long-term financial assets and other securities		
Prepaid tax assets		
Inventories	1	1
Trade receivables and advances to suppliers	285	285
Current tax credits		
Other current receivables	4	4
Cash and cash equivalents	46	46
TOTAL ASSETS	**369**	**369**
LIABILITIES		
Shareholders' equity pertaining to minority interests		
Employee severance indemnity - retirement	20	20
Provision for non-current risks and charges	39	39
Non-current loans		
Deferred tax liabilities		
Short-term loans		
Provision for current risks and charges		
Trade payables and advances from customers	240	240
Current tax payables		
Other current payables		
Other current financial liabilities		
TOTAL LIABILITIES	**299**	**299**
Fair value of net assets	**70**	**70**
Goodwill arising from the combination	**710**	
Total cost of the combination	**780**	
TOTAL COST OF THE COMBINATION:		
Payments to the transferor	780	
Additional purchase costs		
TOTAL COST OF THE COMBINATION	**780**	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquiree	46	
Additional purchase costs		
Payments to the transferor	(780)	
NET LIQUIDITY USED IN THE ACQUISITION	**(734)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 70 thousand, and the total cost of the combination was € 780 thousand.
The difference between the purchase cost and the carrying amount of the net assets deriving from the business combination, equal to € 710 thousand, was allocated to "Goodwill".
Net liquidity used in the aggregation was € 734 thousand.

Acquisition of 100% of GI.MA Ascensori S.r.l.

On 8 August 2010, subsidiary MIA S.p.A. acquired 100% of the share capital of GI.MA. Ascensori S.r.l..
The Company, with registered office in Catania, is active in the maintenance and repair of elevating systems.
The acquisition was made as part of the "Lift" project, launched, as already stated, via the incorporation of MIA S.p.A.. The acquisition price of € 523 thousand was paid at the moment of acquisition of the equity investment.

Accounting effects of the acquisition

The value of the assets and liabilities of the acquiree at the date of acquisition, the goodwill arising from the transaction and the net liquidity used in the acquisition are shown in the table below:

(in thousands of Euro)	**Recognised value**	**Carrying amount**
ASSETS		
Property, plant and machinery	11	11
Other intangible assets	1	1
Long-term financial assets and other securities		
Prepaid tax assets		
Inventories	53	53
Trade receivables and advances to suppliers	151	151
Current tax credits		
Other current receivables	8	8
Cash and cash equivalents	6	6
TOTAL ASSETS	**230**	**230**
LIABILITIES		
Shareholders' equity pertaining to minority interests		
Employee severance indemnity - retirement	13	13
Provision for non-current risks and charges		
Non-current loans		
Deferred tax liabilities		
Short-term loans		
Trade payables and advances from customers	188	188
Current tax payables		
Other current payables	1	1
Other current financial liabilities		
TOTAL LIABILITIES	**202**	**202**
Fair value of net assets	**28**	**28**
Goodwill arising from the combination	**495**	
Total cost of the combination	**523**	
TOTAL COST OF THE COMBINATION:		

(in thousands of Euro)	Recognised value	Carrying amount
Payments to the transferor	523	
Additional purchase costs		
TOTAL COST OF THE COMBINATION	**523**	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquiree	6	
Additional purchase costs		
Payments to the transferor	(523)	
NET LIQUIDITY USED IN THE ACQUISITION	**(517)**	

The fair value of the net liabilities acquired through the combination was determined at € 28 thousand, and the total cost of the combination was € 523 thousand.
The difference between the cost and the carrying amount of the net assets, equal to € 495 thousand, was allocated to "Goodwill".
Net liquidity used in the aggregation was € 517 thousand.

Acquisition of 100% of Fabbri Ascensori S.r.l.

On 8 August 2010, MIA S.p.A., a subsidiary of the MFM Group, acquired 100% of the share capital of Fabbri Ascensori S.r.l. of Varese, a Company operating in the maintenance of elevating systems. The acquisition price of € 2,750 thousand was paid at the moment the equity investment was acquired.

Accounting effects of the acquisition

The value of the assets and liabilities of the acquiree at the date of acquisition, the goodwill arising from the transaction and the net liquidity used in the acquisition are shown in the table below:

(in thousands of Euro)	Recognised value	Carrying amount
ASSETS		
Property, plant and machinery	11	11
Other intangible assets	3	3
Long-term financial assets and other securities		
Prepaid tax assets		
Inventories	51	51
Trade receivables and advances to suppliers	382	382
Current tax credits		
Other current receivables	12	12
Cash and cash equivalents		
TOTAL ASSETS	**459**	**459**

(in thousands of Euro)	Recognised value	Carrying amount
LIABILITIES		
Shareholders' equity pertaining to minority interests		
Employee severance indemnity - retirement	196	196
Provision for non-current risks and charges		
Non-current loans		
Deferred tax liabilities		
Short-term loans		
Provision for current risks and charges		
Trade payables and advances from customers	59	59
Current tax payables		
Other current payables	143	143
Other current financial liabilities		
TOTAL LIABILITIES	**398**	**398**
Fair value of net assets	**61**	**61**
Goodwill arising from the combination	**2,689**	
Total cost of the combination	**2,750**	
TOTAL COST OF THE COMBINATION:		
Payments to the transferor	2,750	
Additional purchase costs		
TOTAL COST OF THE COMBINATION	**2,750**	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquiree		
Additional purchase costs		
Payments to the transferor	(2,750)	
NET LIQUIDITY USED IN THE ACQUISITION	**(2,750)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 61 thousand, and the total cost of the combination was € 2,750 thousand.
The difference between the cost and the carrying amount of the net assets, equal to € 2,689 thousand, was allocated to "Goodwill".
Net liquidity used in the aggregation was € 2,750 thousand.

4. PROPERTY, PLANT AND MACHINERY

The table below shows the movements in tangible fixed assets (owned and under a financial lease) in the year ended 31 December 2010:

(in thousands of Euro)	Properties	Plant and machinery	Properties leased	Plant and machinery leased	TOTAL
As at 1 January 2010, net of accumulated depreciation and write-downs	**4,448**	**51,293**	**415**	**6,531**	**62,687**
Increases due to business combinations		55			55
Increases due to purchases	34	27,836		79	27,949
Impairment losses					
Decreases		(984)			(984)
Depreciation in the year	(154)	(20,394)	(11)	(1,053)	(21,612)
Other	(2,671)	3,265	(138)	(344)	112
As at 31 December 2010	**1,657**	**61,070**	**266**	**5,213**	**68,206**
As at 1 January 2010					
Cost	6,691	191,675	521	11,810	210,697
Accumulated depreciation and impairment losses	(2,243)	(140,382)	(106)	(5,279)	(148,010)
NET CARRYING AMOUNT	**4,448**	**51,293**	**415**	**6,531**	**62,687**
As at 31 December 2010					
Cost	3,520	225,981	375	9,735	239,611
Accumulated depreciation and impairment losses	(1,863)	(164,912)	(109)	(4,522)	(171,406)
NET CARRYING AMOUNT	**1,657**	**61,070**	**266**	**5,213**	**68,206**

Business combination increases relating to Plant and Machinery, amounting to € 55 thousand, refer to the carrying amount of assets of the companies acquired in the year by the subsidiary MIA S.p.A..

The increases in plant and machinery owned in the year as at 31 December 2010 (€ 27,836 thousand) refer to investments made by Servizi Ospedalieri S.p.A., for the purchase of linen to be used in laundering activities (€ 24,650 thousand) and for the purchases of plant, machinery and specific equipment relating to laundering/sterilisation activities. The residual amount of € 3,186 thousand refers primarily to the purchase of machinery and equipment used in facility management activities.

Decreases in plant and machinery of € 984 thousand refer mainly to the sale of linen and machinery by the subsidiary Servizi Ospedalieri S.p.A..

Other movements concern reclassifications between asset classes. In particular, buildings relating to some cogeneration plants were reclassified under plants. In fact, the cogeneration plant was previously recorded under the item plants, with the classification of the associated building under the item property. It was deemed appropriate to reclassify the amount relating to the building under the same plant item, given an integral part of same.

The item leased plant and machinery includes the value of the long-term right of use of the cogeneration plant realised at the Como hospital, amounting to € 3,400 thousand.
The subsidiary S.AN.GE Soc.Cons. a. r.l., on the basis of the contract signed with associated company Progetto Nuovo Sant'Anna S.r.l., plant owner, has the right, for the duration of the contract, to manage the plant; S.AN.GE Soc.Cons. a r.l. will exclusively receive all revenues and benefits connected with the management, in respect of the obligation to provide electricity and heat to the Como Hospital and the payment of an annual fee to Progetto Nuovo Sant'Anna S.r.l..

Increases recorded by leased plant and machinery amounted to € 79 thousand in 2010.

Over movements in leased property, plant and machinery relate mainly to redemptions of leased assets by Servizi Ospedalieri and the Sicura Group.

The table below shows the movements in tangible fixed assets (owned and under a financial lease) in the year ended 31 December 2009.

(in thousands of Euro)	Properties	Plant and machinery	Properties leased	Plant and machinery leased	TOTAL
As at 1 January 2009, net of accumulated depreciation and write-downs	**3,835**	**53,893**	**338**	**4,608**	**62,674**
Increases due to business combinations		48			48
Increases due to purchases	831	21,052		3,619	25,502
Impairment losses					
Decreases		(2,058)		(50)	(2,108)
Depreciation in the year	(218)	(22,025)	(18)	(1,263)	(23,524)
Other		383	95	(383)	95
As at 31 December 2009	**4,448**	**51,293**	**415**	**6,531**	**62,687**
As at 1 January 2009					
Cost	4,768	178,818	426	11,233	195,245
Accumulated depreciation and impairment losses	(933)	(124,925)	(88)	(6,625)	(132,571)
NET CARRYING AMOUNT	**3,835**	**53,893**	**338**	**4,608**	**62,674**
As at 31 December 2009					
Cost	6,691	191,675	521	11,810	210,697
Accumulated depreciation and impairment losses	(2,243)	(140,382)	(106)	(5,279)	(148,010)
NET CARRYING AMOUNT	**4,448**	**51,293**	**415**	**6,531**	**62,687**

5. INTANGIBLE ASSETS

The table below shows the movements in intangible fixed assets in the year ended 31 December 2010.

(in thousands of Euro)	Other intangible assets	Goodwill	TOTAL
As at 1 January 2010 re-stated, net of accumulated amortisation and impairment losses	**30,826**	**384,905**	**415,731**
Increases due to business combinations	4	3,895	3,899
Increases due to purchases	8,920		8,920
Amortisation in the year	(10,479)		(10,479)
Impairment losses	(1,936)	(2,105)	(4,041)
Other	(1,957)	5,060	3,104
As at 31 December 2010	**25,379**	**391,755**	**417,134**
As at 1 January 2010			
Cost	52,169	385,136	437,305
Accumulated amortisation and impairment losses	(21,343)	(231)	(21,574)
NET CARRYING AMOUNT	**30,826**	**384,905**	**415,731**
As at 31 December 2010			
Cost	53,182	394,091	447,273
Accumulated amortisation and impairment losses	(27,803)	(2,336)	(30,139)
NET CARRYING AMOUNT	**25,379**	**391,755**	**417,134**

Goodwill is tested annually for impairment, as better detailed in note 6 below.
Business combination increases relating to the item Goodwill, amounting to € 3,895 thousand in 2010, is represented by the higher cost incurred by MIA S.p.A., with respect to the carrying amount of net assets, during the acquisition of other Companies during the year; the details are shown below (amounts in thousands of Euro):

- Acquisition of Carf Ascensori S.r.l. 710
- Acquisition of GI.MA Ascensori S.r.l. 495
- Acquisition of Fabbri Ascensori S.r.l. 2,690
- **TOTAL COMBINATIONS 3,895**

Impairment, amounting to € 2,105 thousand as at 31 December 2010, refers to the full write-down of the goodwill recorded by the subsidiary EnergyProject S.p.A. (€ 1,871 thousand) and the associated Other SBU and, to the write-down of the goodwill arising from the acquisition of the subsidiary SMAIL by the Parent Company MFM and allocated to the Facility Management SBU (€ 234 thousand).
The other movements, attributable in full to the Facility Management SBU, registered a net increase in the year, equal to € 5,060 thousand and are predominantly represented by the recognition of the new discounted value of the earn-out payable (€ 7,113 thousand), relating to the purchase of Gruppo Sicura S.r.l., currently 80% owned; the adjustment to the recognition value of the amount payable was made necessary as a result of the revision of the plan used to determine the purchase price. Further decreases were also recorded in the item Goodwill, amounting to € 2,053 thousand, relating to the sales of the subsidiaries Delivery S.r.l. (€ 783 thousand), Altair IFM France (€ 606 thousand) and Bresso Energia S.r.l. (€ 5 thousand) and to the sale of the business units "Manutenzioni Industriali" (Industrial Maintenance) and "Manutenzioni Civili" (Civil Maintenance) to the Fiat Group (write-off of € 659 thousand).

The Group's other intangible assets, amounting to € 25,379 thousand as at 31 December 2010, primarily comprise contractual relations with customers, acquired under the business combinations and designated at fair value as part of the Purchase Price Allocation process and software.

Increases due to acquisitions in the year totalled € 8,920 thousand, attributable primarily to investments in software made as part of the ongoing restructuring process.

The amortisation charges of intangible fixed assets amounted to € 10,479 thousand in 2010, compared to € 14,454 thousand in the previous year, and are represented mainly by amortisation of intangible assets relating to business combinations (€ 6,304 thousand), recorded during the acquisition of the Altair Group.

Impairment was recorded for a total of € 1,936 thousand, relating to "backlogs" deriving from the acquisition of the SEC (Heat Management) business unit in 2008, written down due to the fact that the company was no longer reasonably certain of recovering the higher price paid, with respect to the carrying amounts.
The economic impact of said write-down is reflected in the item 'income from discontinued operations', as shown in the paragraph below.

The item relating to other movements recorded a decrease of € 1,957 thousand, which relates almost exclusively to the contractual relations with customers transferred as part of the sale of company business units to the FIAT Group, previously recorded at fair value at the time of the purchase price allocation of the Altair Group and booked under intangible fixed assets for a residual amount of € 1,962 thousand.
The table below shows the movements in intangible fixed assets in the year ended 31 December 2009.

(in thousands of Euro)	**Other intangible assets**	**Goodwill**	**TOTAL**
As at 1 January 2009 re-stated, net of accumulated amortisation and impairment losses	**42,305**	**356,409**	**398,714**
Increases due to business combinations	311	28,536	28,847
Increases due to purchases	2,664		2,664
Amortisation in the year	(14,454)		(14,454)
Impairment losses			
Other		(40)	(40)
As at 31 December 2009	**30,826**	**384,905**	**415,731**
As at 1 January 2009			
Cost	49,194	356,640	405,834
Accumulated amortisation and impairment losses	(6,889)	(231)	(7,120)
NET CARRYING AMOUNT	**42,305**	**356,409**	**398,714**
As at 31 December 2009			
Cost	52,169	385,136	437,305
Accumulated amortisation and impairment losses	(21,343)	(231)	(21,574)
NET CARRYING AMOUNT	**30,826**	**384,905**	**415,731**

6. VERIFICATION OF IMPAIRMENT OF GOODWILL RECOGNISED

As the part of the vast restructuring process implemented by the Group in 2009, culminating in mergers and the transfer of business units completed at the end of 2009 and in 2010, management also redefined the Strategic Business Units (SBUs) in which the business is analysed.
The process of simplification of the number of legal entities through business combinations, consistent with the business model adopted and the objective of no longer managing and monitoring the services offered by legal entity also led to a redefinition of the Cash-Generating Units, coinciding with the SBUs in which the Group operates, regardless of the legal entities.

The SBUs identified and their composition, in corporate terms, are as follows:

SBU – Facility Management

The SBU includes:

1. MFM S.p.A.;
2. MP Facility S.p.A. in respect of the company structure resulting from the incorporation of MCB S.p.A. on 1 January 2010;
3. SMAIL S.p.A. and the groups controlled by Gruppo Sicura S.r.l. and by MIA S.p.A., operating in the facility management sector as suppliers of more specialist services;
4. Other minor companies, however operating in the facility management sector.

SBU – Laundering & Sterilisation

The SBU is identified with the company Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering sector for hospitals and the sterilisation of linen and surgical instruments, and the equity investment in A.M.G. S.r.l., held under a joint venture (50%).

SBU – Other

The SBU includes:

1. EnergyProject S.p.A. (former Envolta S.r.l.), already active in the construction and marketing of photovoltaic systems, to which the business unit relating to "Project Management" and "Energy Management" activities was conferred in July 2010.
2. MACO S.p.A., company formed at the end of 2009, to which the Group's "building" business unit was conferred.

This arrangement, adopted in 2009, is a result of development of the business view adopted by the MFM Group's management, that envisages an approach increasingly targeted at integration of the offer, unrestricted by the legal entity or service offered.

Also for the purposes of the correct accounting of the purchase price allocation (PPA) relating to the acquisitions made at the end of 2008, MFM believes that the above-mentioned SBU structure should be considered, consistent with the provisions of the accounting standards, also at the level of the CGU used for impairment testing.
This breakdown into CGUs is, in fact, 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 carrying amounts of goodwill recorded in the consolidated financial statements as at 31 December 2010 are shown below, relating to the different CGUs, compared with the figures for the year ended 31 December 2009.

CARRYING AMOUNT OF CONSOLIDATED GOODWILL

(in thousands of Euro)	31 December 2010	31 December 2009
Goodwill allocated to Facility Management CGU	378,945	370,224
Goodwill allocated to Laundering/Sterilisation CGU	12,810	12,810
Goodwill allocated to Other CGU		1,871
TOTAL GOODWILL	**391,755**	**384,905**

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.

The impairment test is performed by comparing the book value in the consolidated financial statements for the individual CGUs with the value in use of the same, determined through the discounting of expected future cash flows obtained, over a reasonable period of time (no more than four years), from the business plans drawn up by top management and approved by the Parent Company's Board of Directors.
Where possible, in order to best support the impairment test analysis, the carrying amount of the CGUs was also compared with an estimate of the fair value determined on the basis of implicit multiples of competitors quoted on regulated markets and the implicit multiples of recent transactions relating to companies operating in the same business sector.
The business plans used for the analysis described in this note were reviewed and approved by MFM S.p.A.'s Management Board on 28 January 2011.

In order to determine the cash flows relating to periods after those for which accurate estimates exist, prudential constant growth assumptions of 1% were used (however, these rates are lower than the provisional growth rates prepared by external observers and the average rates of growth in revenues relating to the activities performed by the Group, which have been historically recorded by the various Group companies).

Facility Management CGU goodwill

The goodwill allocated to the facility management CGU, which amounted to € 378,945 thousand as at 31 December 2010, compared to a value of € 370,224 thousand as at 31 December 2009, was recorded as a result of various business combinations, the most important of which are listed below:

- Operation 'Palladio', which took place on 29 December 2003, which saw the Group acquire control of the business unit relating to facility management technical services previously managed by Parent Company Manutencoop Soc.Coop.;
- Acquisition of 'MCB', a company through which the Group established the first facility management unit in respect of so-called "network" customers (banks, insurance companies, etc…);
- Acquisition of 'Teckal', incorporated in MFM S.p.A., through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of 'Altair', the most significant acquisition in terms of size, which allowed the Group to shift its customer portfolio towards large private customers and highlighted the opportunity to restructure the entire Group;
- Acquisition of 'Sicura', which paved the way for an expansion in the range of specialist facility management services.

On 1 January 2010, the merger by incorporation of the Parent Company MFM S.p.A., and the companies Teckal S.p.A., Altair ifm S.p.A. and Gestin Facility S.p.A. became effective (the main companies operating in traditional facility management). On the same date, the merger between MP Facility S.p.A. and MCB S.p.A. also became effective, the two Group companies active in providing facility management services to network customers.

In 2010, the value of goodwill relating to the Facility Management CGU increased by a total of € 8,721 thousand, following new acquisitions of companies operating in the maintenance of elevating systems (€ 3,895 thousand) and the recognition of the new discounted value of the payable for the earn-out of Gruppo Sicura S.r.l. (amounting to € 7,113 thousand), net of the full write-down of the goodwill recorded which arose from the consolidation of Smail S.p.A. (€ 234 thousand) and other reductions related to corporate disposals Delivery S.r.l., Altair IFM France, Bresso Energia S.r.l. and Fiat business units), for a total amount of € 2,053 thousand.

The recoverable value of the goodwill allocated to the Facility Management CGU was calculated on the basis of the value in use. The projected cash flow contained in the latest financial plan was used for the calculation, relating to a period of three years. The discount rate applied to prospective cash flows is 6.81% (2009: 8.1%) and cash flows beyond four years were extrapolated by using a constant rate of growth of 1%, equal to that of 2009. The rate of growth applied is held to be prudential with respect to the much higher provisional rates of growth drawn up by external observers and the average rates of growth in revenues relating to Facility Management activities, recorded historically by the Group.

The analysis had a successful outcome, confirming that the recoverable value of the Facility Management CGU exceeds the associated carrying amount, despite the potential reduction in expected future cash flows due to the non-renewal of the contract with the client FIAT, therefore not requiring value adjustments.

Laundering/sterilisation CGU Goodwill

The goodwill allocated to the Laundering & Sterilisation CGU was recorded mainly as a result of the acquisition of Omasa S.p.A., a company operating in the market for the sterilisation of surgical instruments and linen, and as a result of further minor acquisitions, made by Servizi Ospedalieri, a company operating in the linen rental and industrial laundering and sterilisation market, and through the acquisition of the AMG S.r.l. joint venture (50%).

The companies Omasa and Servizi Ospedalieri were merged on 1 July 2009.

Total goodwill attributable to the Laundering & Sterilisation CGU, unchanged with respect to the previous year, amounted to € 12,810 thousand as at 31 December 2010, and was tested for impairment, on the basis of the following assumptions:

- Discounting of the cash flows contained in the financial plan approved by the Group's top management, relating to a period of three years;
- Cash flows beyond three years extrapolated on the basis of a constant growth rate of 0.5%;
- Discount rate applied to prospective cash flows of 6.2% (2009: 6.9%).

Other CGU goodwill

In 2010, the subsidiary EnergyProject S.p.A. (part of the Other SBU) fully wrote down goodwill for € 1,871 thousand.

The goodwill was eliminated as a result of the suspension of a significant job order ("Gloria") and legislative problems which greatly slowed market development in the photovoltaic sector; and the postponement, with a subsequent delay in the realisation of profits, of the job orders in the "project management" sector, which brought to light the elimination of the assumptions regarding the recoverability of the value in use.

The residual carrying amount of the Other CGU was, in any case, tested for impairment, on the basis of the following assumptions:

- Discounting of the cash flows contained in the financial plan approved by the Group's top management, relating to a period of three years;

- Cash flows beyond three years extrapolated on the basis of a growth rate of 0.5%;
- Discount rate applied to prospective cash flows of 6.8% (2009: 7.8%).

Assumptions used to calculate the value in use of the Group's CGUs as at 31 December 2010

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, augmented by the assumption of new portfolio acquisitions determined prudentially with respect to the rates of growth in the markets in which the Group operates.
- Changes in net working capital: estimated on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables.

The reduction in the rate used to discount prospective cash flows relating to the different CGU's, compared to the previous year, is due essentially to the following aspects:

- different assumption regarding the weighting of the equity/debt structure;
- consideration of a different cost of borrowing, as a component for determining the WACC used as a calculation basis.

For all CGUs analysed, net of the amounts specifically shown in the different sections above regarding the goodwill of the subsidiary (facility management SBU) and the subsidiary EnergyProject (Other SBU), the analysis confirmed that the recoverable value of said CGUs exceeds the associated carrying amount, therefore not requiring any write-downs.

7. EQUITY INVESTMENTS IN JOINT VENTURES

The Group holds 12 equity investments in joint ventures, listed in the 'consolidation principles' section of note 2 above.
These relate mostly to companies and consortium companies not quoted on regulated markets and established for the purpose of regulating relations as part of temporary associations of companies set up for the operational management of some facility management services contracts. The equity investments are as follows: Altair Zander Italia S.r.l., A.M.G. S.r.l., Consorzio Leader Soc.Cons. a r.l.in liquidation, Global Maggiore Bellaria Soc.Cons. a r.l., Legnago 2001 Soc.Cons. a r.l., Malaspina Energy Soc.Cons. a r.l., SCAM Soc.Cons. a r.l., Servizi Luce Soc.Cons. a r.l., Servizi Sportivi Brindisi Soc.Cons. a r.l., Duc Gestione Sede Unica Soc. Cons. a r.l., Cardarelli Società Consortile a r.l. and Serena S.r.l..

The total values are shown below, as regards the Group's share, for the year ended 31 December 2010, of assets and liabilities, revenues and results included in the consolidated financial statements of said companies, compared with the same figures for the year ended 31 December 2009:

AGGREGATE VALUES

(in thousands of Euro)	31 December 2010	31 December 2009
Non-current assets	2,540	2,553
Current assets	6,556	6,740
TOTAL	**9,096**	**9,293**
Non-current liabilities	1,315	1,744
Current liabilities	6,567	6,361
TOTAL	**7,882**	**8,105**

AGGREGATE VALUES

(in thousands of Euro)	FY 2010	FY 2009
Revenues	7,652	7,826
Operating costs	(7,486)	(7,607)
EBIT	166	219
Income from financial management	(65)	(74)
PRE-TAX PROFIT (LOSS)	101	145
Current, prepaid and deferred taxes	(80)	(69)
NET PROFIT FOR THE YEAR	**21**	**76**

8. EQUITY INVESTMENTS IN ASSOCIATED COMPANIES VALUED USING THE EQUITY METHOD

The Group holds some equity investments in associates which are valued, in the consolidated financial statements, using the equity method. A list of these companies is provided in the previous section of note 2, consolidation principles.

As at 31 December 2010, the balance sheet item relating to equity investments valued at equity amounted to € 14,635 thousand, compared to a figure of € 12,305 thousand in the previous year. Movements in 2010 are shown below.

(in thousands of Euro)	% stake	Net assets 31/12/2009 re-stated	Purchases/ sales/reclass. equity inv. held for disp./ other reclass.	Dividends	Revaluations/ write-downs	Allocation to provision for risks	Effects to SE	Net assets 31/12/2010	Value of equity inv. 31/12/2010	Provision for risks 31/12/2010
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Bologna Più Soc.Cons. a R.L.	25.68%	5						5	5	
Como Energia Soc.Cons. a R.L.	20.00%	22			(9)			13	13	
Global Riviera Soc.Cons. a R.L.	23.11%	9						9	9	
P.B.S. Soc.Cons. a R.L.	25.00%	25						25	25	
Consorzio Energia Servizi BO	24.25%	3						3	3	
Bologna Multiservizi Soc.Cons. a R.L.	39.00%	4						4	4	
MCB Emirates LLC	49.00%	-						-	-	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
Ser.San. Servizi Sanitari S.p.A.	20.00%	60						60	60	
San Martino 2000 Soc.Cons. a.r.l.	40.00%	4						4	4	
Co.S.I.S. Soc.Cons. a r.l.	26.33%	3			1			4	4	
GICO Systems Srl	20.00%	32			(1)			31	31	
Newco DUC Bologna S.p.A.	24.90%	1.285			3		(284)	1.003	1.003	
SE.SA.MO. S.p.A.	20.91%	793			36			829	829	
F.lli Bernard S.r.l.	20.00%	479	100		44			623	623	
Terzatorre S.p.A.	32.00%	-						-	-	
ROMA Multiservizi S.p.A.	45.47%	7.718		(1,399)	1,355		(9)	7,665	7,665	
Servizi Napoli 5 Soc. Cons. a r.l.	45.00%	5						5	5	
Steril Piemonte Soc. Cons. a r.l.	25.00%	991			(5)			986	986	
IPP s.r.l.	25.00%	575			(160)			415	415	
Global Vicenza	41.25%	4						4	4	
Alisei s.rl. in liquidation	100.00%	(17)				(11)		(28)	-	(28)
Consorzio Polo sterilizzazione Integ.	60.00%	23						23	23	

(in thousands of Euro)	% stake	Net assets 31/12/2009 re-stated	Purchases/ sales/reclass. equity inv. held for disp./ other reclass.	Dividends	Revaluations/ write-downs	Allocation to provision for risks	Effects to SE	Net assets 31/12/2010	Value of equity inv. 31/12/2010	Provision for risks 31/12/2010
Gymnasium soc. cons. a r.l. in liq.	68.00%	7						7	7	
Geslotto 6 soc. cons. a r.l.	55.00%	50						50	50	
Servizi Sanitari Treviso (SE.SA.TRE)	40.00%	8						8	8	
Bologna Gestione Patrimonio	27.58%	6						6	6	
Promoz. Impr. e Territ. Soc.Cons.	100.00%	129			(19)			110	110	
Progetto Nuovo Sant'Anna S.r.l.	49.50%	(473)	639		(50)		1,204	1,320	1,320	
Sanco soc. cons. a r.l.	37.50%	3	(3)							
Headmost Division Service F.M. S.p.A.	25.00%	250	(250)							
Telepost S.p.A.	20.00%	24						24	24	
LIVIA SOC CONS R.L.	34.10%	3						3	3	
Consorzio Sermagest in liquidation	60.00%		10			(215)		(205)	10	(215)
Se.Ste.Ro S.r.l.	25.00%		100					100	100	
Savia soc.cons.a.r.l.	49.11%		5					5	5	
Servizi Taranto Soc.Cons.a.r.l.	44.30%		4					4	4	
Serena S.r.l.	50.00%		50					50	50	
Perimetro Gestione Proprietà Immobiliari Soc.Cons.a.r.l.	20.10%		1,111					1,111	1,111	
Costruzione Manutenzione Immobili	40.00%	91						91	91	
NET CARRYING AMOUNT		**12,145**	**1,766**	**(1,399)**	**1,195**	**(226)**	**911**	**14,392**	**14,635**	**(243)**
of which:										
Value of equity investments		**12,635**						**14,635**		
Provision for risks		**(490)**						**(243)**		
		12,145						**14,392**		

In 2010, the valuation of companies using the equity method involved the recognition of a positive result of € 1,195 thousand, as regards the Group's share, as a result of the recording of income from equity investments of € 1,639 thousand and write-downs of € 444 thousand.

Gains were also booked directly to the shareholders' equity of associates totalling € 911 thousand.

It should be noted that, during the year, the equity investment in S.AN.CO S.c.a.r.l. was reclassified under equity investments in subsidiaries, following the Parent Company MFM S.p.A.'s purchase of an additional 14% of the share capital of said company. The Parent Company also purchased an additional 24% of the share capital of Progetto Nuovo Sant'Anna S.r.l., in which it already holds a 49.5% stake. MFM S.p.A. then sold the 49.5% stake in share capital. Therefore, as at the balance sheet date, the value of the equity

investment reflects the relevant value of the shareholders' equity relating to the shares acquired during the year.
Lastly, the equity investment in Headmost Division Service F.M. S.p.A. was reclassified under assets held for disposal as at 31 December 2010.

9. NON-CURRENT FINANCIAL ASSETS

Details of non-current financial assets are shown below, for the years ended 31 December 2010 and 31 December 2009:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Other equity investments	3,233	3,301
Receivables and non-current financial assets	14,916	15,694
TOTAL	**18,149**	**18,995**

The financial assets recorded under the item 'Other equity investments' refer to investments in companies which are not subsidiaries or associates and which have been made for strategic-production reasons. In fact, these investments relate to production sites or to other less significant assets, such as industrial laundering services, performed by minor companies that can also, if necessary, act as Servizi Ospedalieri sub-contractors.
We are talking predominantly about investments in companies with the legal form of consortium companies, that make provision for the charge-back of costs to consortium members. The other equity investments are valued at purchase or establishment cost given that there is no active market for the associated securities, which for the most part cannot even be freely transferred to third parties given subject to rules and restrictions which, in fact, prevent their free circulation.

The item Receivables and non-current financial assets stood at € 14,916 thousand as at 31 December 2010, composed mainly of:

- Non-current financial receivables due from associates amounting to € 11,501 thousand (2009; € 13,492 thousand). Some of these are non-interest bearing given that they were disbursed on a pro-quota basis by each syndicated shareholder and, therefore, were subject to discounting on the basis of the expected residual duration, by applying a reference Eurirs rate plus 0.5%. The nominal amount of these receivables stood at € 11,734 thousand (2009: € 13,524 thousand) while the discount provision amounted to € 233 thousand (2009: 32 thousand).
- Non-current financial receivables due from third parties amounted to € 3,256 thousand (2009: € 2,202 thousand).

10. OTHER NON-CURRENT ASSETS

Other non-current assets amounted to € 1,409 thousand as at 31 December 2010 (€ 1,730 thousand as at 31 December 2009), composed mainly of security deposits regarding long-term production contracts (€ 978 thousand) and long-term deferrals relating to certain job orders (€ 386 thousand).

11. INVENTORIES

Inventories amounted to € 10,052 thousand as at 31 December 2010, marking an increase of € 2,913 thousand compared to the previous year.

(in thousands of Euro)	31 December 2010	31 December 2009
Raw and auxiliary materials, consumables and goods for resale	10,175	7,087
Productions under construction and semi-finished products		52
Finished products		6
Provision for the write-down of goods for resale	-123	-6
CARRYING AMOUNT	**10,052**	**7,139**

The final inventory of raw materials is composed of materials present in the warehouses, while waiting to be used in sites, valued at the average weighted purchase cost, goods for resale (mostly safety and fire prevention devices) stored in the warehouses of the Sicura Group and stocks of fuel in tanks belonging to heat management customers.

12. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

Details of the breakdown of the item for the years ended 31 December 2010 and 31 December 2009 are shown below:

(in thousands of Euro)	31 December 2010	31 December 2009
Inventories of contract work in progress	47,982	18,735
Gross trade receivables	664,780	625,863
Provision for the write-down of trade receivables	-22,070	-17,290
Provision for the discounting of trade receivables	-887	-546
Trade receivables due from third parties	**689,805**	**626,762**
Trade receivables due from Parent Companies	43	299
Trade receivables due from associates	23,932	21,082
Trade receivables due from the Group	**23,975**	**21,381**
Advances to suppliers	14,034	1,374
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**727,815**	**649,517**
Other tax receivables due within 12 months	7,842	6,278
Other current receivables due from third parties	5,722	5,810
Short-term receivables due from Social Security Institutions	1,008	883
Short-term receivables due from employees	418	289
Other short-term operating receivables due from third parties	**14,990**	**13,260**
Other current receivables due from MNTC Soc. Coop.	3	18
Current receivables due from associates - Other receivables	512	
Other short-term operating receivables due from Group companies	**515**	**18**
Accrued income	1	1
Prepaid expenses	1,162	1,479
Accrued income and prepaid expenses	**1,163**	**1,480**
OTHER CURRENT OPERATING RECEIVABLES	**16,668**	**14,758**

See note 35 for the terms and conditions relating to receivables due from related parties.

The item Trade receivables and advances to suppliers, which increased from € 649,517 thousand to € 727,815 thousand, compared to the previous year, includes non-interest bearing loans which generally have contractual maturities of between 30 and 90 days.
The increase is due mainly to the lengthening in customer collection times, including private customers.

Trade receivables due from associates include, in particular, receivables due from Progetto Nuovo Sant'Anna for € 4,372 thousand and from Se.sa.mo. amounting to € 5,066 thousand.

Given many of the Group's customers are Public Authorities, who are notorious for long payment delays, trade receivables due from third parties were discounted.

Changes in the discount provision for trade receivables in 2010 are shown below:

(in thousands of Euro)	31 December 2009	Increases	Releases	Other	31 December 2010
Provision for the Discounting of Trade Receivables	546	1,370	(1,029)		887

The total increase in the discount provision for receivables is primarily due to the lengthening in collection times.

In respect of non-performing receivables which are difficult to fully recover, a specific write-down provision was set aside, deemed suitable with respect to ongoing disputes at the balance sheet date and amounting, as 31 December 2010, to € 22,070 thousand (as at 31 December 2009: € 17,290 thousand).

Details of movements in the bad debt provision for the year ended 31 December 2010 are provided below:

(in thousands of Euro)	31 December 2009	Increases	Uses	Releases	Business Combinations	Other	31 December 2010
Provision for the Write-down of Trade Receivables	17,290	7,244	(2,149)	(321)		7	22,070

An analysis of trade receivables as at 31 December 2010 and as at the end of the previous year is provided below, broken down by maturity.

(in thousands of Euro)			Trade receivables past due				
	Total	Trade receivables falling due	< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	after 120 days
31 December 2010	642,710	437,183	46,762	27,682	18,431	21,102	91,549
31 December 2009	608,573	419,902	49,757	27,953	15,639	18,217	77,105

The balances shown are net of the bad debt provision but include the effect of discounting.

In 2010, the transfers of receivables originating from commercial activities at Credit Agricole Corporate & Investment Bank (Calyon) continued, as part of the contract stipulated in 2007, and renewed for 2010, with provision made for the transfer of receivables on a revolving basis at quarterly intervals.
The non-recourse factoring of receivables took place in the final 10 days of each quarter, for a total nominal value of € 285,235 thousand (2009: € 313,755 thousand). In consideration of the characteristics of the operation, the Group derecognised the receivable, and accounted for costs relating to the credit discount (see note 27) of € 928 thousand (2009: € 1,043 thousand) and to the interest discount (see note 31) of € 2,997 thousand (2009: € 3,324 thousand) for a total cost of € 3,743 thousand (2009: € 4,367 thousand).
As at 31 December 2010, the amount of receivables transferred by the Group and still not collected by Credit Agricole Corporate & Investment Bank amounted to € 123,628 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 predominantly due from Public Authorities. As part of the transaction, the Group issued two sureties for a total nominal amount of € 13,993 thousand; in light of the characteristics of the transactions and the protections to which the assumption of enforcement of the sureties is subject, the fair value of the underlying financial guarantees is estimated at € 138 thousand (31 December 2009: € 117 thousand), that the Group recorded under Loans and other current financial liabilities. The fair value difference compared to 31 December 2009 was recorded as a contra-item to a financial charges.

Inventories of contract work in progress, which increased from € 18,735 thousand to € 47,982 thousand, refer to project and energy management job orders, construction or building renovation and job orders relating to plant redevelopment works, included under long-term integrated service or global service contracts on an increasingly more regular basis.
The change is mainly due to the increase in works in progress of the subsidiary EnergyProject S.p.A. (€ 24,618 thousand), in respect of the progress status of works relating to the construction of photovoltaic plants.

Other tax receivables due within 12 months, amounting to € 7,842 thousand as at 31 December 2010 refer mainly to VAT credits requested by some Group companies.

Other current receivables due from third parties registered a decrease from € 5,810 thousand in 2009 to € 5,722 thousand in 2010 are made up primarily of the credit balances (€ 2,177 thousand) of current accounts held at Unicredit, managed in the name and on behalf of *INPDAP* (Social Security Institute for employees in public administration), as envisaged in a property management contract stipulated with the aforementioned authority. Some restrictions have been placed on said accounts by the Courts as a result of the dispute that has arisen with *INPDAP* (Social Security Institute for employees in public administration). Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under Other current receivables. The item also includes receivables transferred to HDS S.p.A. (€ 985 thousand) and receivables for collections made on our behalf (€ 348 thousand).

› The Other current receivables due from associates are made up exclusively of receivables due from the company PBS. S.c.a.r.l., amounting to € 501 as at 31 December 2010.

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

An analysis of the balance as at 31 December 2010 and 31 December 2009 is shown below:

CASH AND CASH EQUIVALENTS, RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

(in thousands of Euro)	31 December 2010	31 December 2009
C/a and bank and postal deposits	45,160	75,890
Cash at bank and in hand	74	649
Consortia - financial accounts	6,349	3,263
CASH AND CASH EQUIVALENTS	**51,583**	**79,802**
Current financial receivables due from third parties	6,647	1,790
Current financial receivables due from the MNTC Group	1,308	170
CURRENT FINANCIAL RECEIVABLES	**7,955**	**1,960**

Cash and cash equivalents recorded a decrease, down from € 79,802 thousand as at 31 December 2009 to € 51,583 thousand as at 31 December 2010 (a decrease of € 28,219 thousand).

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 Cooperative Costruzioni (C.C.C.), which make up part of the balance of Consortia financial accounts, also have the nature of available current accounts and accrue interest. As at 31 December 2010, the balance of these deposits was € 1,378 thousand.

Current financial receivables amounted to € 7,955 thousand as at 31 December 2010, of which € 6,647 thousand due from third parties and € 1,308 relating to short-term financial receivables due from associates.

14. NON-CURRENT ASSETS HELD FOR DISPOSAL AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL

As at 31 December 2010, the Group made provision for the separate statement, under balance sheet items relating to assets, liabilities and income from assets held for disposal, of balance sheet and income statement items relating to the equity investments in Altair IFM France and Gestin Polska Sp.Zo.o. (active in facility management services), transferred on 30 November 2010 and 1 January 2011 respectively to the client FIAT, targeted at the French and Polish markets and the "Heat Management business unit", relating to assets held for disposal associated to two technical-maintenance service job orders regarding the Messina and Catania hospitals, and the 25% equity investment in Headmost Division Service S.p.A. (H.D.S.), active in providing facility management services in the tourism/hotel sector, for which the Group will exercise a PUT option.

The Group did not proceed with the separate classification of the economic effects relating to the business units transferred to the FIAT Group on 30 November 2011, due to the operational interrelation with the rest of the assets. The resultant delimitation would not have been, in any case, representative of this element.

Non-current assets held for disposal

The item non-current assets held for disposal stood at € 15,939 thousand as at 31 December 2010, compared to € 98 thousand as at 31 December 2009, as shown in the table below:

(in thousands of Euro)	31 December 2010				31 December 2009	
	"Heat Management" Business Unit	Gestin Polska	H.D.S. S.p.A.	Total	Bresso Energia S.r.l.	Total
Property, plant and machinery		13		13		
Other intangible assets		6		6		
Prepaid tax assets		48		48		
Equity investments valued at equity			250	250		
Trade receivables and advances to suppliers	8,633	4,816		13,449		
Other current operating receivables		12		12		
Cash and cash equivalents		2,161		2,161	98	98
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL	**8,633**	**7,056**	**250**	**15,939**	**98**	**98**

Assets held for disposal in the "Heat Management business unit" are composed exclusively of trade receivables totalling € 8,633 thousand.

Bresso Energia s.r.l., 50% owned at the end of the previous year, was transferred in January 2010.

In the cases listed, a comparison is provided of the carrying amount of assets held for disposal or of the asset disposal group, recorded in the financial statements, with the market value or sale price net of transaction costs, as in the case of Gestin Polska Sp.Zo.o. or the equity investment in H.D.S. S.p.A., for which the Group will exercise a PUT option with a fixed strike price. In the case of the "Heat Management business unit", the need to fully write down the residual value of intangible assets emerged, recorded in respect of contractual relations with customers, for an amount of € 1,936 thousand. The economic impact of said write-down is reflected in the item 'Income from discontinued operations'.

Liabilities associated with assets held for disposal

As at 31 December 2010, the item liabilities associated to assets held for disposal amounted to € 15,363 thousand, compared to € 3 thousand at the end of the previous year; details are provided below:

(in thousands of Euro)	31 December 2010			31 December 2009	
	"Heat Management" Business Unit	Gestin Polska	Total	Bresso Energia S.r.l.	Total
Employee severance indemnity - retirement	208	127	335		
Consolidated provision for non-current risks and charges		140	140		
Provision for non-current risks and charges		87	87		
Deferred tax liabilities					
Provision for current risks and charges	678		678		
Trade payables and advances from customers	5,747	3,543	9,290	3	3
Current tax payables	1,088		1,088		
Other current operating payables	170	586	756		
Loans and other current financial liabilities	2,989		2,989		
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL	**10,880**	**4,483**	**15,363**	**3**	**3**

The payable still outstanding for the purchase of the business unit subject to disposal and a provision to cover job order risks, amounting to € 678 thousand, were recorded under liabilities relating to the "Heat Management business unit", totalling € 10,880 thousand.

Income from discontinued operations

The details of income from discontinued operations are shown below:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Revenues	10,093	
Costs	(9,390)	(7)
GROSS MARGIN	**703**	**(7)**
Amortisation/depreciation, write-downs and write-backs	(315)	
Allocations to provisions for risks, transfer of provisions	(568)	
Transfer of provision for equity investment risks	473	
Income (charges) resulting from equity investments valued at equity	(163)	
Net financial income (charges)	(13)	1
Write-down recorded on the recalculation of fair value	(1,936)	
PRE-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**(1,819)**	**(6)**
Income taxes:	692	0
> relating to current profit (loss)	692	
> relating to the valuation at fair value less sale costs	0	
PROFIT (LOSS) FOR THE YEAR DERIVING FROM DISCONTINUED OPERATIONS	**(1,127)**	**(6)**
Capital gains on discontinued operations	931	
Income taxes deriving from discontinued operations	(4)	
PROFIT (LOSS) NET OF TAXES DERIVING FROM DISCONTINUED OPERATIONS	**(200)**	**(6)**
(in Euro)	**31 December 2010**	**31 December 2009**
Basic earnings per share from assets held for disposal	(0.002)	(0.000)
Diluted earnings per share from assets held for disposal	(0.002)	(0.000)
Cash flow generated from sale:		
Consideration received	648	
Net cash transferred		
NET OUTGOING CASH FLOW	**648**	**0**

The cash flow generated stood at € 648 thousand, and relates to the sale of the equity investment in Bresso Energia S.r.l. (€ 98 thousand), previously 50% owned, carried out in January 2010, and to the sale of 60% of Delivery S.r.l. (for € 550 thousand), carried out in September 2011.

Income from discontinued operations in 2010 registered a total loss of € 200 thousand, made up mainly of the loss from discontinued operations relating to the "Heat Management business unit" (€1,998 thousand), net of the gain relating to associate Progetto Nuovo Sant'Anna S.r.l. (€ 1,083 thousand), and the profit from discontinued operations of the subsidiary Gestin Polska Sp.Zo.o (€ 591 thousand).

Details of income from discontinued operations attributable to the individual companies and business units are shown below:

(in thousands of Euro)	FY 2010					
	Delivery	**Sant'Anna**	**"Heat Management" Business Unit**	**Altair IFM France**	**Gestin Polska**	**Total**
Revenues	126		1,573	1,360	7,034	
Costs	(249)		(1,639)	(1,221)	(6,281)	
Gross margin	**(123)**	**0**	**(66)**	**139**	**753**	**703**
Amortisation/depreciation, write-downs and write-backs			(2,243)	(2)	(5)	
Allocations to provisions for risks, transfer of provisions			(568)		(1)	
Transfer of provision for equity investment risks		473				
Income (charges) resulting from equity investments valued at equity		(163)				
Net financial income (charges)	(2)			2	(13)	
Write-down recorded on the recalculation of fair value						
Pre-tax profit (loss) from discontinued operations	**(125)**	**310**	**(2,877)**	**139**	**734**	**(1,819)**
Income taxes:	4	0	879	(48)	(143)	0
> relating to current profit (loss)	4		879	(48)	(143)	
> relating to the valuation at fair value less sale costs						
Profit (loss) for the year deriving from discontinued operations	**(121)**	**310**	**(1,998)**	**91**	**591**	**(1,127)**
Capital gains on discontinued operations	154	773		4		
Income taxes deriving from discontinued operations	(4)					
Profit (loss) net of taxes deriving from discontinued operations	**29**	**1,083**	**(1,998)**	**95**	**591**	**(200)**

The item Amortisation, depreciation, write-downs and write-backs includes the full write-down of contractual relations with customers in the Heat Management business unit, recorded under intangible fixed assets for € 1,936 thousand.
The allocation to the provision for risks, amounting to € 568 thousand, relates to the provision for job order risks, concerning the Heat Management business unit.
The transfer of the risk provision on equity investments refers to the provision recorded in previous years to cover the losses of Progetto Nuovo Sant'Anna S.r.l.. Expenses resulting from equity investments designed at equity refer to the write-down made in respect of the loss achieved by said company in the period.
The capital gain on discontinued operations is comprised (€ 773 thousand) of the consolidated profit achieved, the sale of 49.5% of shares held in Progetto Nuovo Sant'Anna S.r.l. and the consolidated profit (€ 154 thousand) relating to the sale of 60% of Delivery S.r.l..

15. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Ordinary shares with a value of € 1 each	109,150	109,150

Ordinary shares have a nominal value of € 1 each.

Ordinary shares issued and fully paid up as at 31 December 2010 totalled 109,149,600.
The Parent Company does not hold any own shares.

Reserves and accumulated profits (losses)

The table below shows movements in shareholders' equity reserves.

(in thousands of Euro)	Share premium reserve	Legal reserve	Reserve for economic effects to reserves	Other reserves	Total reserves
1 January 2009	**143,685**	**14,316**	**(504)**	**(46,642)**	**110,855**
Share capital increase					
Costs of share capital increase	1,051				1,051
Allocation of profit of previous years		750	(1,743)	10,205	9,212
Change in the scope of consolidation					
Economic effects transferred to shareholders' equity			(2,085)		(2,085)
31 December 2009	**144,736**	**15,066**	**(4,332)**	**(36,437)**	**119,033**
Share capital increase					
Costs of share capital increase	282				282
Allocation of profit of previous years		505	(304)	14,400	14,601
Change in the scope of consolidation					
Economic effects transferred to shareholders' equity			350		350
31 December 2010	**145,018**	**15,571**	**(4,286)**	**(22,037)**	**134,266**

The item Other reserves mainly includes the balance of the following items:

- The reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a negative amount of € 45,382 thousand as at 31 December 2009. This reserve refers mainly (€ 46,278 thousand) to the acquisition, in 2007, of the equity investment in Servizi Ospedalieri S.p.A. by the Parent Company Manutencoop Soc.Coop.;
- The Parent Company MFM S.p.A.'s extraordinary reserve (€ 19,794 thousand) at the end of the year, to which profits of € 9,589 thousand were allocated in 2010.

The Share premium reserve increased by € 282 thousand in 2010, as a contra-item to the recognition of receivables due from the tax authorities for Ires (corporate income tax), relating to share capital increase costs recorded in 2008, involving the direct deduction of the reserve.
In fact, said item also acknowledges the tax effect (lower taxes) relating to costs connected with the share capital increase which took place on 23 December 2008, recorded following the positive outcome of a request for an opinion submitted to the Tax Authorities, in order to clarify the correct tax treatment of said expenses.

Movements in the item Accumulated profits (losses) are detailed below:

	Accumulated profits (losses) of the Parent Company	Consolidation reserve	Total accumulated profits (losses)
1 January 2009	**3,809**	**6,757**	**10,566**
Re-statement due to application of IFRIC 12		10	10
1 January 2009 re-stated	**3,809**	**6,767**	**10,576**
Allocation of profit of previous years		7,345	7,345
31 December 2009	**3,809**	**14,112**	**17,921**
Re-statement due to application of IFRIC 12		42	42
31 December 2009 re-stated	**3,809**	**14,154**	**17,963**
Allocation of profit of previous years	55	463	518
Change in the scope of consolidation		(38)	(38)
31 December 2010	**3,864**	**14,579**	**18,443**

16. EMPLOYEE SEVERANCE INDEMNITY

Movements in liabilities relating to employee severance indemnity in 2010 are shown below, compared with movements in the previous year.

(in thousands of Euro)	2010	2009
As at 1 January	**35,645**	**37,309**
Increases due to business combinations	241	261
Service costs	390	438
Financial charges on obligations assumed	1,724	2,072
Curtailment	940	(778)
Settlements	475	0
Benefits paid	(6,721)	(4,564)
Actuarial gains (losses) on obligations	215	1,444
Other movements	(3,372)	(537)
As at 31 December	**29,537**	**35,645**

The increases due to business combinations refer mainly to the acquisition of Fabbri Ascensori S.r.l..

The curtailment amounted to € 940 thousand and relates to the benefits of the Companies MFM S.p.A. (€ 337 thousand) and MP Facility (€ 603 thousand).

The item settlements includes the differences booked to the income statement between the value of ESI recognised in the financial statements at the time of the transfer of employment, transfer or assignment contracts, and the value of ESI effectively transferred, calculated in accordance with statutory Italian legislation and, therefore, reflecting the actual indemnities accrued by each employee.

The other movements, totalling € 3,372 thousand, are comprised of the value of the ESI of the employees transferred to FIAT (€ 2,781 thousand), as part of the transfer of business units to said entity, of the reduction due to the transfer of the company Altair IFM France (€ 185 thousand) and, of the reclassification under

liabilities held for disposal of the value of the ESI of the employees of Gestin Polska Sp.Zo.o. and those associated to the Heat Management business unit (€ 406 thousand).

Details of the net cost of the benefit relating to ESI are shown below:

NET COST OF THE BENEFIT

(in thousands of Euro)	Year ended as at 31 December 2010	Year ended as at 31 December 2009
Curtailment	940	(778)
Social security cost (service costs)	390	438
Financial charges on obligations	1,724	2,072
Actuarial gains/losses (to shareholders' equity)	215	1,444
NET COST OF THE BENEFIT	**3,269**	**3,176**

The main assumptions used in determining the obligation relating to ESI are illustrated below:

(in percentage)	31 December 2010	31 December 2009
Discount rate	4.8%	5.0%
Rate of inflation	2.0%	2.0%
Estimated turnover	From 1.5% to 11.50%	From 1.5% to 11.50%

The estimated turnover rate is presented in range form given that it varies somewhat from one group company to another. The actuary we appointed for the recalculation used different turnover estimates for the individual companies.

Therefore, the data relating to the average number of Group employees and leased personnel contracted to the Group by Manutencoop Società Cooperativa are shown below:

	FY 2010	FY 2009
Executives	75	78
Office employees	1,641	1,745
Manual workers	11,010	10,343
EMPLOYEES	**12,726**	**12,166**

In 2010, the average number of leased personnel employed, including those shown in the table, stood at 599 (2009: 636).

17. PROVISIONS FOR RISKS AND CHARGES

The breakdown in the provisions for risks and charges in 2010 are shown below:

(in thousands of Euro)	Risks on equity investments	Risks on testing and jobs	Ongoing legal proceedings	Tax dispute	Provision for supplementary customer indemnity	Employee termination benefits	Employee benefits	Other provisions for risks and charges	Total
As at 1 January 2010	**487**	**1,232**	**3,875**	**1,245**	**75**	**7,250**	**1,134**		**15,298**
Increases due to business combinations			261					39	300
Provisions	229	6,277	4,624		22	16,656	1,349	77	29,234
Uses		(299)	(1,072)	(93)		(5,223)	(205)		(6,892)
Releases	(473)	(445)	(860)				(38)	(42)	(1,858)
Other		(679)	(17)				(229)	3	(922)
As at 31 December 2010	**243**	**6,086**	**6,811**	**1,152**	**97**	**18,683**	**2,011**	**77**	**35,160**
Short-term as at 31 December 2010	243	5,729	1,603	1,152		18,683	81		27,491
Medium/long-term as at 31 December 2010		357	5,208		97		1,930	77	7,669
Short-term as at 31 December 2009	293	382	71			7,250	178		8,174
Medium-term as at 31 December 2009	194	850	3,804	1,245	75		956		7,124

Provision for equity investment risks

The item, amounting to € 243 thousand as at 31 December 2010, refers to the allocation to the provision to cover future losses, relating to Consorzio Sermagest in liquidation, for a total of € 215 thousand and to Alisei S.r.l. (€ 28 thousand), both consolidated using the equity method. Releases, amounting to € 473 thousand in 2010, refer to the associate Progetto Nuovo Sant'Anna S.r.l., and were booked to the income statement following the sale of 49.5% of shares.

Provision for testing and job risks

The provision includes the estimate of risks connected with potential disputes with customers, regarding the reporting of works, normally extraordinary works, which require approval by the client itself before billing. The value of the provision at the end of the year stood at € 6,086 thousand, in respect of allocations of € 6,277, uses and releases totalling € 744 thousand and reclassifications amounting to € 679 thousand, relating to the Heat Management business unit and recorded under liabilities held for disposal.
The allocations were made for works performed by MFM S.p.A. (€ 5,420 thousand), EnergyProject S.p.A. (€ 555 thousand) and MP Facility (€ 302 thousand).

Provision for ongoing legal proceedings

At the end of the financial year, an assessment was carried out regarding the risk of having to pay future compensation in the event of unsuccessful legal disputes with customers, suppliers and employees. In 2010, the provision was increased due to allocations of € 4,624 thousand, plus the addition of two new shareholdings of the company S.AN.CO S.c.a.r.l. (€ 261 thousand). The allocations were recorded primarily to cover the risks of MFM S.p.A. (€ 2,863 thousand) and MP Facility S.p.A. (€ 972 thousand).

Uses and releases in the period, totalling € 1,932 thousand, refer mainly to the use of the provisions recorded in previous years by the Parent Company MFM to settle disputes with suppliers and legal proceedings with other parties.
The item 'Other', amounting to € 17 thousand, refers to the reclassification of the provision for risks of the subsidiary Gestin Poska Sp.Zo.o. to liabilities associated to assets held for disposal.

Tax dispute provision

The provision, amounting to € 1,152 thousand as at 31 December 2010, was recorded by the companies Altair IFM S.p.A. and Gestin Facility S.p.A., incorporated in the Parent Company MFM on 1 January 2010, covered ongoing disputes with the Tax Authorities, relating to the payment of excise duty on the consumption of electricity.

Provision for employee termination benefits

The provision was set up to include amounts due in redundancy incentives and mobility costs, relating to the restructuring project underway at the Group.
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 and corporate restructuring operations (mergers and conferrals), continued in 2010 and will be brought to an end in 2011.
The ongoing restructuring involved a rationalisation of company monitoring and the elimination of duplication of departments which were effected in 2010 through an extension of the restructuring plan launched in 2009, which led, in the last few months of the year, to the signing of trade union agreements for the start of mobility *Cassa Integrazione Guadagni straordinaria* (Wages Guarantee Government Fund procedures).
Therefore, due to the use of the provision set aside in 2009 (€ 5,223 thousand), relating mainly to the MFM S.p.A. restructuring plan (€ 5,034 thousand), the Group made additional allocations of € 16,656 thousand in 2010. This amounts refers primarily to the allocations made for MP Facility S.p.A. (€ 12,178 thousand) and for the Parent Company MFM S.p.A. (€ 4,391 thousand).

Personnel bonuses

The provision includes allocations for future charges relating to benefits recognised for the Group's management, accrued but still not paid and accruing in relation to the new medium and long-term bonus system adopted by certain Group companies.
Movements during 2010 mostly comprise new allocations of € 1,349 thousand and uses and releases of € 243 thousand.

Other provisions for risks and charges

The provision, set up during the year and amounting to € 77 thousand as at 31 December 2010, refers to social security costs.

18. FINANCIAL LIABILITIES FOR NON-CURRENT DERIVATIVES

The pooled loan with BNL/BNP (described in note 19 below) made provision for the subscription, before 23 June 2009, for one or more derivatives to hedge variable interest rate risk on the loan for a nominal € 165,000 thousand. The derivative had to be subscribed for at least 50% of the credit lines used by the loan in question. The Group took out 3 different interest rate swaps for a total residual hedged notional value of € 84,000 thousand as at 31 December 2010, on which it pays a fixed rate and collects the basic variable rate on the loan. The fair value (mark-to-market) measurement of the associated liability stands at

€ 1,560 thousand as at 31 December 2010, compared to a value of € 1,065 thousand at the end of the previous year. The derivative instrument was designated as a hedge from the start and tests were performed which confirmed its effectiveness as at 31 December 2010. For said reason, the contra-item for fair-value changes of the derivative in question is recorded directly in a shareholders' equity reserve net of the relative tax effect.

19. LOANS, FINANCING AND OTHER CURRENT FINANCIAL LIABILITIES

The items Non-current loans and Loans and other current financial liabilities are composed respectively of the current and non-current portions of loans from credit and financial institutions, and from syndicated shareholders and payables due to other lenders recorded in the consolidated 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 and payables for dividends.
Details of loans are provided below:

LOANS PAYABLE

(in thousands of Euro)	Total	31 December 2010		
	31/12/2010	within 1 year	after 1 year within 5	after 5 years
BNP - MFM Loan	131,013	131,013		
C.C.F.S. - MFM Loan	30,012		30,012	
Unicredit -MFM (formerly Teckal) Loan	15,826	4,864	10,962	
BPCI-UNI Group Loan	15,000	3,000	12,000	
BPL - SO Loan	18,947	7,492	11,455	
B.Pop. VR - Sicura Group Mortgage	60	30	30	
Sicura Group/Cofam bank loans	460	275	185	
S.Paolo IMI - Malaspina Loan	536	113	290	133
Banca Bo - photovoltaic - DUC Gestione	480	16	74	390
Obligations deriving from financial leasing	1,812	823	949	40
Current account overdrafts, advances and hot money	134,087	134,087		
Loans from shareholders (minorities)	2,229	622	1,543	64
Loan from parent company Manutencoop	176	176		
Collections on behalf of assignee of trade receivables	6,620	6,620		
Payables due to Factoring companies	1,565	1,565		
Payables for the purchase of equity investments/business units	1,111	1,111		
Potential payables for the purchase of equity investments/business units	33,016	10,813	22,203	
Gymnasium c.s to be paid	5	5		
Financial liabilities valued at fair value in the income statement	138	138		
Prepaid expenses on short-term financial interest	(13)	(13)		
Accruals on interest expense due within 12 months	240	240		
TOTAL LOANS PAYABLES	**393,320**	**302,990**	**89,703**	**627**

LOANS PAYABLE

(in thousands of Euro)	Total	31 December 2009		
	31/12/2009	within 1 year	after 1 year within 5	after 5 years
BNP - MFM Loan	103,987	21,000	82,987	
BNP - Altair Group Loan	60,289	11,901	48,388	
C.C.F.S. - MFM Loan	30,000		30,000	
Unicredit -MFM (formerly Teckal) Loan	20,499	4,715	15,784	
Investire Partecipazioni - SO Mortgage	140	140		
BPL - SO Loan	30,210	11,264	18,946	
B.Pop. VR - Sicura Group mortgage	89	29	60	
Sicura Group/Cofam - bank loans	780	337	443	
Banca Bo - photovoltaic - DUC Gestione	495	15	70	410
Obligations deriving from financial leasing	2,855	1,040	1,762	53
Current account overdrafts, advances and hot money	81,099	81,099		
Loans from shareholders (minorities)	283	82	201	
Loan from Parent Company Manutencoop	476	476		
Business cards	3,850	3,850		
Loan on behalf of assignee of trade receivables	8,334	8,334		
Collections on behalf of assignee of trade receivables	6,968	6,968		
Payables due to Factoring companies	1,565	1,565		
Payables for the purchase of equity investments/business units	4,960	4,960		
Potential payables for the purchase of equity investments/business units	24,240	14,135	10,105	
Financial liabilities valued at fair value in the income statement	117	117		
TOTAL LOANS PAYABLES	**381,236**	**172,027**	**208,746**	**463**

BNL/BNP – MFM loan

Following the acquisition of Integra FM BV (formerly Pirelli & C. FM BV) on 23 December 2008, in order to consolidate the Group's financial indebtedness and rationalise the financial indebtedness of the newly acquired Altair Group, the MFM Group stipulated a pooled loan with Banca Nazionale del Lavoro, acting as agent bank, for a total of € 180 million and broken down into different credit lines of which:

- € 60 million reserve to Altair IFM S.p.A., incorporated in MFM S.p.A.;
- € 90 million reserved to MFM S.p.A.;
- € 30 million usable by both companies.

A total of € 165 million used by the Group, of which € 33 million already repaid as at 31 December 2010, as per the repayment plan.

The loan presents variable interest rates on credit lines equal to the 3-month Euribor plus a variable spread based on changes in certain financial parameters.
The loan is to be repaid in half-yearly instalments over 5 years.
As at 31 December 2010, the residual debt was € 131,013 thousand (31 December 2009: € 164,276 thousand).
The loan agreement also makes provision for the verification of a series of financial parameters to be calculated on the consolidated financial statements, adjusted to take into account the new acquisitions and all non-recurring elements and restrictions on the distribution of dividends.

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.
The parameters were complied with at all the previous half-yearly expiry dates at which they were verified.
One of the above-mentioned financial parameters, and in particular the one relating to Leverage, given by the ratio of net financial indebtedness to normalised EBITDA was, based on a preliminary valuation, not observed with regard to the situation at 31 December 2010.
It is necessary to highlight that the reference parameter was reduced, as provided for in the contract, from 3 to 2.75 on 31 December 2010, and that the aforementioned ratio will exceed the new threshold (2.75) but not the previous one (3.0), and that the gap will, nonetheless, be very small.
As at 31 December 2010, the pool of lending banks did not supply a waiver letter formally waiving the early return of principal.
Given that the conditions set out in IAS 1 governing non-compliance with the terms of a loan agreement were met, the Group therefore assessed the need to state its residual loan debt as a "financial liability payable on request" and so classifiable as a current liability.
At the current state of play, it should be noted that, owing to the minor significance of the gap of the reference parameter, the pool of banks did not make any request for early repayment of the residual debt.
The parties have already started negotiations to modify and redefine the loan agreement and the financial parameters.

CCFS - MFM loan

During the course of 2008, as part of a wider operation to rationalise the MFM Group's financial indebtedness, the Parent Company MFM took out a loan agreement of € 30,000 thousand with Consorzio Cooperativo Finanziario per lo Sviluppo (CCFS in abbreviated form), expiring on 29 July 2013.

Banco San Geminiano e San Prospero - Servizi Ospedalieri - loan

The unsecured loan from Banco San Geminiano e San Prospero was disbursed to Servizi Ospedalieri S.p.A. on 13 March 2008 and is repayable in 8 half-yearly instalments, deferred with twelve months of prepayment at the 3-month Euribor, plus a spread, with the possible provision of coverage of interest rate changes through a fixed rate equal to the I.R.S. plus a spread. The loan expiry date is 30 June 2013.

Unicredit – Ex-Teckal S.p.A. loan

During the acquisition of the incorporated company Teckal S.p.A. in 2007, the Group extinguished a previous loan, granted by Unicredit to the acquired company, for € 18,437 thousand, and a vendor loan previously in place amounting to € 11,438 thousand, by taking out a loan with Unicredit for a nominal € 25,000 thousand. As at 31 December 2010, the carrying amount of the latter was € 15,826 thousand.

Current account overdrafts, advances and hot money

Bank overdrafts, advances and hot money are not secured by guarantees.

Manutencoop Soc.Coop. financial account

This is a financial account on which transactions with the Parent Company Manutencoop Società Cooperativa are settled. As at 31 December 2010, the balance was € 176 thousand.
The account accrues interest at the 3-month Euribor rate plus a spread and is repayable on demand; the financial current account contract is tacitly renewable.

Obligations deriving from financial leasing

The lease contracts stipulated are not secured and refer to the companies MFM S.p.A., Servizi Ospedalieri and the Sicura Group. Some contracts refer to motor vehicles and plant and machinery used by Servizi Ospedalieri in the laundering and sterilisation production processes.

Loans from syndicated shareholders

This item refers to financing provided by syndicated shareholders, and from third parties to consortium companies included within the scope of consolidation given subsidiaries or held under a joint venture (50%). In certain cases, these loans are interest-bearing and repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established.

Collections on behalf of Credit Agricole Corporate & Investment Bank (Calyon)

The balance payable to Credit Agricole Corporate & Investment Bank (Collections on behalf of the assignee of trade receivables), amounting to € 6,620 thousand at 31 December 2010 (2009: € 6,968 thousand) relates to receivables transferred as part of the transfer already indicated in note 12, collected by the Group on behalf of the assignee in the last few days of 2010 and still not paid as at 31 December 2010.

Payables due to Factoring Companies

Payables due to factoring companies, amounting to € 1,565 thousand, were booked as a contra-item upon the re-opening in the financial statements of the company SMAIL S.p.A., of some trade receivables previously transferred to a factoring company as part of a non-recourse factoring transaction. The re-opening of these amounts due under trade receivables, as a contra-item to a financial payable due to the factor, was made necessary as a result of customer disputes regarding the provision of the related services by the company SMAIL, provided before the acquisition by the MFM Group. These receivables were then partially written down by SMAIL and, in this instance, a right of compensation was recognised on the basis of contractual guarantees (claims) already existing as at 31 December 2008.

Payables for the purchase of equity investments/business units

Payables for the purchase of equity investments and business units, amounting to € 1,111 thousand as at 31 December 2010 relate to the price for the acquisition, from Banca Monte dei Paschi di Siena S.p.A. (MPS), of 20.1% of the share capital of Gestione Proprietà Immobiliari S.c.p.a.; the price was paid in full in January 2011.

Potential payables for the purchase of equity investments/business units

Potential payables for the purchase of equity investments and business units amounted to € 33,016 thousand, and relate to:

- the estimate of the present value of the earn-out to be paid, relating to the Sicura Group, at a total of € 22,277 thousand. The value was revised in 2010, as a result of the review of the plan used to determine the purchase price, with the subsequent increase of € 7,113 thousand in financial payables. During the year, financial charges from discounting of € 1,028 thousand were also booked to the income statement.
- estimate of the present value, amounting to € 7,839 thousand, of the PUT option held by the minority shareholders of Gruppo Sicura S.r.l., relating to the 20% stake in share capital they still own. During the year, financial charges from discounting accrued in the year and financial expenses due to the review of the fair-value estimate of the payable totalling € 724 thousand were also recorded.
- estimate of the present value, amounting to € 2,900 thousand, of the PUT option held by the minority shareholder of Cofam S.r.l. (acquired by MIA S.p.A. at the start of 2009), relating to the 40% stake in share capital they still own. Financial expenses accrued in the year were recorded for a total of € 197 thousand, and financial income of € 90 thousand was booked to the income statement, due to the revision of the fair value of the financial payable. Therefore, the amount stood at € 107 thousand, net of expenses.

20. TRADE PAYABLES AND OTHER CURRENT PAYABLES

Details of the breakdown of the item for the years ended 31 December 2010 and 31 December 2009 are shown below:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Trade payables	425,772	393,197
Trade payables due to third parties	**425,772**	**393,197**
Trade payables due to MNTC Soc.Coop.	5,626	8,829
Trade payables due to associates within 12 months	24,784	24,084
Intercompany trade payables	**30,410**	**32,913**
Advances from customers and payables for works to be performed	21,957	4,993
Trade payables and advances from customers	**478,139**	**431,103**
Fees to be paid to directors/statutory auditors	257	572
Payables due to Tax authorities	57,027	50,098
Social security payables due within 12 months	9,228	11,023
Collections on behalf of temporary association of companies	22,833	19,614
Payables due to personnel with 12 months	39,471	44,059
Other payables due within 12 months	3,093	4,338
Property collections on behalf of customers	2,178	2,178
Other current operating payables due to third parties	**134,087**	**131,882**
Payables due to Associates within 12 months - Other payables	1,013	
Other current operating payables due to the Group	**1,013**	
Accrued expenses	125	620
Deferred income	1,286	1,220
Accrued expenses and deferred income	**1,411**	**1,840**
Other current operating payables	**136,511**	**133,722**

Terms and conditions of the liabilities listed above:

See note 35 for the terms and conditions relating to related party transactions.

Trade payables do not accrue interest and are settled, on average, 90/120 days from the invoice date.

Other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued 14th monthly pay and holidays 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 associated trade receivables.

Trade payables and advances from customers recorded an increase of € 47,036 thousand as at 31 December 2010, when compared to the previous year.

The item Trade payables due to associates, amounting to € 24,784 thousand as at 31 December 2010, is composed mostly of amounts due to Roma Multiservizi (€ 8,880 thousand), payables due to Global Riviera totalling € 3,206 thousand and amounts due to Bologna Multiservizi amounting to € 3,319 thousand.

The item Payables due to associates within 12 months and other payables, amounting to € 1,013 thousand as at 31 December 2010, concerns payables due to H.D.S. S.p.A..

Collections on behalf of temporary associations of companies relate to sums collected by the Group, on behalf of third parties, relating mostly to "Consip" job orders.

21. SEGMENT REPORTING

Operating segments

In consideration of the fact that the Group's risks and profitability are affected, in the first place, by the differences between the types of service offered, disclosures on operating segments provided by the Group make reference to the Strategic Business Units in which the Group operates, described in paragraph 1.1, to which reference should be made.

The Group deemed it appropriate to re-state the data relating to the 2009 segment reporting, to make the assignment to SBUs consistent with 2010 given that certain activities (in particular, the construction job order relating to the Sant'Anna di Como Hospital and the activities connected with some cogeneration plants) were "reclassified" from the Other SBU to the Facility Management SBU in 2010.

Segment reporting for the years ended 31 December 2010 and 2009 is shown below:

REVENUES AND RESULTS BY SECTOR FOR THE YEAR ENDED 31 DECEMBER 2010

31 DECEMBER 2010 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Cancellations	Consolidated
Revenues and results for the year ended 31 December 2010					
Sector revenues	963,581	121,511	57,436	(3,438)	1,139,091
Sector costs	(924,549)	(108,201)	(62,565)	3,438	(1,091,877)
SECTOR EBIT	**39,032**	**13,310**	**(5,128)**		**47,214**
Income (charges) from associates valued using the equity method	1,316	(122)			1,194
Net financial income (charges)					(14,038)
PRE-TAX PROFIT/LOSS					**34,370**
Income taxes					(26,293)
Income from discontinued operations	(200)				(200)
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2010					**7,877**

SECTOR ASSETS AND LIABILITIES AS AT 31 DECEMBER 2010

31 DECEMBER 2010 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Cancellations	Consolidated
Assets and liabilities as at 31 December 2010					
Sector assets	698,945	92,340	65,122	(6,879)	849,528
Goodwill	378,929	12,810	16		391,755
Equity investments valued using the equity method	12,246	2,369	20		14,635
Assets held for disposal	15,939				15,939
Financial assets and relating to taxes					102,585
ASSETS	**1,106,059**	**107,519**	**65,158**	**(6,879)**	**1,374,442**
Sector liabilities	571,396	61,603	53,239	(6,879)	679,359
Liabilities held for disposal	15,363				15,363
Financial liabilities and relating to taxes					409,590
LIABILITIES	**586,759**	**61,603**	**53,239**	**(6,879)**	**1,104,312**

OTHER INFORMATION BY SECTOR FOR THE YEAR ENDED 31 DECEMBER 2010

31 DECEMBER 2010 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Consolidated
Other sector information as at 31 December 2010				
Investments in sector assets	11,366	25,292	211	36,869
Amortisation/depreciation and write-downs of sector assets	21,269	16,822	2,851	40,942

REVENUES AND RESULTS BY SECTOR FOR THE YEAR ENDED 31 DECEMBER 2009

31 DECEMBER 2009 RE-STATED *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Cancellations	Consolidated
Revenues and results for the year ended 31 December 2009					
Sector revenues	988,898	116,888	48,224	(3,033)	1,150,977
Sector costs	(938,836)	(105,936)	(51,050)	3,033	(1,092,789)
SECTOR EBIT	**50,062**	**10,952**	**(2,826)**		**58,188**
Income (charges) from associates valued using the equity method	418	(2)			416
Net financial income (charges)					(15,368)
PRE-TAX PROFIT/LOSS					**43,236**
Income taxes					(27,892)
Income from discontinued operations	(6)				(6)
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2009					**15,338**

SECTOR ASSETS AND LIABILITIES AS AT 31 DECEMBER 2009

31 DECEMBER 2009 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Other	Cancellations	Consolidated
Assets and liabilities as at 31 December 2009					
Sector assets	655,340	79,129	33,608	(1,421)	766,656
Goodwill	370,224	12,810	1,871		384,905
Equity investments valued using the equity method	10,137	2,147	20		12,304
Assets held for disposal	98				98
Financial assets and relating to taxes					120,456
ASSETS	**1,035,799**	**94,086**	**35,499**	**(1,421)**	**1,284,419**
Sector liabilities	527,822	53,203	35,781	(1,421)	615,385
Liabilities held for disposal	3				3
Financial liabilities and relating to taxes					407,153
LIABILITIES	**527,825**	**53,203**	**35,781**	**(1,421)**	**1,022,541**

OTHER INFORMATION BY SECTOR FOR THE YEAR ENDED 31 DECEMBER 2009

31 DECEMBER2009 *(in thousands of Euro)*	**Facility Management**	**Laundering Sterilisation**	**Other**	**Consolidated**
Other sector information as at 31 December 2009				
Investments in sector assets	11,039	17,098	29	28,166
Amortisation/depreciation and write-downs of sector assets	22,347	17,978	2,983	43,308

Geographical areas

As regards the information concerning the geographical areas, it should be noted that the only activities performed abroad by the Group related to the companies Altair France and Gestin Polska, both transferred as part of the transaction relating to the FIAT business unit as at 31 December 2010. While the French equity investment was already transferred, the Polish equity investment was recorded under assets held for disposal and correlated liabilities. See note 14 for details.
For this reason, non-current operating assets as at 31 December 2010 totalled zero.

The information by geographical area required by IFRS 8 is shown below, for the years ended 31 December 2010 and 2009:

INFORMATION BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2010

(in thousands of Euro)	**Italy**	**Abroad**	**Cancellations**	**Consolidated**
Revenues	1,114,713	24,378		1,139,091
Non-current operating assets	486,749			486,749

INFORMATION BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2009

(in thousands of Euro)	**Italy**	**Abroad**	**Cancellations**	**Consolidated**
Revenues	1,111,722	39,318	(63)	1,150,977
Non-current operating assets	479,472	676		480,148

22. SALES AND SERVICE REVENUES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

SALES AND SERVICE REVENUES

(in thousands of Euro)	**2010**	**2009**
Revenues from product sales	14,107	19,834
Service revenues	950,357	1,046,066
Revenues from building activities and plant construction	133,898	61,176
Other sales revenues	38,244	19,503
TOTAL	**1,136,606**	**1,146,579**

As at 31 December 2010, the item Sales and service revenues amounted to € 1,136,606 thousand, marking a decrease of € 9,973 thousand compared to 2009 (€ 1,146,579 thousand).

23. OTHER OPERATING REVENUES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

OTHER OPERATING REVENUES

(in thousands of Euro)	2010	2009
Grants	34	40
Capital gains - fixed assets	282	433
Recovery of costs - seconded personnel	12	359
Recovery of other costs	642	2,471
Reimbursement of damages	1,433	421
Revenues for leases and rentals	6	455
Other revenues	74	219
TOTAL	**2,485**	**4,398**

In the year ended 31 December 2010 the item Other operating revenues recorded a decrease of € 1,913 thousand compared to the previous year. As at 31 December 2010, the balance was € 2,485 thousand, compared to a figure of € 4,398 thousand in 2009.
The item Recovery of other costs amounted to € 642 thousand in 2010, relating mainly to the re-charging of prepaid costs by Group companies on behalf of third parties.
Capital gains were predominantly realised by Servizi Ospedalieri, through the sale of linen and machinery no longer usable in linen rental and industrial laundering activities.

24. CONSUMPTION OF MATERIALS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

CONSUMPTION OF MATERIALS

(in thousands of Euro)	2010	2009
Change in inventories of fuels and raw materials	(3,868)	2,204
Consumption of fuels	48,426	52,318
Consumption of raw materials	56,812	36,728
Purchase of semi-finished/finished products	5,843	5,533
Purchase of auxiliary materials and consumables	18,697	12,583
Packaging	1,889	1,841
Other purchases	3,698	2,805
TOTAL	**131,497**	**114,012**

As at 31 December 2010, the item amounted to € 131,497 thousand, compared to a figure of € 114,012 thousand in 2009, marking an increase of € 17,485 thousand. The increase is due mainly to the rise in the consumption of raw materials against a partial reduction in fuel consumption.

25. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

(in thousands of Euro)	**2010**	**2009**
Third party services	375,912	336,460
Consortia services	15,169	40,848
Equipment maintenance and repair	6,532	47,290
Professional services	45,187	48,375
Transport	12,918	8,597
Advertising and promotion	2,656	1,333
Bonuses and commissions	1,917	1,697
Insurance and sureties	7,520	3,461
Banking services	348	232
Utilities	25,165	32,090
Travel expenses and reimbursement of costs	4,669	5,118
Personnel services	8,956	9,736
Other services	7,331	18,246
Costs for services	**514,280**	**553,483**
Rent expense	24,723	22,732
Rentals and other	2,218	4,260
Costs for the use of third party assets	**26,941**	**26,992**
TOTAL	**541,221**	**580,475**

For the year ended 31 December 2010, the item Costs for services and use of third party assets totalled € 541,221 thousand, marking a decrease of € 39,254 thousand compared to 2009, generated predominantly by the reduction of costs for consortium services of € 25,679 thousand.

26. PERSONNEL COSTS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

PERSONNEL COSTS

(in thousands of Euro)	**2010**	**2009**
Wages and salaries	221,241	209,593
Social security costs	68,830	67,995
Personnel lease costs	36,488	35,883
ESI paid to INPS (National Social Security Institute), and to funds	12,850	12,329
Other personnel costs	893	1,372
Current benefits	**340,302**	**327,172**
Provision for employee severance indemnity	3,472	2,788
Other post-employment benefits	57	
Post-employment benefits	**3,529**	**2,788**
Termination benefits	652	7,259
Termination benefits	**652**	**7,259**
TOTAL	**344,483**	**337,219**

The year ended 31 December 2010 recorded a total increase in personnel costs of € 7,264 thousand compared to the previous year, up from € 337,219 thousand to € 344,483 thousand.

More specifically:

- as regards current benefits, the item 'Salaries and wages' increased by € 11,648 thousand, the item 'Social security costs' by € 835 thousand, the item 'Costs of leased personnel' by € 605 thousand and the item 'Amount of ESI paid to INPS (*National Social Security Institute*) and funds' by € 521 thousand, against a decrease of € 479 thousand in other costs;
- as regards post-employment benefits, an increase was recorded in the item 'ESI Provision' amounting to € 684 thousand; for more details please refer to the comments on the item 'Employee severance indemnity'.

27. OTHER OPERATING COSTS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

OTHER OPERATING COSTS

(in thousands of Euro)	**2010**	**2009**
Capital losses on disposal of assets	92	202
Losses on receivables	144	5
Other taxes	1,570	1,555
Fines and penalties	1,435	461
Securitisation Credit discount	928	1,043
Other operating costs	3,212	2,934
TOTAL	**7,381**	**6,200**

Other operating costs amounted to € 7,381 thousand as at 31 December 2010, marking an increase of € 1,181 thousand compared to the previous year.
This increase is attributable mainly to the items 'Fines and penalties' (€ 974 thousand) and 'Credit losses' (€ 321 thousand).
The item 'Securitisation credit discount' totalled € 928 thousand in 2010, down compared to the figure in the previous year.

28. AMORTISATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

AMORTISATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

(in thousands of Euro)	**2010**	**2009**
Amortisation of intangible fixed assets	10,171	14,454
Depreciation of property, plant and machinery	21,612	23,524
Write-backs of assets	(202)	(18)
Impairment of consolidation differences	234	
Write-down of receivables	6,923	4,954
Write-down of equity investments	254	316
Write-down of intangible fixed assets	1871	
Other write-downs	79	78
TOTAL	**40,942**	**43,308**

The item 'Amortisation/depreciation, write-downs and write-backs of assets' fell from € 43,308 thousand as at 31 December 2009, to € 40,942 thousand in 2010. The item 'Amortisation of intangible fixed assets' amounted to € 10,171 thousand in 2010, marking a decrease of € 4,283 thousand compared to 2009 and refers mainly to the amortisation of intangible fixed assets deriving from Business Combinations carried at fair value as part of the "Purchase Price Allocation" process (€ 6,304 thousand), as a result of the corporate acquisitions made by the Group to strengthen its position in the facility management market.
An increase of € 1,969 thousand was recorded in the item Write-down of receivables.
The item 'Write-down of goodwill' includes the full write-down of the goodwill attributed to the Other SBU and relating to the subsidiary EnergyProject S.p.A., amounting to € 1,871 thousand.

29. DIVIDENDS, INCOME AND CHARGES GENERATED BY EQUITY INVESTMENTS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

DIVIDENDS, INCOME AND CHARGES GENERATED BY EQUITY INVESTMENTS

(in thousands of Euro)	2010	2009
Dividends	398	206
Capital gains from disposal of equity investments		3
TOTAL	**398**	**209**

The item 'Dividends' amounted to € 398 thousand in 2010, marking an increase of € 192 thousand compared to the previous year.

30. FINANCIAL INCOME

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

FINANCIAL INCOME

(in thousands of Euro)	2010	2009
Interest on bank current accounts	128	240
Interest on non-proprietary and intercompany current accounts	518	359
Interest on trade receivables	1,176	752
Interest from discounting of non-interest bearing loans	111	1,188
Interest and other income from securities	2	
Other financial income	28	175
TOTAL	**1,963**	**2,714**

The item 'Financial income' registered a decrease of € 751 thousand as at 31 December 2010, compared to the previous year, due to the reduction in the implicit interest from discounting non-interest bearing loans, only partially offset by the increase in interest on trade receivables.

31. FINANCIAL CHARGES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2009:

FINANCIAL CHARGES

(in thousands of Euro)	2010	2009
Bank loans and current account overdrafts	2,811	4,523
Other loans	8,081	6,664
Financial charges for financial leasing	70	179
Financial charges on Group financial accounts	43	88
Securitisation Interest discount	2,997	3,324
Interest on trade payables	5	24
Expenses from derivatives	21	18
Other financial charges	2,406	3,368
TOTAL	**16,434**	**18,188**

The item 'Financial charges' recorded a decrease of € 1,754 thousand in 2010, compared to the previous year. In fact, the increase of € 1,417 thousand in interest on Other loans is more than offset by the reduction in financial charges on bank loans and current account overdrafts amounting to € 1,712 thousand, the reduction in Other financial charges of € 962 thousand and the fall in the interest discount on transfers of trade receivables (€ 327 thousand). Other financial charges, as indicated in note 19, relating to Loans, financing and other current financial liabilities, to which reference should be made, also include the effects of discounting of payables for earn-outs and PUT options, totalling € 1,859 thousand.

32. CURRENT, PREPAID AND DEFERRED TAXES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 31 December 2009.

(in thousands of Euro)	2010	2009
Current IRES	21,805	20,016
Current IRAP	13,528	13,626
Corporate tax - foreign companies	553	964
(Income)-charges from tax consolidation	(818)	(564)
Adjustment to current taxes of previous years	(513)	(352)
Current taxes	**34,555**	**33,690**
Prepaid/deferred IRES	(7,589)	(4,593)
Prepaid/deferred IRAP	(690)	(474)
Prepaid/deferred taxes of previous years	17	(731)
Prepaid/deferred taxes	**(8,262)**	**(5,798)**
Current, prepaid and deferred taxes	**26,293**	**27,892**

The Group recorded taxes totalling € 26,293 thousand in 2010, marking a decrease of € 1,599 thousand compared to the previous year.
More specifically, the main changes are as follows:

- An increase of € 1,789 thousand for IRES taxes;
- A reduction of € 98 thousand for IRAP (regional business tax) taxes;
- An increase of € 254 thousand in income from tax consolidation;
- Recognition of a net income of € 8,262 thousand, relating to the total balance of prepaid and deferred taxes. Net income totalled € 5,798 thousand in the previous year. Said income, as specified below, was determined mainly by the allocation of prepaid taxes in respect of the provisions for risks and charges amounting to € 5,867 thousand and use of the provision for deferred tax liabilities, against the amortisation of intangible fixed assets recorded as part of the Purchase Price Allocation (PPA) amounting to € 2,468 thousand.

Corporate tax due in relation to foreign companies refers to the January-September 2010 period; the amount due for the subsequent period is recorded under the item 'Income from discontinued operations'.

The reconciliation between current income taxes recorded and theoretical tax resulting from application of the IRES tax rate in force for the years ended 31 December 2010 and 31 December 2009 to pre-tax profit is as follows:

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRES RATE

(in thousands of Euro)	31 December 2010		31 December 2009	
	(in thousands of Euro)	%	(in thousands of Euro)	%
Pre-tax profit	**32,071**		**39,049**	
Ordinary rate applicable		27.50%		27.50%
Effect of increases (decreases):				
> Temporary differences	28,857	24.74%	51,716	36.42%
> Permanent differences	15,389	13.20%	(20,032)	-14.11%
IRES taxable income	**76,317**		**70,733**	
Tax / Effective rate	**20,987**	**65.44%**	**19,452**	**49.81%**

The value shown as effective current IRES (€ 20,987 thousand) is represented by the current IRES shown in the previous table, amounting to € 21,805 thousand, net of income from tax consolidation of €818 thousand.

The reconciliation between the effective and theoretical IRAP rate is shown below.

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRAP RATE

(in thousands of Euro)	31 December 2010		31 December 2009	
	(in thousands of Euro)	%	(in thousands of Euro)	%
Pre-tax profit	**32,071**		**39,049**	
Ordinary rate applicable		2.98%		2.98%
		3.40%		3.40%
		3.90%		3.90%
		4.73%		4.73%
		4.82%		4.82%
		4.97%		4.97%
Effect of increases (decreases):				
> Cost of labour	340,163		334,900	
> Balance from financial management	5,456		14,961	
> Other differences between taxable base and pre-tax result	(54,518)		(62,560)	
IRAP taxable income	**323,172**		**326,350**	
> of which at 2.98%	1,877			
> of which at 3.40%	34			
> of which at 3.90%	225,431		228,121	
> of which at 4.73%	7,240		5,329	
> of which at 4.82%	44,494		92,898	
> of which at 4.97%	44,096			
Tax / Effective rate	**13,528**	**42.18%**	**13,626**	**34.89%**

The table below shows the reconciliation between the theoretical and effective rates, relating to taxes due by foreign Companies in the MFM Group.

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE RATE - CORPORATE TAX, FOREIGN COMPANIES

(in thousands of Euro)	31 December 2010		31 December 2009	
	(in thousands of Euro)	%	(in thousands of Euro)	%
Pre-tax profit	**2,300**		**4,187**	
Ordinary rate applicable		19.00%		19.00%
		33.33%		33.33%
Effect of increases (decreases):				
> Temporary differences	74		851	
> Permanent differences	161		(512)	
IRAP taxable income	2,535		4,526	
> of which at 19.0% (*)	2,034		3,796	
> of which at 33.33% (**)	501		729	
Tax / Effective rate	**553**	**24.04%**	**964**	**23.02%**

* Gestin Polska Sp.zo.o ** Altair IFM France S.a.S.

Deferred and prepaid taxes

As at 31 December 2010, the net balance of prepaid tax assets, recorded for € 19,347 thousand, net of deferred tax liabilities of € 13,272 thousand, stood at € 6,075 thousand, as shown below:

DETAILS OF PREPAID AND DEFERRED TAXES

(in thousands of Euro)	Tax effect - balance sheet		Tax effect - income statement	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Prepaid taxes:				
Long-term costs	736	179	323	41
Financial leasing	22	1,362		
Maintenance exceeding deductible limit	20	53	33	36
Presumed losses on receivables	4,114		(949)	
Provision for risks and charges	9,304	3,766	(5,867)	(1,569)
Write-downs of assets	218	2,942	(161)	(2,069)
Discounting of receivables	35	43	1	165
Fees of Directors, Statutory Auditors and Independent Accounting Auditors	241	341	99	(119)
Services not completed	26	1,144	344	(606)
Amortisation/depreciation	1,614	3,690	705	(625)
Adjustment of job order margin	233	538	184	(44)
Interest expense	88	42	(47)	2,560
Employee benefits and length of service bonuses	197	50	54	(110)
Substitute tax	1,385	1,401		(16)
Employee incentives	471	730	401	(28)
Tax losses relating to previous years	33		5	
Share capital increase charges to SE		846		
Request for Irap reimbursement		195	(194)	(195)
Consolidation adjustment to Cross business unit	95	95		
Valuation of cash flow hedge	429		(136)	
Deduction of costs - cash	41		(10)	
Other temporary differences	46	351	17	224
Compensation of prepaid/deferred taxes at legal entity level	-	(7,470)		
TOTAL PREPAID TAXES	**19,347**	**10,297**	**(5,197)**	**(2,354)**
Deferred taxes:				
Tax amortisation	(371)	(3,184)	(947)	(1,264)
IFRS valuation - works in progress	(86)	(258)	(40)	(29)
Leasing for tax purposes	(291)	(1,665)	(12)	(95)
Discounting of employee benefits	(1,224)	(1,446)	(195)	280
Amortisation of goodwill	(5,807)	(6,879)	646	1,225
Purchase Price Allocation (PPA)	(5,185)	(6,672)	(2,468)	(3,436)
Undistributed profits	(102)		(35)	
Other temporary differences	(206)	(196)	(15)	(125)
Compensation of prepaid/deferred taxes at legal entity level		7,470		
TOTAL DEFERRED TAXES	**(13,272)**	**(12,831)**	**(3,065)**	**(3,443)**
NET PREPAID (DEFERRED) TAXES	**6,075**	**(2,533)**	**(8,262)**	**(5,798)**

DETAILS OF PREPAID AND DEFERRED TAXES

Temporary differences excluded from calculation of taxes prepaid/(deferred):	31 Dec. 2010	31 Dec. 2009
> Tax losses that can be carried forward	184	9
> Provision for risks and charges		76
TOTAL TEMPORARY DIFFERENCES EXCLUDED	**184**	**85**

33. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are, in the case of the Manutencoop Facility Management Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.
Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

	Year ended 31 December	
	2010	2009
Net profit attributable to shareholders (in thousands of Euro)	7,743	15,119
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC EARNINGS PER SHARE (IN EURO)	**0.071**	**0.139**
Net profit deriving from continuing operations (in thousands of Euro)	8,077	15,346
Net profit /(loss) deriving from continuing operations pertaining to minority interests (in thousands of Euro)	(134)	(221)
Net profit deriving from continuing operations pertaining to the Group (in thousands of Euro)	7,943	15,125
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**0.073**	**0.139**

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date of drafting of the financial statements.

Dividends

(in thousands of Euro)	2010	2009
Proposed for approval by the Shareholders' Meeting (not recorded as liabilities as at 31 December)		
Dividends on ordinary shares (in thousands of Euro)	0	0
Dividend per share (in Euro cents)	0	0

34. COMMITMENTS AND CONTINGENT LIABILITIES

Financial leasing

The Group signed financial leases primarily for plant and machinery used in the production processes of the Laundering/Sterilisation SBU and 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)	31 December 2010		31 December 2009	
	Rents	Current value of rents	Rents	Current value of rents
Within one year	882	822	1,120	1,030
After one year, but within five years	1,075	950	1,833	1,690
After five years	59	40	133	122
TOTAL LEASING FEES	**2,016**	**1,812**	**3,086**	**2,842**
Financial charges	(204)		(244)	
Current value of leasing fees	**1,812**	**1,812**	**2,842**	**2,842**

Guarantees given

As at 31 December 2010, the Group granted sureties to third parties for:

- guarantees in favour of associates amounting to € 15,241 thousand (2009: € 27,588 thousand);
- other sureties issued to third parties: i) to ensure the correct fulfilment of the obligations of commercial contracts in place with customers, ii) to replace securities to be issued for the activation of utilities or upon subscription of lease contracts, as well as to the Inland Revenue for VAT refunds, for a total amount of € 212,721 thousand (2009: € 153,527 thousand);
- in favour of Credit Agricole Corporate & Investment Bank, to ensure the proper compliance with the contract for the transfer of trade receivables amounting to € 13,993 thousand (2009: € 14,079 thousand).

The sureties issued to said Bank cover a financial risk. For said reason, the risk was valued at fair value and recorded as a financial liability for € 138 thousand (see notes 12 and 18 in this regard).

Contingent liabilities

On 26 November 2009, the *Guardia di Finanza* (Italian Finance Police) drafted a PVC (*processo verbale di constatazione*, Report on Findings) for one of the Group companies – MCB S.p.A (now incorporated in MP Facility S.p.A.).

In the report on findings an undue deduction of € 250 thousand in 2007 for IRES and IRAP purposes is disputed. The Tax Authorities believe that this deduction does not meet the essential requirements of competence, certainty, relevance and determinability necessary for its deductibility in accordance with art. 109 of Presidential Decree no. 917/86.

It should be noted that, at the current state of play, the Inland Revenue has still not issued MP Facility S.p.A. with any tax assessment notice regarding the higher taxes due and the associated penalties for the disputes raised in the report on findings.

35. RELATED PARTY TRANSACTIONS

Details of the balances relating to the Parent Company's transactions with related parties are provided in the tables below:

PARENT COMPANY

(in thousands of of Euro)	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Manutencoop Soc. Coop.	31-Dec-09	482	33,941		89	31-Dec-09	299	507	9,199	8,244
	31-Dec-10	242	36,349		43	31-Dec-10	73	2,052	5,634	4,603

ASSOCIATES

(in thousands of of Euro)	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Roma Multiservizi S.p.A.	31-Dec-09	1,706	3,223			31-Dec-09	829		2,460	
	31-Dec-10	2,018	5,749			31-Dec-10	1,065	1	8,893	
Gico Systems S.r.l.	31-Dec-09	10	210			31-Dec-09	3	20	122	
	31-Dec-10	7	331			31-Dec-10	5		154	
Se.Sa.Mo. S.p.A.	31-Dec-09					31-Dec-09				
	31-Dec-10	4,553	9	41		31-Dec-10	5,097	606	31	1
Servizi Taranto Soc. Cons. a r.l	31-Dec-09					31-Dec-09				
	31-Dec-10		67			31-Dec-10			67	
Global Provincia di RN Soc.Cons.a r.l.	31-Dec-09					31-Dec-09				
	31-Dec-10	455	1,682			31-Dec-10	273	170	816	
Bologna Più Soc.Cons.a r.l.	31-Dec-09	3				31-Dec-09	- 2	90	3	
	31-Dec-10					31-Dec-10	- 2	90	3	
Global Riviera Soc.Cons.a r.l.	31-Dec-09	1,596	5,573			31-Dec-09	975		4,088	
	31-Dec-10	1,630	5,539			31-Dec-10	1,212		3,511	
Como Energia Soc.Cons.a r.l.	31-Dec-09		794			31-Dec-09	17		773	
	31-Dec-10		1,229			31-Dec-10			1,883	
NEW DUC Soc.Cons.a r.l.	31-Dec-09	15	879			31-Dec-09	4	1,705	657	
	31-Dec-10	243	850			31-Dec-10	2,696		725	
Cons.Energia Servizi Bologna Soc.Cons. a r.l.	31-Dec-09					31-Dec-09				
	31-Dec-10		22			31-Dec-10	54		28	
P.B.S. Soc.Cons. a r.l.	31-Dec-09	3	2,051			31-Dec-09	3		1,443	
	31-Dec-10	4	48			31-Dec-10	343	502	299	
Tower Soc.Cons. a r.l.	31-Dec-09	79	3,081			31-Dec-09	13		54	
	31-Dec-10	2	2,195			31-Dec-10				
Bologna Multiservizi Soc.Cons. a r.l.	31-Dec-09	1,193	4,929			31-Dec-09	974		3,281	
	31-Dec-10	1,325	3,989			31-Dec-10	1,566		3,319	
Global Vicenza Soc.Cons. a r.l.	31-Dec-09	403	2,131			31-Dec-09	58		805	
	31-Dec-10	397	1,903			31-Dec-10	131		919	

ASSOCIATES

(in thousands of of Euro)	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Bologna Gestione Patrimonio Soc.Cons. a r.l.	31-Dec-09	380	299			31-Dec-09	189		160	
	31-Dec-10	75	146			31-Dec-10	24		104	
Progetto Sant'Anna	31-Dec-09	562		123		31-Dec-09				
	31-Dec-10	5668	180	354		31-Dec-10	5,606	4,932	180	
Telepost	31-Dec-09	839				31-Dec-09	1,006			
	31-Dec-10	728				31-Dec-10				
Steril Piemonte Soc. cons. a.r.l	31-Dec-09					31-Dec-09				
	31-Dec-10		703	5		31-Dec-10		1,255	178	
HEADMOST	31-Dec-09	1,846				31-Dec-09	2,203			
	31-Dec-10	725				31-Dec-10	1,455			
IPP	31-Dec-09	2				31-Dec-09	2			371
	31-Dec-10	55	70	1		31-Dec-10	28	100	70	
Alisei s.r.l. in liquidation	31-Dec-09		1			31-Dec-09			2	
	31-Dec-10	1	1			31-Dec-10	1			
San Martino 2000 Soc.Cons. r.l.	31-Dec-09	1,727	3,022			31-Dec-09	1,194		1,046	
	31-Dec-10	1763	3,205			31-Dec-10	785		597	
Livia Soc. cons. a r.l.	31-Dec-09	231	1,029			31-Dec-09	197		864	
	31-Dec-10	244	1,021			31-Dec-10	331		1203	
Gymnasium Soc. cons. a r.l	31-Dec-09	1,977	1,548			31-Dec-09	1,841	8	760	5
	31-Dec-10		6			31-Dec-10	1	7	28	5
Geslotto 6 Soc. cons. a r.l	31-Dec-09		4			31-Dec-09	6	20	22	
	31-Dec-10		4			31-Dec-10	6	20	26	
Fr.lli Bernard s.r.l.	31-Dec-09	36				31-Dec-09	36			
	31-Dec-10	38	145			31-Dec-10	107		117	
SESATRE	31-Dec-09	11	3,554	141	150	31-Dec-09	264	5,253	1,089	
	31-Dec-10	10	4,103	99	98	31-Dec-10		5,686	2013	
Savia Soc. Cons. a r.l	31-Dec-09					31-Dec-09				
	31-Dec-10	474				31-Dec-10	498			
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-09					31-Dec-09				
	31-Dec-10					31-Dec-10	77		4	
Se.Ste.Ro S.r.l.	31-Dec-09					31-Dec-09				
	31-Dec-10	2	30			31-Dec-10	2		32	
Napoli 5 Soc.Cons. a r.l.	31-Dec-09		5			31-Dec-09				
	31-Dec-10	1307	1,224			31-Dec-10	1,266		229	
PIT-Promoz. Impr. e Territ. Soc.Cons.a r.l.	31-Dec-09					31-Dec-09				
	31-Dec-10					31-Dec-10		10		

SUBSIDIARIES OF MANUTENCOOP SOC. COOP.

(in thousands of of Euro)	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Manutencoop Immobiliare S.p.A.	31-Dec-09	2,211	1,961			31-Dec-09	941		301	
	31-Dec-10	1,310	2,178			31-Dec-10	688		36	
Manutencoop Servizi Ambientali S.p.A.	31-Dec-09	1,042	497			31-Dec-09	1,248		417	
	31-Dec-10	75	50			31-Dec-10	15		40	
Sies S.r.l.	31-Dec-09	3,539				31-Dec-09	1,656			
	31-Dec-10	1,876				31-Dec-10	543		154	
Cerpac S.r.l.	31-Dec-09	1				31-Dec-09	1			
	31-Dec-10					31-Dec-10	1			

ASSOCIATES OF MANUTENCOOP SOC. COOP. OR OTHER GROUP COMPANIES

(in thousands of of Euro)	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Consorzio Cooperativo Karabak Soc.a r.l.	31-Dec-09	51				31-Dec-09	14		2	
	31-Dec-10	49				31-Dec-10	4		2	
Consorzio Karabak Tre Società Cooperativa	31-Dec-09					31-Dec-09				
	31-Dec-10	2				31-Dec-10	2			
Consorzio Karabak Quattro Società Cooperativa	31-Dec-09					31-Dec-09				
	31-Dec-10	1				31-Dec-10	1			
Consorzio Karabak Cinque Società Cooperativa	31-Dec-09					31-Dec-09				
	31-Dec-10	3				31-Dec-10	3			
Sacoa S.r.l.	31-Dec-09					31-Dec-09				
	31-Dec-10	5	37			31-Dec-10	3		36	

GENERAL TOTAL

(in thousands of Euro)	Year	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
TOTAL	**31-Dec-09**	**19,945**	**68,732**	**264**	**239**	**31-Dec-09**	**13,971**	**7,603**	**27,548**	**8,620**
	31-Dec-10	**25,287**	**73,065**	**500**	**141**	**31-Dec-10**	**23,960**	**15,431**	**31,331**	**4,609**

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 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 were, however, discounted in the financial statements of the Parent Company MFM S.p.A.. The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies.
The Parent Company also has some administrative, financial and lease service contracts in place with its Parent Company Manutencoop Società Cooperativa.
No guarantees were given or received in relation to receivables and payables with related parties. In 2010, the Group did not make any allocation to the bad debt provision for amounts due from related parties.

The main contracts in place with other MFM Group companies and companies controlled by Manutencoop Società Cooperativa are shown below.

- On 1 September 2008, MFM signed a contract with associate Roma Multiservizi S.p.A., on the basis of which it is committed to providing an Information System service. The contract, expiring on 30 August 2013, makes provision for an annual consideration of € 1,250 thousand.
- Manutencoop Soc. Coop. sub-leased to MFM S.p.A. the part of the property located in Zola Predosa, via Poli 4 (BO), for office use. The duration of the lease is tacitly renewable, except in the event of termination by one of the parties. Annual rent is expected to be € 1,610 thousand, to be paid in 12 monthly instalments.
- On 6 July 2007, MFM S.p.A. signed a framework agreement with its Parent Company, Manutencoop Soc. Coop., in order to regulate the essential contents of subsequent personnel leases from Manutencoop Cooperativa to MFM S.p.A, pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a legislative contract that does not provide rights to third parties, MFM and the Parent Company Manutencoop Soc. Coop. set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Soc. Coop., and the operating rules for establishing and resolving said contracts.
- Manutencoop Soc.Coop. is committed, on the basis of contracts stipulated with the individual companies of the MFM Group, to preparing pay packets.
- MFM S.p.A. signed agreements with Manutencoop Soc. Coop and its subsidiaries, for the provision of tax consultancy services.

The Parent Company MFM is subject to the management and coordination activities of Manutencoop Società Cooperativa and, pursuant to art. 2497 bis, paragraph 4 of the Civil Code, the key figures of the latest set of approved financial statements are provided below:

(in thousands of Euro)	**31 December 2009**	**31 December 2008**
BALANCE SHEET		
ASSETS		
A) Subscribed capital, unpaid	243	299
B) Fixed assets	300,217	300,382
C) Working capital	51,576	36,974
D) Accruals and Deferrals	3,078	3,464
TOTAL ASSETS	**355,114**	**341,119**
LIABILITIES		
A) Shareholders' equity:		
Share capital	13,992	15,038
Reserves	251,664	252,261
Profit/Loss for the year	1,967	(597)
B) Provision for risks and charges	3,101	2,568
C) Employee Severance Indemnity	3,454	4,436
D) Payables	80,135	66,526
E) Accruals and deferrals	801	887
TOTAL LIABILITIES	**355,114**	**341,119**
MEMORANDUM ACCOUNTS	**133,237**	**124,784**
INCOME STATEMENT		
A) Value of production	40,580	45,059
B) Costs of production	(43,953)	(48,179)
C) Financial income and charges	5,509	5,199
D) Value adjustment of financial assets	(216)	(3,706)
E) Extraordinary income and charges	31	1,071
Income taxes for the year	16	(41)
Profit/(Loss) for the year	1,967	(597)

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

Fees paid to members of administration and control bodies are shown below, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

(in thousands of Euro)	31 December 2010	31 December 2009
Board of Directors/Management Board		
Short-term benefits	1,641	1,148
BOARD OF DIRECTORS/MANAGEMENT BOARD TOTAL	**1,641**	**1,148**
Executives with strategic responsibilities		
Short-term benefits	2,091	733
Post-employment benefits (E.S.I.)	99	49
TOTAL OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,190**	**782**
Board of Statutory Auditors / Supervisory Board		
Short-term benefits	338	441
TOTAL BOARD OF STATUTORY AUDITORS / SUPERVISORY BOARD	**338**	**441**

Since 2008, Manutencoop Facility Management S.p.A.'s Corporate Governance set-up has been structured in accordance with the so-called "dualistic" administration and control system, through the appointment of the Management Board and Supervisory Board.

Fees paid to the Group's independent accounting auditors amounted to € 747 thousand in the consolidated income statement in 2010.

36. FINANCIAL RISK MANAGEMENT: 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 Parent 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 a revolving Securitisation transaction which makes 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 Group also use trade payables deriving from operations as financial instruments.

The Group's policy is not to negotiate financial instruments.

Categories of financial assets and liabilities defined by IAS 32

The following table shows the classification of financial assets and liabilities recorded, as defined by IAS 32 and required by IFRS 7, in the consolidated financial statements of the MFM Group and the associated economic effects for the year closed as at 31 December 2010:

FINANCIAL ASSETS

(in thousands of Euro)	**31 December 2010**	Financial assets available for sale	Loans and receivables
Non-current financial assets			
Other equity investments	3,233	3,233	
Non-current financial receivables	14,916		14,916
Other non-current assets	1,409		1,409
Total non-current financial assets	**19,558**	**3,233**	**16,325**
Current financial assets			
Trade receivables and advances to suppliers	727,815		727,815
Current tax credits	5,300		5,300
Other current operating receivables	16,668		16,668
Receivables and other current financial assets	8,205		8,205
Cash and cash equivalents	51,583		
Total current financial assets	**809,571**	**0**	**757,988**
TOTAL FINANCIAL ASSETS	**829,129**	**3,233**	**774,313**
Financial income (charges)	**2,361**	**398**	**1,963**

FINANCIAL LIABILITIES

(in thousands of Euro)	**31 December 2010**	Financial liabilities at fair value in the income statement	Financial liabilities designated at amortised cost
Non-current financial liabilities			
Non-current loans	90,192		90,192
Financial liabilities for non-current derivatives	1,560		1,560
Other non-current liabilities	13		13
Total non-current financial liabilities	**91,765**	**0**	**91,765**
Current financial liabilities			
Trade payables and advances from customers	478,139		478,139
Current tax payables	1,437		1,437
Other current operating payables	136,511		136,511
Loans and other current financial liabilities	303,128	138	302,990
Total current financial liabilities	**919,215**	**138**	**919,077**
TOTAL FINANCIAL LIABILITIES	**1,010,980**	**138**	**1,010,842**
Financial income (charges)	**(13,437)**	**(21)**	**(13,416)**

The same information for the year ended 31 December 2009 is shown below:

FINANCIAL ASSETS

(in thousands of Euro)	**31 December 2009**	Financial assets available for sale	Loans and receivables
Non-current financial assets			
Other equity investments	3,301	3,301	
Non-current financial receivables	15,694		15,694
Other non-current assets	1,730		1,730
Total non-current financial assets	**20,725**	**3,301**	**17,424**
Current financial assets			
Trade receivables and advances to suppliers	649,517		649,517
Current tax credits	9,401		9,401
Other current operating receivables	14,758		14,758
Receivables and other current financial assets	1,960		1,960
Cash and cash equivalents	79,802		
Total current financial assets	**755,438**	**-**	**675,636**
TOTAL FINANCIAL ASSETS	**776,163**	**3,301**	**693,060**
Financial income (charges)	**2,923**	**209**	**2,714**

FINANCIAL LIABILITIES

(in thousands of Euro)	**31 December 2009**	Financial liabilities designated at fair value in the income statement	Financial liabilities valued at amortised cost
Non-current financial liabilities			
Non-current loans	209,210		209,210
Financial liabilities for non-current derivatives	1,065		1,065
Other non-current liabilities	2		2
Total non-current financial liabilities	**210,277**	**-**	**210,277**
Current financial liabilities			
Trade payables and advances from customers	431,103		431,103
Current tax payables	12,022		12,022
Other current operating payables	133,614		133,614
Loans and other current financial liabilities	172,026	117	171,989
Total current financial liabilities	**748,765**	**117**	**748,648**
TOTAL FINANCIAL LIABILITIES	**959,042**	**117**	**958,925**
Financial income (charges)	**(14,864)**	**(18)**	**(14,846)**

Liquidity risk

The Group'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 Group is characterised by a labour-intensive model which does not involve significant requirements of capital for investments. However, the Group's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Group has to also finance working capital through bank indebtedness and/or the transfer of receivables.
In 2010, the general economic crisis involved payment delays, also from some major private customers.

Price risk

The only risks of this nature which the Group are exposed to could involve changes in the price:

- of oil products relating to heat management activities;
- of cotton, the raw material in the linen used for laundering activities.

However, in the former case, these changes are, for the most part, 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 Decree Law no. 163 of 12 April 2006; therefore, it is believed that the effect on the Group's profit for the year would essentially have been insignificant, in terms of the amount.
In the second case, the Group negotiated specific hedging instruments that mitigate the risks of increases in the price of cotton through Call options which fix the price of the raw material.

Credit risk

The Group, following the acquisitions made over recent years, diversified its portfolio mix, which was represented in the past mostly by contracts with the Public Administration, a situation that did not present insolvency problems, but 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.
The new acquisitions involved a shift in the portfolio mix towards the private sector and large Italian industrial groups (particularly the acquisition of the Altair Group) and, to a lesser extent, the retail sector (through the acquisition of the Sicura Group).
There are no significant credit concentration risks to report, which are carefully monitored by the Group.

Fair value

The carrying amount of the Group's financial instruments recorded in the consolidated financial statements does not deviate from the fair value, including the value of those classified as assets held for disposal. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

(in thousands of Euro)	CARRYING AMOUNT		FAIR VALUE	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
FINANCIAL ASSETS				
Cash and cash equivalents	51,583	79,802	51,583	79,802
Receivables and other current financial assets	7,955	1,960	7,955	1,960
Other equity investments - minority interests	3,233	3,301	3,233	3,301
Non-current financial receivables	14,916	15,694	14,916	15,694
FINANCIAL LIABILITIES				
Loans:				
Variable rate loans	348,573	341,461	348,573	341,461
Fixed rate loans	480	635	480	635
Other current financial liabilities	44,267	39,140	44,267	39,140
Financial liabilities for non-current derivatives	1,560	1,065	1,560	0

Interest rate risk

The Group's current policy has a preference, for the management of financial charges, for variable rate loans and possession of a rather marginal share of fixed rate loans.

In 2008, the MFM Group's management deemed it appropriate to perform a debt restructuring transaction as a result, in particular, of the acquisitions made at the end of 2008, rebalancing the mix of short- and medium/long-term debt.

In order to hedge interest rate risk, on 19 June 2009, the parent company MFM S.p.A. stipulated the following "Interest rate Swaps":

HEDGE CONTRACT CONDITIONS

(in thousands of Euro)	UNICREDIT CORPORATE BANKING	BNP PARIBAS	BANCA AKROS
Notional value from 23/12/2009 to 23/6/2011	32,000,000	36,000,000	16,000,000
Initial date	23/6/2009	23/6/2009	23/6/2009
Closing date	23/12/2014	23/12/2014	23/12/2014
Variable rate	6-month Euribor	6-month Euribor	6-month Euribor
Fixed rate	2.65%	2.65%	2.65%

The notional value relates to the 4th half-yearly hedge period

The financial instruments of the Group exposed to interest rate risk are those listed in note 198 such as Loans (to which reference should be made), as well items recorded under the following the balance sheet headings:

- Cash and cash equivalents, Receivables and other current financial assets (note 13),
- Non-current financial assets (note 9).

Table of interest rate sensitivity analysis

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

(in thousands of Euro)	**Increase/decrease**	**Effect on profit before taxes**
Year ended 31 December 2010	+100 basis points	(6,093)
	-30 basis points	1,872
Year ended 31 December 2009	+50 basis points	(3,101)
	-30 bps	1,930

Exchange rate risk

The Group operates predominantly in the national market, where it is not exposed to exchange rate risk. Through the acquisition of the Altair Group, a Polish company also became part of the MFM Group, active in providing facility management services. This equity investment which exposed the Group to a low currency conversion risk, related to the consolidation of assets and liabilities in zloty, was transferred with effect on 1 January 2011.

Capital management

The key objective of the Group'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 Group 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 Group can adjust the dividends paid to shareholders, repay principal or issue new shares. The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt. The Group includes in net debt, interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Provision for Employee Severance Indemnity	29,537	35,645
Interest-bearing loans	349,053	342,096
Trade payables and advances from customers	478,139	431,103
Other current payables	136,511	133,614
Other current financial liabilities	44,267	39,140
Cash and cash equivalents	(51,583)	(79,802)
Other current financial assets	(7,955)	(1,960)
Net debt	977,969	899,836
Group shareholders' equity	269,602	261,211
Undistributed net profit	(7,743)	(15,117)
TOTAL EQUITY	**261,859**	**246,094**
Equity and net debt	**1,239,828**	**1,145,930**
DEBT/EQUITY RATIO	**0.79**	**0.78**

No significant change was recorded in the debt/equity ratio compared to 31 December 2009.

37. EVENTS AFTER THE CLOSE OF THE YEAR

On 1 January 2011, the transfer of Gestin Polska Sp.z.o.o. to Fiat Auto Poland S.A. became effective.
On 20 January 2011, the subsidiary Sicura S.r.l. acquired 100% of Stablum S.r.l..
In January 2011, the subsidiary MIA S.p.A. acquired a 49% stake in Lenzi S.p.A., with registered office in Bolzano and 100% of CMA Pentade S.r.l. in Turin. In March 2011, said company MIA S.p.A. acquired 80% of the share capital of Unilift S.r.l..

The Chairman of the Management Board
Claudio Levorato

Manutencoop Facility Management would like to thank for their collaboration the employees shown in the photographs and all customers who made their offices available for the taking of the photographs reproduced in this publication.

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MANUTENCOOP

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