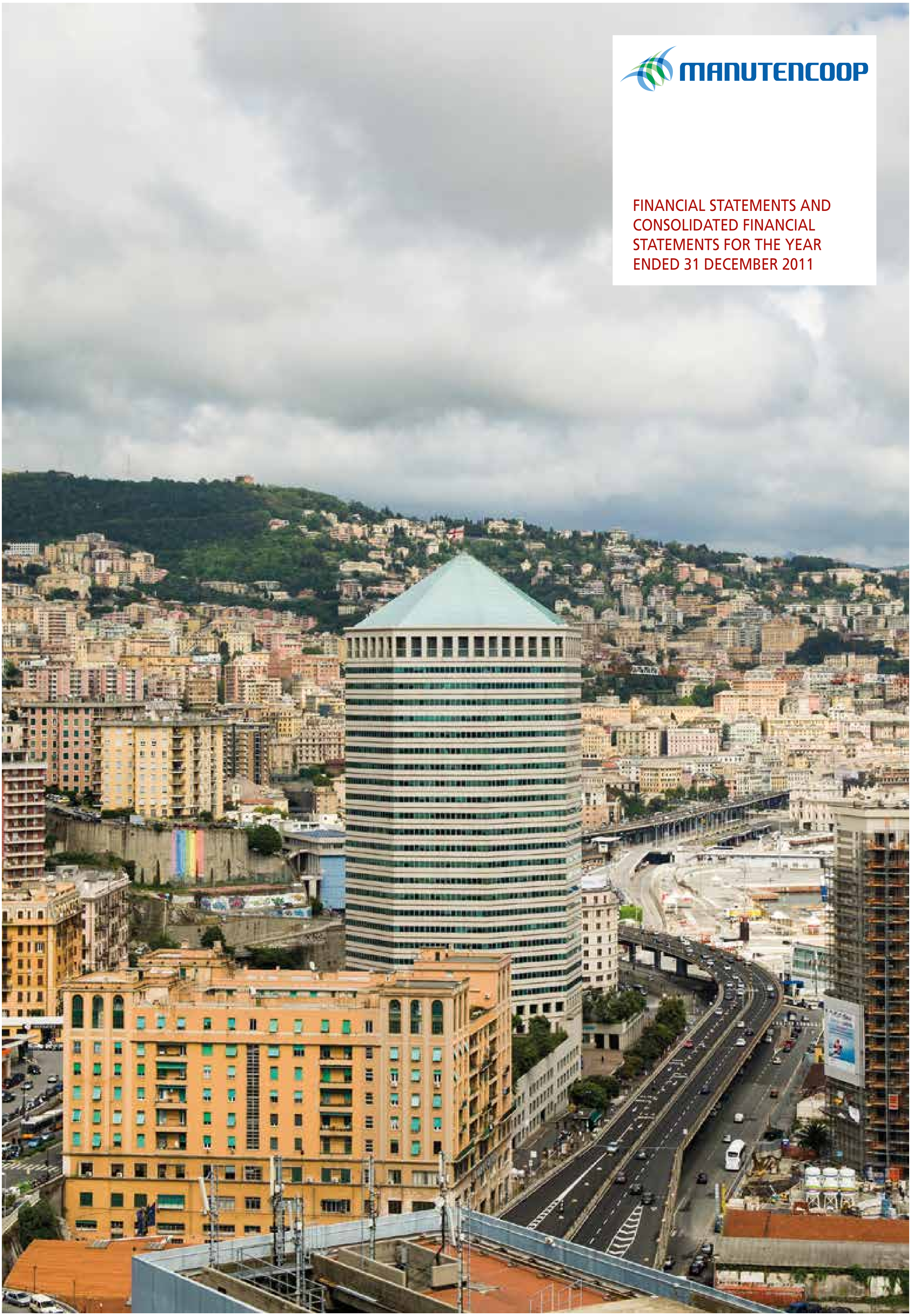

MANUTENCOOP

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

CONTENTS

GENERAL INFORMATION

CORPORATE OFFICERS

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

MANAGEMENT BOARD
APPOINTED BY THE SUPERVISORY BOARD
29.04.2011

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

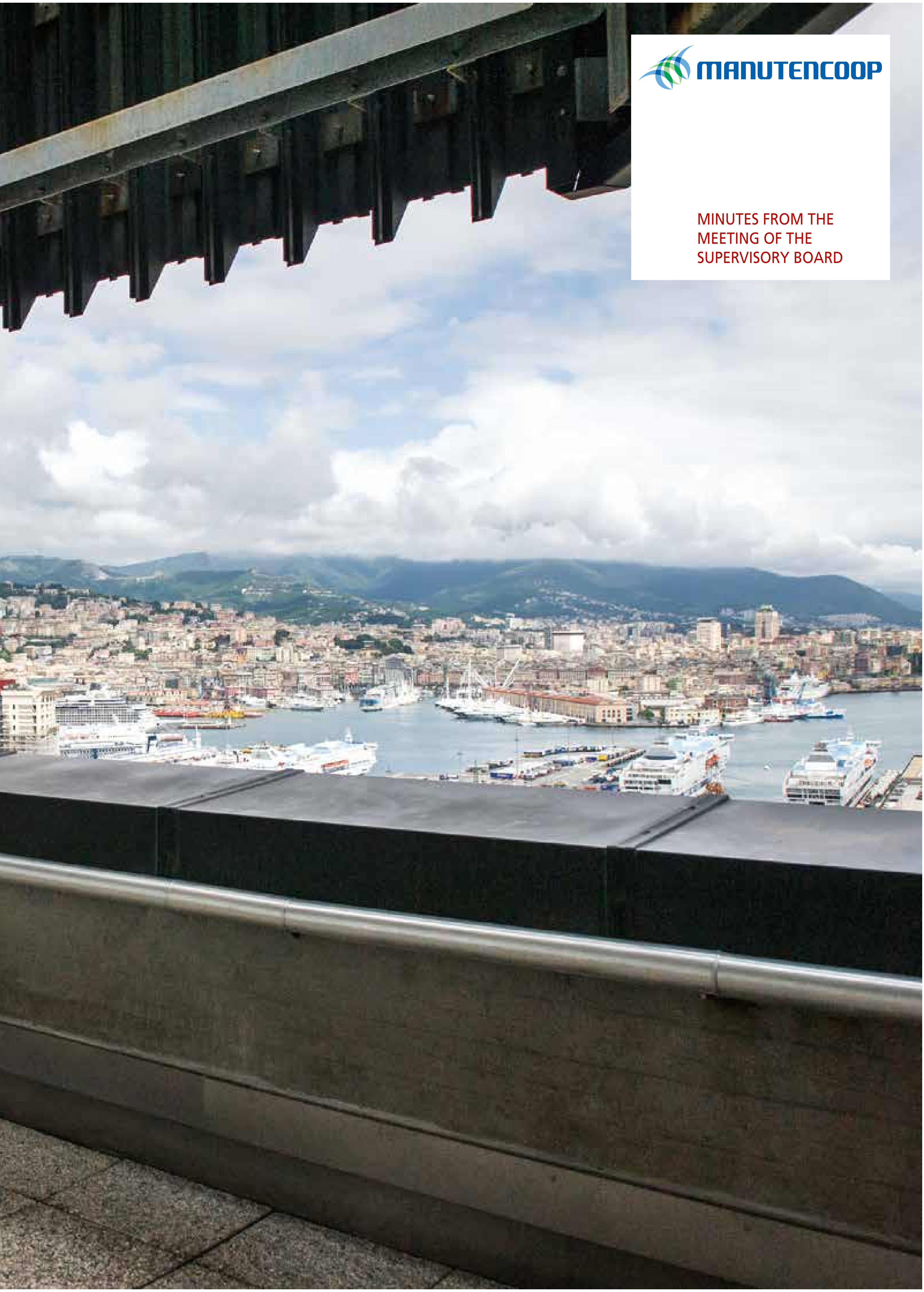
SUPERVISORY BOARD
APPOINTED BY THE SHAREHOLDERS' MEETING OF
29.04.2011

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.



MINUTES FROM THE MEETING OF THE SUPERVISORY BOARD

MINUTES FROM THE MEETING OF THE SUPERVISORY BOARD

At 15:30, later than the convocation time, on 12 April 2012, the meeting of the Supervisory Board of Manutencoop Facility Management S.p.A. was held.

The following were present at the registered office:
- Fabio Carpanelli (Chairman)
- Antonio Rizzi (Deputy Chairman)
- Stefano Caselli
- Roberto Chiusoli
- Massimiliano Marzo
- Massimo Scarafuggi
- Giovanni Toniolo

Pierluigi Stefanini took part in the meeting via audio link-up.
Guido Giuseppe Maria Corbetta was justifiably absent.
The Board resolves to permit the Head of Corporate Affairs, Claudio Bazzocchi, to participate in the meeting.
In accordance with the terms of the Articles of Association, Fabio Carpanelli assumes the Chair and, having acknowledged the attendances and verified the identity of the sole individual participating via audio conference, declares the quorum to have been established for resolving on the items

ON THE AGENDA

1. Minutes of the previous meeting;
2. Report of the Internal Control Committee on the outcome audit performed;
3. Financial statements and consolidated financial statements for the year ended 31.12.2011: inherent and subsequent resolutions;
4. Report of the Supervisory Board to the Shareholders' Meeting;
5. Other matters.

In relation to the link-up via audio conference, all participants in the meeting comply with the relevant statutory provisions.
Claudio Bazzocchi is called to perform the duties of Secretary.

Item 1 - Minutes of the previous meeting
The Board unanimously approves the transcript of the meeting of the meeting on 27 March 2012, sent previously to Directors.

JOINTLY DEALT WITH:

Item 2 - Report of the Internal Control Committee on the outcome of the activity carried out
Item 3 - Financial statements and consolidated financial statements for the year ended 31.12.2011: inherent and subsequent resolutions
Item 4 - Report of the Supervisory Board to the Shareholders' Meeting

The Supervisory Board, on proposal of the Chairman, consents to dealing jointly with items 2, 3 and 4 on the agenda.

The Chairman, Fabio Carpanelli, reminds the Supervisory Board that the financial statements and consolidated financial statements for the year ended 31.12.2011, drafted in compliance with the International Financial Reporting Standards (IFRS), were approved by the Management Board on 27.03.2012, and delivered to the Supervisory Board on the same date, via Massimo Scarafuggi, acting as Chairman of the Internal Control Committee, together with the Report on Operations.

These financial statements and consolidated financial statements were also presented to the Supervisory Board by the Managing Director Mauro Casagrande, in the meeting held on 27 March 2012.
Therefore, the Supervisory Board, at today's meeting, pursuant to art. 2409 - terdecies of the Italian Civil Code and art. 52, letter a) of the Articles of Association, is called to examine and approve the same.
In this regard, it is acknowledged that the Supervisory Board, in establishing its meeting schedule, waived the term of 30 days established in art. 2429 of the Civil Code for the communication, by the Management Board (Minutes reference of the Supervisory Board dated 27.01.12) of the financial statements.

Said waiver was also received by the Independent Accounting Auditors, which are reserved the same term of 30 days as the Supervisory Board for communication of the financial statements.
Therefore the Chairman, Fabio Carpanelli, opens the floor to the Chairman of the Internal Control Committee, Massimo Scarafuggi, who illustrates in detail the result of the audit carried out, summarised in the report drafted by the Internal Control Committee, of which a copy was delivered to all meeting participants and which is filed in the company's records.

The Chairman of the Internal Control Committee, given the audit assigned to the independent auditing firm, Reconta Ernst & Young S.p.A., also acknowledges that the reports to the financial statements and consolidated financial statements for the year ended 31 December 2011, in accordance with art. 2409 - ter of the Civil Code, issued on 11 April 2012 by said Independent auditing firm, do not highlight any irregularities.
On behalf of the Internal Control Committee, in consideration of the functions assigned to said Committee by its regulations, the Chairman, Massimo Scarafuggi, at the end of the activities illustrated in the aforementioned report, invites the Supervisory Board to approve the financial statements and consolidated financial statements for the year ended 31 December 2011, as presented by the Management Board.
He also invites the Supervisory Board to express a favourable judgment on the proposal for the allocation of profit formulated by the Management Board in the Report on Operations which is discussed further.

The Supervisory Board, having acknowledged the documentation and information available, upon completion of its checks, unanimously resolves to approve, pursuant to law and the Articles of Association, the financial statements and consolidated financial statements for the year ended 31 December 2011, accompanied by the Report of the Management Board and the associated annexes.
The Supervisory Board agrees with the proposal for the allocation of profit for the year to be presented to the Shareholders' Meeting.

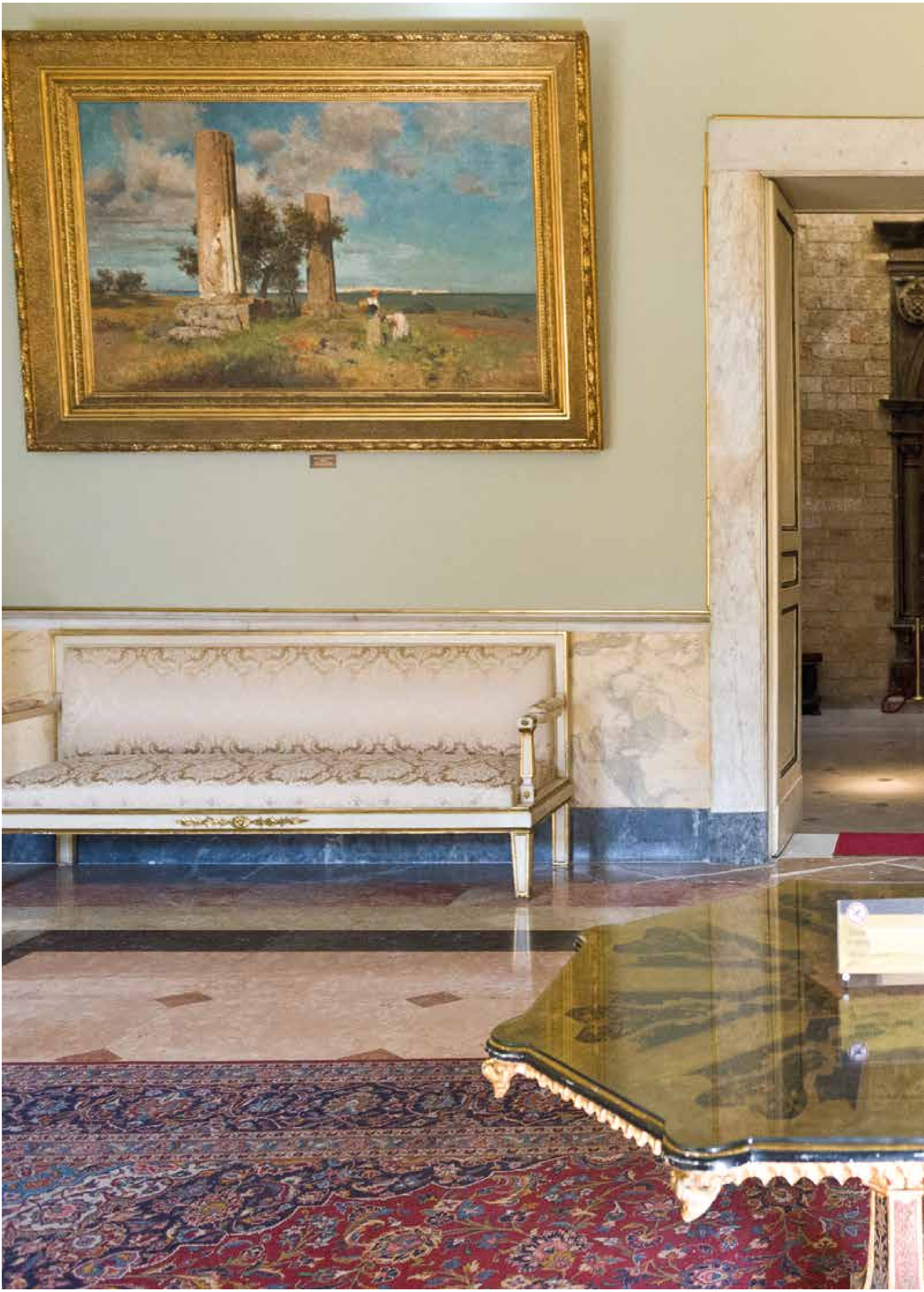
The Chairman of the Supervisory Board, Fabio Carpanelli, points out that, as envisaged by art. 52, letter h) of the Articles of Association, the Supervisory Board must draft a report for the Shareholders' Meeting.
Therefore he invites the Chairman of the Internal Control Committee, Massimo Scarafuggi, to illustrate the document prepared, of which a copy was delivered to all meeting participants.
The Supervisory Board, having acknowledged the documentation and information available, unanimously resolves to approve the Report of the Supervisory Board to the Shareholders' Meeting which is filed at the registered office for shareholders.

At the end, the Chairman of the Supervisory Board, Fabio Carpanelli, on behalf of the entire Board, thanks the Internal Control Committee for the work performed.

Item 5 - Other items

At the end of the discussion of the items on the agenda, with no other matters to resolve and no other participants having requested the floor, the Chairman declares the meeting concluded at 17:00, with prior drafting and approval of these minutes.

The Secretary	**The Chairman**
Claudio Bazzocchi	*Fabio Carpanelli*



REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2011

INTRODUCTION

Despite the presence of a macroeconomic and financial scenario characterised by the ongoing crisis which has lasted longer and been more profound than expected, in 2011, the Manutencoop Facility Management Group (the MFM Group or the Group) recorded increased profitability, a solid level of equity and a high degree of effectiveness of market activity, borne out by the acquisition of various new contracts.

Following the phase of huge development, characterised by the acquisitions in recent years, the Group managed to contain the effects of the adverse economic situation through, on one hand, the attempt to obtain synergies and cost savings and, on the other, restructuring or abandoning the areas of business hit hardest by the general crisis.

The actions undertaken have allowed the Group to reach the forecast profitability objectives even though the results achieved continue to be negatively affected by both the fall in *non-core* activities outsourced by customers in the private segment, which is reflected on volumes, and the increasingly longer delays in payment times from public and private customers, which has repercussions on working capital and, subsequently, liquidity requirements.

Also due to this reason, in compliance with art. 40 of Legislative Decree 127/91, the Report on Operations was presented in a single document.

The report contains an analysis of the Group's situation, performance and consolidated operating result, and a description of the main risks and uncertainties to which the Group is exposed, as well as other information required by art. 2428 of the Civil Code.

1. MACROECONOMIC AND MARKET SCENARIO

In a year characterised by a worsening in the sovereign debt crisis in Europe, the installation of a technical Government and, in the second half, strict financial measures targeted at lowering public debt, at the end of 2011, Italy registered a sharp decrease in GDP: growth stood at 0.4% against GDP which had increased by 1.4% in 2010.

In addition, in the fourth quarter, GDP fell by 0.7% on a monthly basis and 0.5% YoY. Therefore, the country finds itself in a technical recession, given that GDP fell for the second consecutive quarter (down by 0.2% in the third quarter).

However, the fall in production did not concern solely Italy. In the fourth quarter of 2011, GDP in the Euro zone and in the EU recorded another negative performance, down 0.3% compared to the previous quarter.[1]

As regards EU Member States, Eurostat confirms growth of 0.2% for France in the fourth quarter of 2011 and 2% YoY, while Germany registered a decrease of 0.2% in the October-December period, while GDP grew by 2% over the same period in 2010. In the fourth quarter of the year just closed, Spain recorded a decrease of 0.3% in GDP compared to the previous quarter, recording a 0.3% increase YoY.

In the same period, if we look beyond Euro zone borders, GDP increased by 0.7% on a quarterly basis in the United States and fell by 0.2% in the United Kingdom and 0.6% in Japan. By contrast, with respect to the fourth quarter of 2010, GDP rose by 1.6% in the US and 0.8% in the UK, while it fell by 1% in Japan.

1. Source: Eurostat - Flash estimate for the fourth quarter of 2011 (26/12), 15 February 2012.

In the year just ended, the Italian public debt situation was critical, increasing by € 55 billion in December 2011 from the end of 2010, up from € 1,842.856 billion in December 2010 to € 1,897.946 billion at the end of 2011. The 2.98% increase[2] and ratio of public debt to Italian GDP in December 2011 stood at between 119.5 and 120%.
The facility management market in Italy, a contributing factor to the economic crisis, despite the absence of accurate and up-to-date studies on the sector at present, seems to have suffered a slowdown to double-figure growth which has characterised recent years. However, the propensity to outsource non-core services has continued, especially in the public sector, in a relatively new market for Italy: in particular, the restrictions of the stability pact have reduced, especially for local authorities, the possibility of making the investments needed for the construction and maintenance of infrastructures and public services, forcing them to outsource to private companies. However, conversely, two trends that have characterised the industry in recent years have worsened. On one hand, the increasingly frequent use of the legal dispute by tender competitors with a considerable increase in the amount of time needed for the definitive award of the contract and increase in the associated legal expenses. On the other, longer delays in payments from the Public Administration: according to the Centro Studi di Confindustria (Confindustria Research Centre), in 2011, the average expected time for the payment of company invoices by the Public Administration rose to 180 days, resulting in severe cash-flow problems. In 2009, the average was 128 days. By contrast, payment times shortened in France (from 70 to 64) and Germany (from 40 to 35).

On the other hand, facility management in the private sector was affected more by the macroeconomic crisis: cases were recorded of companies re-insourcing services previously assigned to third parties and a general contraction in the duration of contracts was recorded which were often no more than short-term in nature. As regards the criteria for supplier selection, the general tendency to favour cost reduction, even to the detriment of quality and innovation, was consolidated.
Lastly, from a demand point of view, the market remains highly fragmented: the 10 biggest industry operators hold a market share of close to 13-14%. The Manutencoop Facility Management Group confirms its position as the leading Italian operator, in terms of turnover.

2. SIGNIFICANT FACTORS THAT CHARACTERISED THE 2011 FINANCIAL YEAR

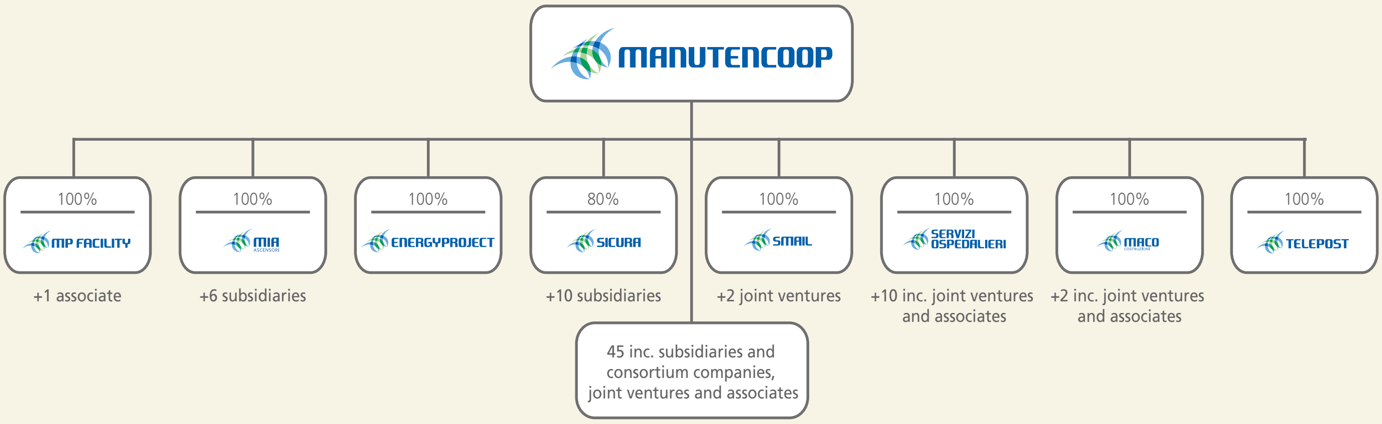
In 2011, continuing on with the actions undertaken in previous years targeted at achieving external growth, the Group's Management implemented some business combination and restructuring operations aimed at optimising the organisational structure and strengthening certain business sectors.

Within the domain of the corporate group relating to the sub-holding Gruppo Sicura S.r.l., all of the share capital of Stablum S.r.l. was acquired, a company active in the fire prevention and training sector and sale of accident prevention material in Lombardy. The company was then merged by incorporation into Sicura S.r.l.. A 10% stake in the share capital of Evimed S.r.l, held by Gruppo Sicura S.r.l., was also sold to a third party. The majority stake of 90% in share capital is held by subsidiary Leonardo S.r.l.. Evimed S.r.l. was created as a result of the partial demerger of the equity of said company Leonardo S.r.l., resolved in 2010 and specifically regarding the occupational medicine division.
The year also saw a continuation of the expansion of the national network for the provision of elevating system installation and maintenance services through the acquisition of small local entities by sub-holding MIA S.p.A.. Corporate acquisitions and contractual relations are geared towards entering new regional markets and strengthening the Group's position in existing markets, including by taking advantage of opportunities for synergies with other Group entities and insourcing services for elevating systems managed as part of the MFM Group's job orders.

2. Source: Bank of Italy – Supplement to the "Public Finances, Requirements and Debt" Statistical Bulletin (New series - Year XXII, Number 10), 15 February 2012.

A 49% stake in Lenzi S.p.A., with registered office in Bolzano, was acquired in 2011, active in the lift and goods lift construction, installation and maintenance market. The operation is part of a wider investment agreement which regulates the power of control over company activities between the parties and which could lead to the purchase of further stakes in said company in the near future. A 100% stake was also purchased in CMA Pentade S.r.l., active in Piedmont, and an 80% stake in Unilift S.r.l., active in Veneto, both operating in the lift and goods lift maintenance and installation market. June then saw the completion of the purchase of a 75% stake in the share capital of Nettuno Ascensori S.r.l., with registered office in Calderara di Reno (BO). Lastly, during the year, Monti S.p.A. sold to MIA S.p.A. contracts relating to its plants, located in the Lombardy area.
In 2011, the Parent Company also acquired all the share capital of Telepost S.p.A., a company providing internal mailing services for the Telecom Italia Group.

Also as a result of the business combinations described, the MFM Group's corporate structure as at 31 December 2011 was as follows:



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

Agreement for the acquisition of shareholdings in previous years

In September 2011, the Parent Company MFM S.p.A., Intesa San Paolo S.p.A. and Prelios S.p.A. signed a settlement agreement regarding certain disputes raised between the parties in relation to requests for compensation presented by MFM as acquirer of the 100% stake in Pirelli RE Integrated Facility B.V..
The Dutch company, which then became Integra IFM B.V., was the holding of the group of companies operating mainly in the private segment of the national facility management market, acquired at the end of 2008 and founded by the companies Altair IFM S.p.A. (formerly Pirelli RE IFM S.p.A.) and its investee companies, including Gestin Facility S.p.A. (formerly Ingest Facility S.p.A.). The above-mentioned companies were merged by incorporation into MFM, following the major corporate restructuring implemented by the Group in 2010.
By means of the settlement agreement signed on 16 September 2011, the transferring parties are obliged to pay a total sum of € 6 million to MFM in the form of the partial repayment of the purchase price and to close all current and future disputes regarding the aforementioned transfer.

Non-recourse factoring of trade receivables

On 27 September, Parent Company MFM S.p.A. and MP Facility S.p.A. concluded the non-recourse factoring of trade receivables with Banca IMI, Gruppo Intesa Sanpaolo, pursuant to Law 52 of 21 February 1991, for a total amount of € 100 million, which can be increased to € 140 million. The operation allowed the full *derecognition* of receivables in the financial statements, in line with IAS/IFRS, and was structured on

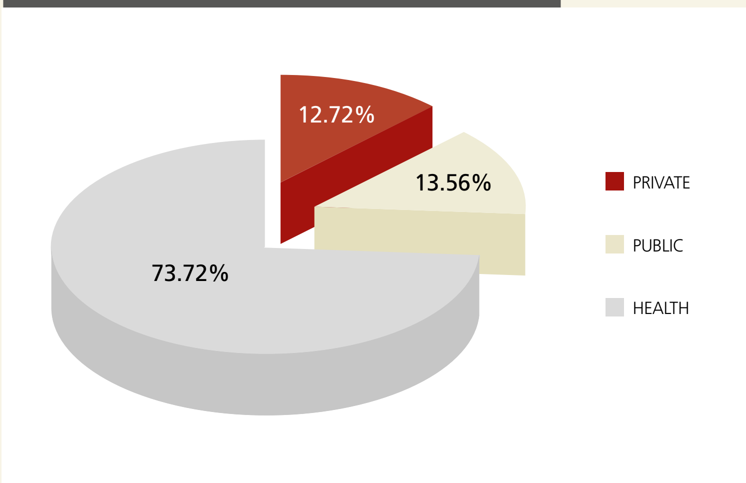
a *revolving* quarterly basis, with a duration of five years. The transfers of the receivables are expected in February, May, August, November, with the exception of the first one, carried out on 30 September.
The object of the transfer involves receivables that the two companies are owed from public and private customers. Periodic presentations must comply with the contractual criteria relating to the mix of public/private customers transferred and the respective geographic areas.
As at 31 December 2011, the receivables transferred to Banca IMI and recorded off-balance sheet stood at € 56.8 million.

3. COMMERCIAL DEVELOPMENT

In 2011, the Group's commercial activities were focused on domestic market opportunities, which consolidated the company's position of leadership
The reference markets remain Public Authorities and Health. In fact, in line with the previous years, a decrease was recorded in sales opportunities in the large private customer sector, where significant restructuring operations involving national corporate Groups often led to the insourcing of some services previously assigned to third parties or a decrease in average margins in the sector as a result of the downward trend in guaranteed contractual payments. In this sense, the MFM Group saw the elimination of the customer FIAT from its commercial portfolio at the end of 2010, one of the main customers in the private segment, also extending to coverage of European areas (France and Poland).
Newly acquired job orders and renewed job orders already in the portfolio led to the commercial development of the Group, recording a total contractual value of around € 968 million, of which € 155 million will contribute to the Group's economic results in 2012. A total of € 532 million of this total refers to new awards of contracts.

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

CONTRACTS ACQUIRED BY TYPE OF CUSTOMER

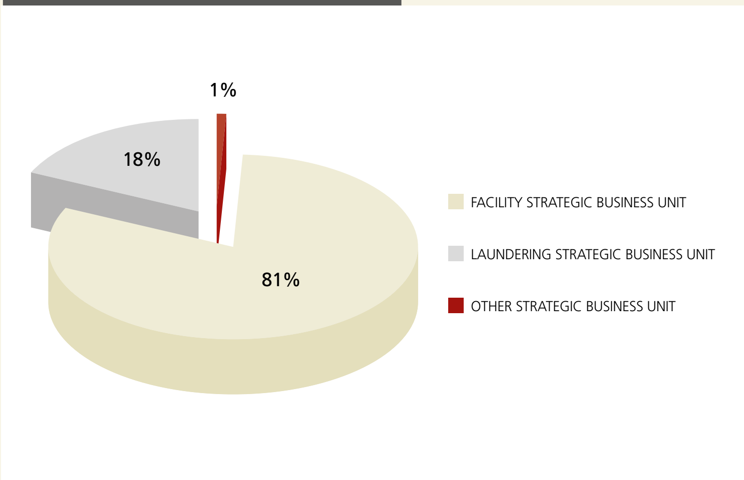


We'd like to point out that the health customer portfolio was enriched in 2011 by two long-term *project-financing* contracts involving the management of technology and energy systems and the management of *non-core* services (mainly linen rental and industrial laundering and cleaning) as part of the agreements signed respectively with Azienda Ospedaliera Universitaria Sant'Orsola – Malpighi di Bologna (long-term value of € 177 million) and Azienda Ospedaliera Universitaria Integrata di Verona (long-term value of € 133 million).
Net of these important projects, the long-term value of the purchase came to € 658 million, of which € 148 million with direct benefits in the next year.
Purchases in the private market remain in line with the previous years in absolute terms (€ 126 million compared to € 129 million in 2010), even though the incidence of the total fell in favour of other markets, particularly Health.

This is directly correlated to the aforementioned exit from the portfolio of job orders of the FIAT Group (and relating to the related commercial development), as a result of the internal restructuring of the Group and general inclination of the major private groups throughout the country to reducing internal management costs and streamlining their organisational structures.
In respect of this, awarding contracts to third parties in the Public and Health segment still remain a valid tool which local administrations and hospital and university authorities can leverage to best manage their costs, obtaining more efficient solutions and more streamlined and flexible structures for their *non-core* activities.
An assessment of the acquisitions of job orders in terms of SBU ("Strategic Business Unit"), shows that *Facility Management* acquired job orders totalling € 784 million (of which € 246 million relating to project-financing concessions and € 33 million relating to so-called "network customers"), *Laundering & Sterilisation* (relating almost completely to the company Servizi Ospedalieri) for € 170 million and other secondary activities amounting to € 14 million.

The composition by type of job order in terms of SBU is summarised as follows:

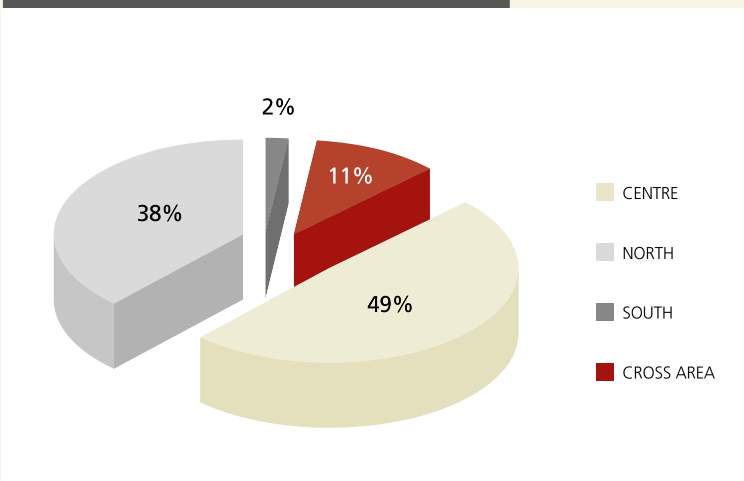
CONTRACTS ACQUIRED BY SBU



The average duration of the job orders in the private portfolio is a little below that of the previous year (1.7 years compared to 1.8 years in 2010) while the average contractual durations for public customers and Health customers remain essentially unchanged, at 3.1 and 4.9 years respectively. In the latter case, excluding the effect of project-financing concession contracts, the average duration stood at around 4.1 years.

The composition of acquisitions by geographic area is shown below:

CONTRACTS ACQUIRED BY REFERENCE UNIT



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

Facility Management SBU

- Acquisition of maintenance services at a Hospital in Veneto for a total amount of € 56.5 million for a duration of 9 years.
- In the Health segment, acquisition of cleaning activities in Veneto for a total amount of roughly € 36.8 million and a duration of 6 years.
- Awarding of the contract for maintenance and cleaning services in the Tuscany area for a total amount of roughly € 63.9 million and an average duration of around 5 years.
- Renewal of the contract for maintenance services at an important University Institute in Lazio for a total amount of € 20 million for a duration of 9 years.
- Awarding of a multi-services contract for a total amount of € 24.4 million and an average duration of 5 years in the Marches region.
- Awarding of a contract for maintenance services to be provided in Lombardy to a Hospital, amounting to € 21.9 million, for a duration of 5 years in accordance with the Consip agreements.

Also worthy of note is the aforementioned acquisition by MFM S.p.A. of the *project-financing* contract with Azienda Ospedaliera S.Orsola-Malpighi (S.Orsola-Malpighi Hospital) in Bologna, regarding the design, construction and management of new technological systems and the administration of energy services, for a duration of 23.5 years and a total value of € 177 million. This is also augmented by the re-awarding, with an expansion of the activities provided, following the participation in the ATI (temporary association of companies) awarded the project-financing concerning hygiene services at the Integrated University Hospital in Verona, for a long-term value of € 133 million and a duration of 18.5 years, effective from February 2013.

Laundering & Sterilisation SBU

- Re-awarding of linen rental and industrial laundering services and sterilisation of surgical instruments in health care facilities located in the Tuscany area for a total amount of roughly € 48.6 million and an average duration of 4 years.
- Re-awarding of linen rental and industrial laundering services in health care facilities located in the Emilia Romagna area for a total amount of roughly € 18.8 million and an average duration of 3 years.
- Re-awarding of the service contract for the sterilisation of surgical instruments in the Lazio area for a period of 5 years, for a total payment of € 7.1 million.
- Acquisition of the linen rental and industrial laundering service in the Lombardy area for a period of 6 years, for a total payment of € 6.8 million.

Also worthy of note is the re-awarding by Servizi Ospedalieri S.p.A. of the linen rental and industrial laundering service for the Integrated University Hospital in Verona, as part of the temporary association of companies that ensured the awarding of the associated project-financing contract for a duration of 16 years (effective from July 2015) and a total value of € 46 million.

The main job orders acquired in 2011 in the private customer market are as follows:

Facility Management SBU

- Re-awarding of the cleaning services at an important large-scale retail company for a total amount of € 19 million for a duration of 3 years.
- Renewal of a global service contract with a leading international telephone operator for € 12.6 million and a duration of 5 years.
- Renewal of a global service contract at the offices of a Piedmont-based Real Estate Fund, for a contractual amount of € 10.3 million for 3 years.

- Acquisition of a global service contract with IT service companies for € 8.1 million and a duration of 5 years.
- Acquisition of property management consultancy services to be provided to an important national banking Group for an amount of € 7.4 million for 23 years.

Other SBU

- Acquisition of a service contract for the execution of building works at an Emilia-based industrial Group for a consideration of € 5.5 million and an estimated duration of 1.6 years.
- Acquisition of a contract for the construction of the new underground car park by a Bologna-based multi-utility company for an amount of € 1.9 million and a duration of 1 year.

Commercial activities developed in the first few months of 2012

In the first few months of 2012, the Group already obtained some interesting results in terms of the commercial development plan, on the basis of the tenders in which it participated in 2011.
As regards the Facility Management SBU, we'd like to point out the awarding of the contract for maintenance services at the Provincial Health Care Facility of Catania and the global service contract in the Municipality of Perugia.
As regards the Laundering & Sterilisation SBU, linen rental and industrial laundering services were re-awarded for the Local Health Authority of Pescara and for the Local Health Authority of Ravenna.
Lastly, in the private market, contracts were signed again for hygiene services at UGF Assicurazioni and at the Admenta Italia S.p.A. Group. (Municipal Pharmacies).

4. ANALYSIS OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION IN 2011

4.1 Consolidated economic results

The main profit data relating to the year ended 31 December 2011 are shown below, as well as a comparison with the data from the same period in the previous year.

(in thousands of Euro)	Year ended 31 December			
	2011	**2010**	**Change Euro/000**	**Change %**
Revenues	1,068,753	1,139,091	(70,338)	-6.2%
Costs of production	(945,013)	(1,024,582)	79,569	-7.8%
EBITDA (1)	**123,740**	**114,509**	**9,231**	**+8.1%**
EBITDA %	**11.6%**	**10.1%**	**-13.1%**	**+1.5%**
Amortisation/depreciation, write-downs and write-backs of assets	(37,732)	(40,942)	3,210	-7.8%
Allocations to provisions for risks, transfer of provisions	(18,378)	(26,353)	7,975	-30.3%
EBIT	**67,630**	**47,214**	**20,416**	**+43.2%**
EBIT %	**6.3%**	**4.1%**	**-29.0%**	**+2.2%**
Revaluation/(write-downs) of associates valued using the equity method	1,426	1,194	232	+19.4%
Net financial charges	(23,192)	(14,038)	(9,154)	+65.2%
Pre-tax profit/loss	**45,864**	**34,370**	**11,494**	**+33.4%**
Pre-tax profit/loss %	**4.3%**	**3.0%**	**-16.3%**	**+1.3%**
Income taxes	(33,408)	(26,293)	(7,115)	+27.1%
Income from continuing operations	**12,456**	**8,077**	**4,379**	**+54.2%**
Income from discontinued operations	(227)	(200)	(27)	+13.5%
NET PROFIT	**12,229**	**7,877**	**4,352**	**+55.2%**
NET PROFIT %	**1.1%**	**0.7%**	**-6.2%**	**+0.5%**
Minority interests	(1,105)	(134)	(971)	+724.6%
GROUP NET PROFIT	**11,124**	**7,743**	**3,381**	**+43.7%**
GROUP NET PROFIT %	**1.0%**	**0.7%**	**-4.8%**	**+0.4%**

Revenues

MFM Group revenues for 2011 stood at € 1,068.8 million, marking a reduction of € 70.3 million in absolute terms (-6.2%) over the previous year.

However, the trend in turnover should be viewed against the backdrop of significant external factors which affected the Group's performance.

In the first place, in 2011 the Group recorded lower revenues from Private customers amounting to € 96 million, as a result of the termination of the facility management contract with the FIAT Group at the end of 2010. As a result of significant internal customer restructuring and a change of strategy regarding the management of the non-core activities at its offices and facilities, said activities and the associated business units were reduced, in accordance with specific contractual agreements. Therefore, net of said significant component, Group revenues (based on a homogeneous perimeter of activity) would register an increase in absolute terms of around € 26 million in 2011 (up 2.5%).

In addition, in 2011, together with natural growth relating to its commercial and development activities, the Group implemented measures to achieve growth by external means, especially in the so-called "specialist

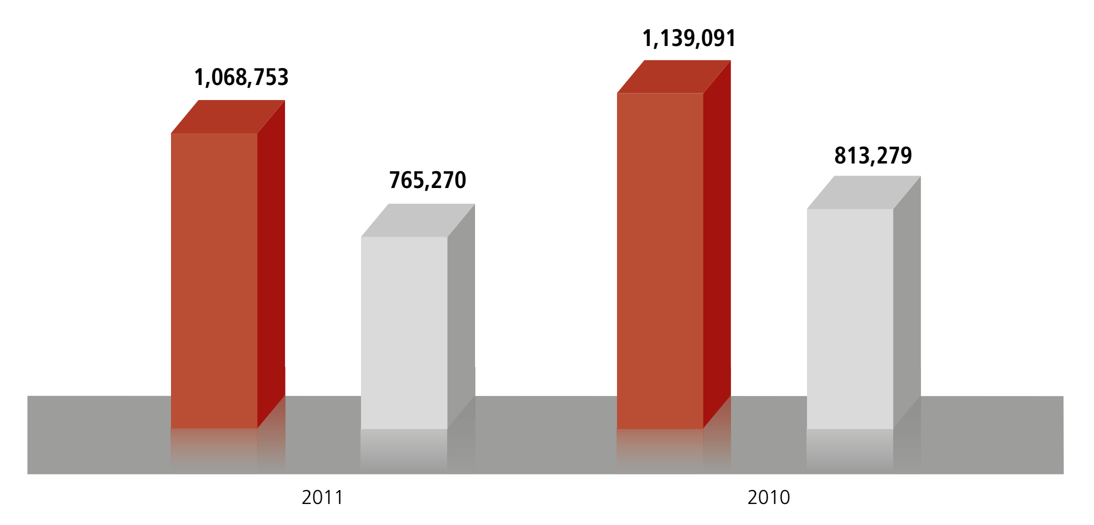
(1) EBITDA represents the operating profit (loss) before allocations to the provisions for risks, transfer of provisions and amortisation/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the company's management to monitor and assess its operating performance and it is 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.

services" segment, concerning a number of acquisitions of majority stakes, especially relating to sub-holding MIA S.p.A.. These acquisitions contributed around € 9 million to Group revenues. These acquisitions were augmented by mailing service revenues contributed to the Group by the acquisition of all of Telepost S.p.A.'s share capital by Manutencoop Facility Management S.p.A., which took place in the last quarter of the year, for around € 3 million.

Therefore, excluding acquisitions in the year, the Group would have generated revenues of € 1,056.8 million, with a net increase of € 13.6 million (+1.3%) in absolute terms compared to 2010, based on an unchanged perimeter of activity.

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

PARENT COMPANY CONTRIBUTION TO CONSOLIDATED REVENUES



The observations made regarding the trend in consolidated revenues, commercial development and the corporate changes of the Group also directly apply to the Parent Company MFM. In fact, the Group is structured around its Parent Company, in which the main facility management activities were centralised and developed in the past, which are now coupled with more specialist and industry-based activities carried out at investee companies.

Analysis of revenues by business sector

A comparison of Group revenues by business sector in 2010 and 2011 is provided below.

The business sectors were identified on the basis of IFRS 8 (international accounting standard) and correspond to the following business areas: "*Facility Management*", "*Laundering & Sterilisation*" and Complementary Activities (so-called "*Other*").

SECTOR REVENUES

(in thousands of Euro)	2011	% of total revenues	2010	% of total revenues
Facility Management	916,081	85.71%	963,581	84.59%
Laundering & Sterilisation	128,013	11.98%	121,511	10.67%
Other	27,127	2.54%	57,436	5.04%
Cancellations	(2,468)	-0.23%	(3,438)	-0.30%
TOTAL	**1,068,753**	**100%**	**1,139,090**	**100%**

Revenues in the *Facility Management* sector amounted to € 916.1 million in 2011, marking a decrease of € 47.5 million compared to the previous year.
As described in detail, the sector was affected by the loss of FIAT job orders from the portfolio at the end of 2010. These job orders, as you can see, contributed € 96 million to revenues in 2010. Excluding this effect, sector revenues would register an increase of € 48.4 million (up 5.6%) in 2011, of which € 12 million attributable, as mentioned, to the new acquisitions in the year (both Telepost S.p.A. and the subsidiaries of the MIA Group and the Sicura Group relate to the Facility Management SBU. Net of these, the natural growth in the sector would amount to € 36.4 million (+4.2%).
In 2011 the job order for the management of the Sant' Anna di Como Hospital was fully operational for the entire year, whose project agreement, reached at the end of the phase of construction in 2010, contributed revenues of € 14.6 million to the sector (€ 5.6 million in 2010).

The *Laundering & Sterilisation* sector, which mainly includes the revenues of the companies Servizi Ospedalieri S.p.A. and AMG S.r.l., generated revenues of € 128 million in 2011, marking an increase of € 6.5 million compared to 2010. The increase of 5.4% is due entirely to the natural growth of the SBU.

The *other activities* represent minor activities for the Group, comprised of construction activities and *project & energy management activities*, provided mostly in the form of support activities for other sectors (especially the *facility management* sector), and require business management methods that differ greatly from those in the other SBUs.
In 2011, the sector in question generated a total of € 27.1 million in revenues, marking a reduction of € 30.3 million compared to 2010.
It is important to point out that the subsidiary Energy Project S.r.l. is assessing a potential disposal of the *project management* and *building management property* job orders, also as a result of the crisis that has struck the property sector and the main customers. For this reason, the company launched a restructuring plan in 2011.

EBITDA and EBIT

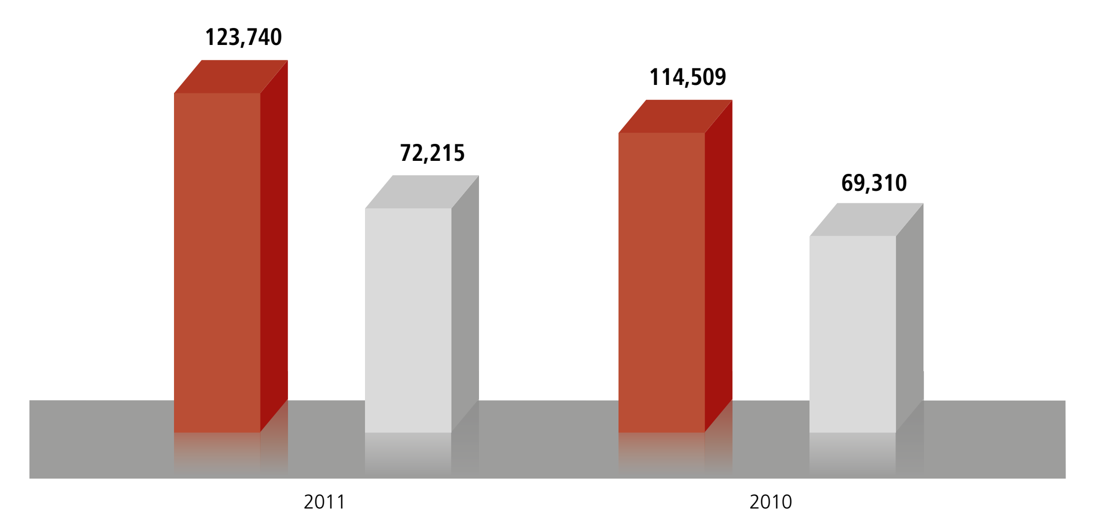
EBITDA

Group EBITDA totalled € 123.8 million in 2011, a net increase of € 9.2 million (up 8.1%), compared to € 114.5 million in the previous year.
The positive result is even better if we take into account that EBITDA lacked the contribution from activities previously carried out with the customer FIAT, which stood at € 10.1 million in 2010. The contribution of acquisitions in the year should also be considered, amounting to € 0.9 million, net of intercompany services provided.
The significant profits achieved were positively impacted by the effects of the restructuring and rationalisation activities implemented by the Group in previous years and still in the course of being completed, which started to produce their effects by bringing benefits for the Group in terms of the reduction of costs.
In fact, the associated profits increased from 10.1% to 11.6% of revenues, also affected by a different composition of the job order portfolio. In fact, although on one hand, the exit of FIAT from the customer portfolio had a significant impact, on the other, it registered lower average profits than those of the Group and, in particular, the integrated service job orders. On the other hand, the latter have more of an impact on the proposal for extraordinary operations and different volumes of on-demand activities, and, therefore, on profits that best absorb fixed company costs.
The Group also fully implemented the multi-service job orders as part of the project-financing contracts which, following the completion of the start-up phase, are starting to generate profits.
This is also coupled with the successful actions of some Group companies that delivered particularly significant results, especially in the so-called "network" private customer segment (banks and large chains,

in particular in the subsidiary MP Facility S.p.A.) and in the specialist fire prevention services and elevating system maintenance sectors, which constitute new and more challenging areas of commercial expansion for the Group.

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

PARENT COMPANY CONTRIBUTION TO CONSOLIDATED EBITDA



As shown by the final data of the last two financial years, the Parent Company guarantees the Group a sizeable portion of the consolidated results, internally developing management and administrative structures, with a view to insourcing technical services and traditional business work, plus more specialist and innovative services provided by other Group companies.

Non-recurring events and transactions in the period

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

The Group incurred non-recurring costs in 2011 for:

- voluntary redundancy and mobility schemes for € 1,897 thousand, higher than the amount set out in the company restructuring plans launched by the Group companies and reflected in the financial statements in previous years. In respect of these, in 2010, costs of € 1,063 thousand were incurred, added to € 797 thousand in restructuring costs, linked to consultancy regarding the new structure adopted by the Group.
- costs of consultancy of € 911 thousand, targeted at the integration and upgrading of information systems as a result of significant business combinations implemented over recent years. In 2010, these projects involved costs of € 1,264 for the Group.
- costs of M&A for potential acquisitions by Group companies of major national and international businesses (due diligence, advisory and consultancy) amounting to € 1,576 thousand (€ 627 thousand as at 31 December 2010).
- costs due to the early termination of rental agreements on Group company offices no longer operational, as a result of the already mentioned restructuring of the company and its production facilities, totalling € 744 thousand.

- up-front *costs* (accounting, legal and notary consultancy) amounting to € 803 thousand and *credit discount* costs on transfers in 2011 amounting to € 481 thousand, linked to the contract for the securitisation of receivables signed in the year with Banca IMI by MP Facility S.p.A. and MFM S.p.A. for a duration of 5 years.

Net of said costs, EBITDA in the year would total € 130,154 thousand.

Analysis of EBITDA by operating sector.

The table below shows a comparison of EBITDA by operating sector in 2011 with the values recorded in 2010:

SECTOR EBITDA

(in thousands of Euro)	2011	% of revenues of the sector	2010	% of revenues of the sector
Facility Management	94,130	10.28%	85,810	8.91%
Laundering & Sterilisation	31,561	24.65%	30,181	24.84%
Other	(1,949)	-7.18%	(1,481)	-2.58%
TOTAL	**123,741**	**11.58%**	**114,509**	**10.05%**

A positive result was recorded in the *facility management* sector in terms of the profit margin (up € 8.4 million in absolute terms, with a recovery of 1.4% in terms of the relative profit margin). Excluding the contribution of the FIAT job orders in 2010, the increase recorded is even more significant (up € 18.4 million and an increase in the relative profit margin of 1.6%); this was also due to an increase in the average profit margin of job orders compared to previous years.

By contrast, the contribution of new acquisitions came to € 0.9 million.

Lastly, the corporate reorganisation and restructuring operations implemented starting in 2009 concerned almost exclusively the *facility management* SBU, which is now seeing the benefits in terms of synergies and operational efficiency.

The *Laundering & Sterilisation* sector also contributed to the increase in EBITDA in absolute terms (up € 1.4 million), even if it recorded a slight decrease in the average profit margin in relative terms (down -0.18%).

By contrast, other activities (*Other* sector) closed 2011 with a negative EBITDA of € 1.9 million, a worse result than the previous year (down € 0.5 million). The result reflects, in particular, the significant difficulties encountered by Project&Energy management which, based on the reduction in volumes resulting from the lack of photovoltaic development, could not cover its structural costs.

EBIT

EBIT also recorded a solid performance, standing at € 67.6 million in 2011 (equal to 6.3% of revenues), compared to € 47.2 million (equal to 4.1% of revenues) in 2010.

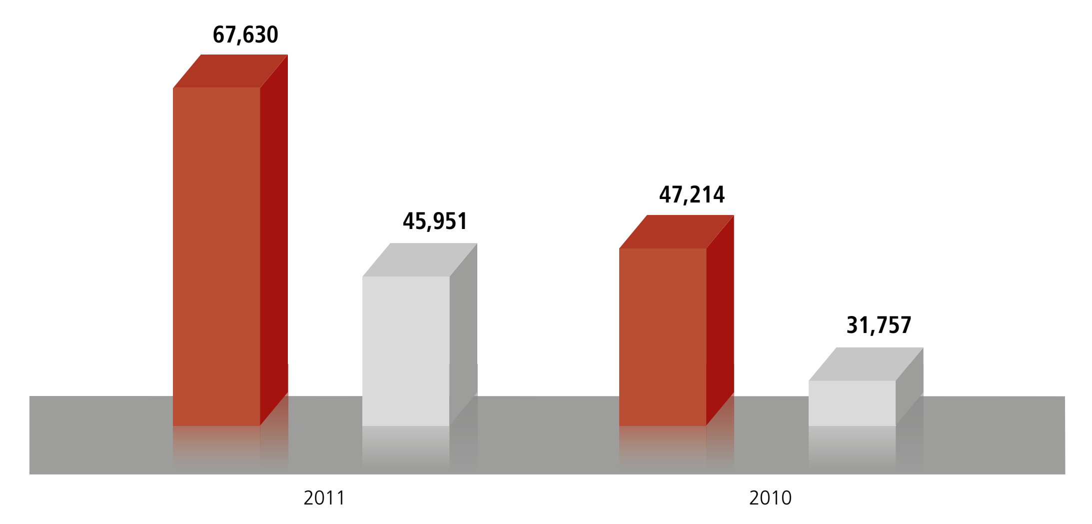
In this regard, it should be noted that the item amortisation, depreciation, write-downs and write-backs of assets fell by € 3.4 million compared to the previous year, the net effect of contrasting factors. In fact, lower write-downs of receivables were recorded compared to the previous year, net of transfers of provisions recorded in previous years amounting to € 2.5 million, in the face of quite a critical market situation, where some private customers, including large customers, are still experiencing some financial tensions.

Furthermore, in the previous year, impairment of € 2 million was recorded on "contractual relations", recorded as intangible assets acquired as part of business combinations, and carried at *fair value* as a result of a *Purchase Price Allocation* process, linked to the SEC (Heat Management) business unit.

Lastly, lower provisions for risks and future charges were recorded, net of transfers in the period, amounting to € 8 million. These provisions constitute the valuation of risks connected with the closure of particular commercial transactions (such as, in 2010, the closure of the transaction for the retrocession of the business unit to the FIAT Group) and specific risks linked to production job orders or ongoing legal cases with customers, suppliers or employees. Finally, the item includes the provisions some Group companies have deemed necessary as regards internal restructuring processes, with a view to streamlining and reorganising production resources. These allocations amounted to € 16.5 million in 2010 (made by the companies MP Facility S.p.A. and MFM S.p.A.) and € 12.2 million in 2011 (made by companies Telepost S.p.A. and Energy Project S.p.A.).

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

PARENT COMPANY'S CONTRIBUTION TO CONSOLIDATED EBIT



Analysis of EBIT by business sector

A comparison of EBIT by sector in 2011 with the values recorded in 2010 is shown below:

SECTOR EBIT

(in thousands of Euro)	**2011**	**% of revenues of the sector**	**2010**	**% of revenues of the sector**
Facility Management	61,385	6.70%	39,032	4.05%
Laundering & Sterilisation	13,308	10.40%	13,310	10.95%
Other	(7,062)	-26.03%	(5,128)	-8.93%
TOTAL	**67,631**	**6.33%**	**47,214**	**4.14%**

The Group's EBIT was significantly affected by the performance of the Facility Management sector, which contributed to EBIT with an increase of € 22.4 million (up 57.27%).
The sector, as described in detail, saw significant reorganisational operations in previous years (business combinations and restructuring), which involved the recognition of considerable costs in the financial statements in terms of provisions and write-downs.

As regards EBIT in the *Laundering & Sterilisation* sector, the figures were in line with the previous year, recording a slight decrease in relative terms (down 0.6%) as a result of the increase of around € 1 million in amortisation, due mainly to the investments that Servizi Ospedalieri made over the last two years in the sterilisation business.
As regards the *Other* SBU, a higher negative result of € 1.9 million was recorded compared to the previous year, a result of the provisions and write-downs deemed necessary in the year, in view of the plan for the restructuring and reconversion of activities already mentioned previously.

Pre-tax profit/loss

EBIT is augmented by net income from the revaluation of companies valued using the equity method, amounting to € 1.4 million, compared to € 1.2 million in the previous year, less net financial charges of € 23.2 million (€ 14.1 million in 2010), thus generating a pre-tax result of € 45.9 million in 2011, marking an increase of € 11.5 million (up 33.4%) compared to the previous year.
Net income from equity investments valued according to the equity method reflect, among other things, the income for the year of associate (45.47% owned) Roma Multiservizi S.p.A., whose comprehensive income was almost unchanged with respect to the previous year, registering a pro-quota Group result of € 1.2 million as at 31 December 2011 (€ 1.4 million as at 31 December 2010).
Net financial charges increased by € 9.2 million compared to the previous year: the trend in market interest rates led to an increase in these in 2011, with a subsequent rise in the average cost of borrowing from banks. However, it should be noted that the item includes the financial costs of the transfers of receivables amounting to € 9.4 million, of which € 5.4 million to Banca IMI in the form of *interest discount* on the first transfers made. A portion of the latter, totalling roughly € 4 million, have non-recurring elements given that:

> on one hand, they are calculated in proportion to the amount of initial transfers, effected for the entire maximum made available;
> on the other, the contract requires, with the first transfer, the remuneration of credit protection instruments (so-called "*junior notes*") to be calculated in accordance with a period of 33 months rather than a period of 3 months as with previous transfers. The higher cost will be recovered at the end of the contract.

Lastly, a capital gain of € 1.23 was recorded, generated by subsidiary Servizi Ospedalieri S.p.A., relating to the sale of a non-strategic equity investment held in the company ZBM S.r.l.

Profit in the year

Taxes amounting to € 33.4 million are deducted from the pre-tax profit (loss) for 2011, with a tax rate of 72.8% applicable at consolidated level, showing a net profit for the year deriving from continuing operations of € 12.4 million, marking an increase of € 4.3 million (up 52.9%) compared to the result in 2010.
The tax rate in the year fell by 4.8% compared to the previous year (76.5%). In this regard the lower incidence of IRAP (regional business tax) on the pre-tax profit is significant which, as stated, recorded a significant increase. In fact, the effect of IRAP is mainly a result of a taxable base which did not change considerably. The main component, in Group companies, is the cost of labour, which varies in a less than proportionate manner with respect to the overall taxable base.

Lastly, it should be noted that on 3 August 2011, the Italian Inland Revenue - Central Legislative Department - responded to the request for a ruling submitted by the subsidiary MFM S.p.A. on 21 July 2009, in which the latter requested the non-application, pursuant to art. 37-bis, paragraph 8 of Presidential Decree no. 600 of 1973, of the provisions set forth in art. 172, paragraph 7 of the TUIR (Italian Consolidated Law on Income Tax) governing the possibility of carrying forward interest expenses resulting from mergers. In particular, the Tax Office recognised the company's right to use the interest expenses that could be carried forward as at 31 December 2009 by companies incorporated during the course of 2010. Therefore, in Mod. Unico 2011 SC (tax form), relating to the 2010 tax year, the company deducted part of the aforementioned interest expenses up to the limits of the Gross Operating Profit in the year, carrying forward the deduction of the residual amount to subsequent years. The above-mentioned operation involved a significant benefit in terms of the tax charge in 2011, owing to the recognition of lower current IRES taxes in the previous year amounting to € 1.0 million and the recording of prepaid taxes accrued in the previous year totalling € 0.9 million.

As at 31 December 2011, negative income from discontinued operations of € 227 thousand was recorded separately, represented by the capital gain generated by the sale of the 50% stake held in Altair Zander S.r.l. (€ 6 thousand), the capital gain (€ 10 thousand) realised following adjustments agreed following the sale of investee company Altair France at the end of 2011, by contractual compensation paid to the acquirer of the shareholding in associate Progetto Nuovo S.Anna S.r.l., sold by Manutencoop Facility Management S.p.A. in the previous year (€ 238 thousand) and losses resulting from the winding up of some consortia no longer operational (€ 5 thousand).

Finally, the consolidated income statement posted net income pertaining to the Group of € 11.1 million, compared to € 7.7 million in the previous year, marking an increase of € 3.4 million (up 43.7%).

4.2 Analysis of the financial position as at 31 December 2011 and 31 December 2010

Information on the performance of the main equity and financial indicators of the Group as at 31 December 2011 is shown below, compared with the figures for year ended 31 December 2010.

(in thousands of Euro)	**31 December 2011**	**31 December 2010**	**Variation**
LOANS			
Trade receivables	682,271	727,815	(45,544)
Inventories	12,448	10,052	2,396
Trade payables	(462,823)	(478,139)	15,316
Other elements of working capital	(159,420)	(142,895)	(16,525)
Net working capital	**72,476**	**116,833**	**(44,357)**
Tangible fixed assets	75,368	68,206	7,162
Intangible fixed assets	438,617	417,134	21,483
Stakes in Shareholders' Equity	15,931	14,635	1,296
Other non-current assets	41,772	38,905	2,867
Fixed capital	**571,688**	**538,880**	**32,808**
Long-term liabilities	(55,393)	(50,491)	(4,902)
Net invested capital	**588,771**	**605,222**	**(16,451)**
SOURCES			
Minority interests	13,242	528	12,714
Group shareholders' equity	279,512	269,602	9,910
Shareholders' equity	**292,754**	**270,130**	**22,624**
Net financial indebtedness	296,017	335,092	(39,075)
TOTAL SOURCES OF FINANCING	**588,771**	**605,222**	**(16,451)**

Net working capital

Consolidated net working capital totalled € 72.5 million as at 31 December 2011, marking a decrease of € 44.4 million compared to 31 December 2010.

Net commercial working capital, composed of trade receivables and inventories, net of trade payables, stood at € 231.9 million as at 31 December 2011, compared to € 259.7 million as at 31 December 2010. The total decrease of € 27.8 million is due mainly to the benefit contributed by the transfers of trade receivables in the year, which is reflected in a fall of € 45.5 million in trade receivables, benefitting liquidity used in current operations which contributed to the decrease in short-term payables.
Although, it should be noted that, on one hand, the ongoing economic crisis adversely impacted the capacity of private customers to observe payment deadlines, and on the other, further accentuated the delays in payments from public customers. In fact, the last two years has seen the average estimated collection times increase by around 40 days while Public Health customers have recorded longer delays in payments (roughly 50 days) over the last year.

However, the aforementioned variations were partially offset by the increase of € 16.5 million in other expense elements of net working capital. The latter include higher provisions for short-term risks and charges of € 5.5 million and higher current operating payables (net of operating receivables) of € 9.3 million. The balance is predominantly affected by the trends in payments of VAT (which saw an increase in the average rates in the year following new Government provisions) and sundry operating payables linked to the management of the job orders of some Group companies.

Net financial indebtedness

Details of net financial indebtedness as at 31 December 2011 are shown below, compared with the figures as at 31 December 2010, determined on the basis of the indications contained in Consob Communication no. DEM/6064293 of 28/07/2006.

(in thousands of Euro)	**31 December 2011**	**31 December 2010**	**variation**
A. Cash	235	649	(414)
B. c/a, bank deposits and consortia - non-proprietary accounts	42,421	50,934	(8,513)
D. Liquidity (A) + (B) + (C)	**42,656**	**51,583**	**(8,927)**
E. Current financial receivables	7,786	8,205	(419)
F. Current bank payables	(39,794)	(134,628)	94,834
G. Current portion of non-current debt	(120,825)	(148,248)	27,423
H. Other current financial payables	(37,842)	(20,252)	(17,590)
I. Current financial indebtedness (F)+(G)+(H)	**(198,461)**	**(303,128)**	**104,667**
J. Current net financial indebtedness (I) – (E) – (D)	**(148,019)**	**(243,340)**	**95,321**
K. Non-current bank payables	(121,210)	(67,989)	(53,221)
L. Other non-current financial payables	(25,359)	(22,203)	(3,156)
M. Financial payables - derivatives	(1,429)	(1,560)	131
N. Non-current net financial indebtedness (K)	**(147,998)**	**(91,752)**	**(56,246)**
O. Net financial indebtedness (J) + (N)	**(296,017)**	**(335,092)**	**39,075**

Net financial indebtedness fell by € 39.1 million in 2011, down from € 335.1 million at 31 December 2010 to € 296.0 million at 31 December 2011.

The change during the year mainly reflects:

- a positive cash flow from operations of € 94.5 million, generated by the re-absorption of net working capital of € 44.1 million. The benefits for net working capital deriving from the new non-recourse transfer of trade receivables came to € 56.8 million, net of financial charges and service costs of € 6.7 million.
- a cash flow absorbed by financial operations amounting to € 17.6 million, against dividends from equity investments collected by the Group totalling € 1.6 million and net financial charges of € 19.3 million paid, of which € 4.2 million for the non-recourse transfers of receivables already in place.
- net investments in tangible and intangible fixed assets amounting to € 36.7 million, of which € 26.5 relating to the Laundering SBU.
- a net cash flow absorbed and generated by business combinations effected in the year totalling € 21.0 million.
- use of the provision for risks and the employee severance indemnity provision of € 16.3 million.
- increase in potential financial liabilities due to the earn-out relating to the acquisition of the minority shareholding of Gruppo Sicura (20%), amounting to € 0.5 million.
- reclassification of financial liabilities previously classified as related to assets held for disposal, amounting to € 3 million.

Investments

Investments in tangible and intangible fixed assets carried out by the MFM Group in 2011 came to € 36.7 million (€ 36.9 million as at 31 December 2010), of which € 30.1 million in tangible assets (€ 28.0 million as at 31 December 2010). Investments in tangible fixed assets carried out during the year refer mainly Servizi Ospedalieri S.p.A. (€ 26.5 million), dedicated to linen rental and industrial laundering and sterilisation activities, and relate mostly to the purchase of linen.

Disposals of tangible fixed assets in 2011 totalled € 0.7 million and relate mainly to the sales of linen and machines by Servizi Ospedalieri.

Investments in intangible fixed assets relate predominantly to the acquisition of contractual relations with customers, including as part of business combinations, attributable in particular to the sub-group MIA and the incurring, by Parent Company MFM, of costs relating to company information systems.

4.3 Financial ratios

The main financial balance sheet ratios as at 31 December 2011 are shown below, calculated at consolidated level, compared with the ratios recorded as at 31 December 2010.

PROFITABILITY RATIOS

	2011	2010
ROE	4.1%	3.0%
ROI	5.0%	3.4%
ROS	6.3%	4.1%

The ROE (*return on equity*), which provides a summary measurement of the return on capital invested by shareholders, stood at 4.1% in 2011, compared to 3.0% in 2010. The ratio mainly reflects the increase in net profit over the previous year, up from € 7.7 million to € 11.1 million.

The ROI (*return on investments*), which provides a summary measurement of the operating return on capital invested in the company, stood at 5.0% in 2011, compared with 3.4% in 2010. The improvement is linked to the considerable increase in EBIT registered by the Group, up from € 47.2 million in 2010 to € 67.6 million in 2011, against invested capital essentially in line with that of the previous year (€ 1,344.4 million versus € 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 6.3% in 2011, compared to 4.1% in 2010, due to an improvement in the Group's profit performances.

LIQUIDITY RATIO

	2011	2010
Current ratio	91.1%	86.6%

The general liquidity ratio (*current ratio*), represents the ratio of current assets to current liabilities and expresses the company's ability to cover current outgoings (i.e. current liabilities) with current income (i.e. current assets).
The current ratio stood at a little under 100% in 2011 too, an improvement over the previous year.

RATIOS OF COMPOSITION OF BALANCE SHEET ASSETS AND LIABILITIES

	2011	2010
Rigidity ratio	42.5%	39.2%
Liquidity ratio	56.6%	58.9%
Debt ratio	0.78	0.79
Medium/Long-term debt ratio	15.1%	10.3%

The rigidity ratio, which expresses long-term loans as a percentage of total loans, stood at 42.5% in 2011 at consolidated level, as opposed to 39.2% in 2010.

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 56.6% in 2011, compared to a ratio of 58.9% in the previous year.

The debt ratio, which is the ratio of net debt to the sum of net debt and own equity, as defined in the explanatory notes to the consolidated financial statements, to which reference should be made, stood at 0.78 compared to 0.79 in the previous year.

The medium/long-term debt ratio, expressed as the ratio of consolidated liabilities and total sources of funding increased by 10.3% from the previous year to 15.1%.

Productivity ratios

Considering that the type of activity carried out consists of the provision of services rather than the production and sale of products and that, as regards the performance of activities, the mix of employee work and third party work can vary significantly based on the organisational/economic decisions, the ratio of sales and service revenues to the sum of costs relating to internal and external personnel used in production activities (*costs of employees, costs of third party, consortia and professional services*), expressed in %, is deemed to be indicative of the profitability ratio.

PRODUCTIVITY RATIOS

(in thousands of Euro)	**2011**	**2010**
Turnover/internal and external personnel costs	152%	146%

The figures show that productivity increased from 2010 to 2011.

Sales ratios

Breakdown of turnover

Details of revenues in 2011 are provided below, compared with the previous year, broken down by type of customer:

REVENUES BY TYPE OF CUSTOMER

(in thousands of Euro)	**2011**	**% of total revenues**	**2010**	**% of total revenues**
Public Authorities	286,718	26.83%	297,773	26.14%
Public Health	365,398	34.19%	310,047	27.22%
Private customers	416,637	38.98%	531,271	46.64%
TOTAL	**1,068,753**	**100%**	**1,139,091**	**100%**

The breakdown of turnover by type of customer is essentially consistent with 2010 as regards the turnover generated by Public Authority customers. The Group also consolidated its turnover in the Public Health segment, whose share of total turnover increased by around 7%, to the detriment of the private customer segment.

However, in respect of the loss of a major customer (FIAT), important transactions were carried out in specialist services and in the network customers market, which offset the fall in maintenance service revenues, as mentioned previously. In fact, net of revenues relating to the FIAT business unit (€ 95.9 million), the fall in private customers' share of total revenues stood at around 2.75%.

Backlog

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

BACKLOG AT 31 DECEMBER

(in millions of Euro)	**2011**	**2010**
TOTAL	**2,707**	**2,340**

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

The final Backlog amount as at 31 December 2011 was significantly higher than the opening backlog amount (up 15.7%), confirming the essential stability of the Group in terms of prospective long-term turnover already obtained in previous years, coupled with a positive commercial and development performance in 2011.
As already highlighted previously, the commercial portfolio was enriched in 2011 by two long-term *project-financing* contracts as part of the agreements signed respectively with Azienda Ospedaliera Universitaria Sant'Orsola – Malpighi di Bologna (long-term value of € 177.3 million for 23.5 years) and Azienda Ospedaliera Universitaria Integrata di Verona (long-term value of € 132.5 million for 18.5 years). These projects will have an overall effect on turnover over the next 5 years of € 38 million and € 21.2 million respectively, of which € 7.6 million in 2012.

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

RECONCILIATION STATEMENT

(in thousands of Euro)	31 December 2011		31 December 2010	
	Result	SE	Result	SE
Shareholders' equity and result for the year as shown in the financial statements of the Parent Company	**6,909**	**298,401**	**4,755**	**291,418**
› Elimination of consolidated equity investment values		(165,220)		(155,096)
› Accounting of Shareholders' Equity to replace the values eliminated		70,182		56,843
› Allocation to consolidation difference		65,767		65,561
› Allocation of tangible assets	(4)	79	(4)	82
› Recognition of financial charges on PUT options	(647)	(647)	(724)	724)
› Dividends distributed to Group companies	(2,360)		(6,195)	
› Profits achieved by consolidated companies	632	632	400	400
› Valuation of non-consolidated companies using the equity method	(63)	3,647	882	3,465
› Tax effects on consolidation adjustments	(257)	(283)	29	(26)
› Reversal of statutory write-downs	6,954	6,954	7,679	7,678
› Other consolidation adjustments	(40)		921	1
Total consolidation adjustments	**4,215**	**(18,889)**	**2,988**	**(21,816)**
Shareholders' equity and result for the year pertaining to the Parent Company	**11,124**	**279,512**	**7,743**	**269,602**
Shareholders' equity and result for the year pertaining to minority interests	1,105	13,242	134	528
Shareholders' equity and result for the year as shown in the consolidated financial statements	**12,229**	**292,754**	**7,877**	**270,130**

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 Group has developed the framework for the Facility SBU and, more specifically, in relation to the companies Manutencoop Facility Management S.p.A. and MP Facility S.p.A., 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.

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

Risks related to competition

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

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 MFM Group employed 14,465 personnel members in 2011 (12,902 in 2010), including personnel lease from the Parent Company Manutencoop Società Cooperativa to Group companies.
A total of 591 personnel lease were employed in 2011 (585 in 2010).

Details of the different employee categories as at 31 December 2011 are provided below:

NUMBER OF EMPLOYEES

	FY 2011	FY 2010
Executives	61	70
Office employees	1,652	1,543
Manual workers	12,752	11,289
EMPLOYEES	**14,465**	**12,902**

During 2011, 2 executives, 216 office employees and 83 manual workers were hired.
Aside from this, we have the effects of company restructuring carried out in 2010, through mobility programmes, outplacements and the extraordinary *Cassaintegrazione Guadagni* (Wages Guarantee Government Fund), at MP Facility S.p.A. and MFM S.p.A.. However, it should be pointed out that Government provisions regarding social security led to a slowdown in the programmes in question, which suffered from the climate of uncertainty surrounding pension schemes and evaluations of the employees concerned.

In 2011, new reorganisational operations followed the acquisition of Telepost S.p.A., where a review of the industrial plan was encouraged, in collaboration with trade union organisations. The negotiations led to the signing of agreements which make provision for the use of mobility procedures and the extraordinary *Cassaintegrazione Guadagni* (Wages Guarantee Government Fund).
Lastly, in December 2011, Energy Project S.p.A. also presented an application to the Ministry of Labour and Social Policies for use of the extraordinary *Cassaintegrazione Guadagni* (Wages Guarantee Government Fund). As a result of the changed situation in the photovoltaic market, which was not spared from the economic crisis, in 2011 the company laid out an industrial plan before the trade union organisations which makes provision for a process of company restructuring. As at 31 December 2011, the plan was formalised in detail in terms of the operating units and positions involved, costs to be borne and estimated implementation times.
Costs to be incurred by the Group were estimated at a total of € 10,178 thousand, of which € 3,033 thousand for Energy Project S.p.A. and € 7,145 thousand for Telepost S.p.A.

Prevention and protection

Based on the provisions of Italian Legislative Decree 81/08 regarding workplace health and safety, in June 2011, the update - rev. 03 - to the Risk Assessment document was completed. During the same period, the Service Manager, together with the Personnel Manager, Competent Coordinating Doctors and Workers' Safety Representatives, performed the Risk Assessment for Work-Related Stress, as set out in the programme defined and shared by said functions.
The Prevention and Protection Service conducted 66 audits, distributed throughout all the areas in which the MFM Group operates. These audits were carried out to verify compliance with the regulations governing workplace safety and, in the event of any non-conformities, generated an improvement plan, shared with Area Operations Managers.
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 2011, 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.
The Group also has 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.
In 2011, training of personnel on workplace safety continued, targeted mainly at supervisors and operators with particular duties, for a total of 16,047 training hours.
The process of electronic archiving of all training courses provided up until now within the MFM Group was completed.
It should be noted that, in light of the definition of the State-Regions agreement on 21 December 2011, regarding the processes of personnel training on workplace safety, the training plan will need to be reviewed in 2012, to bring it into line with the new legislative structure.

At the current state of play, MFM has 21 Workers' Safety Representatives, widely distributed through the areas of Operations. In 2011, they were involved in the process to update the Risk Assessment document and in periodic meetings held in their area of Operations.

Training

In 2011, 87 training courses were held, in 370 editions, for a total of 29,553 training hours.

TRAINING COURSES - 2011

Subject Area	Courses	Editions	Attendance	Total training hours
Safety	37	204	2,848	14,860
Technical-professional	8	34	323	4,789
IT	20	77	1,424	5,807
Quality and environment	5	11	102	588
Managerial	17	44	727	3,509
TOTAL	**87**	**370**	**5,424**	**29,553**

The training centred on the area of safety, whose goal was to ensure correct information was provided to personnel and training on any specific risks connected with the activities carried out and the role performed.
Technical-professional courses were provided to ensure personnel with the necessary professional qualifications and/or licences for carrying out their jobs.
A series of managerial training courses were provided, including a course dealing with effective Written Communication, targeted mainly at personnel in the Technical-Commercial Department, which must be increasingly capable of innovation and development in order to make the tender presentation documentation as attractive and effective as possible with respect to the competition.
Individual coaching sessions were also held on the subject of Communicating effectively in public, targeted at personnel who frequently have to address a mixed and often large audience, or those who perform or will perform in the future, a training role. Practical learning courses were also organised, regarding new Personnel Recruitment Methods and Techniques as well as Time Management courses.
Lastly, training courses were also held which increased employees' awareness of aspects of Quality and Environment, and IT courses to improve the use of company management systems and the Office Package, particularly intermediate and advanced Excel.

8. ENVIRONMENT AND QUALITY

In 2011, MFM successfully passed the supervisory audits relating to the UNI EN ISO 14001:2004 (Environmental Management System), SA8000:2008 (Social Responsibility System) and UNI EN ISO 9001:2008 (Quality Management System) systems.
The objectives of the certificates relating to the above-mentioned schemes remained unchanged.
MFM also achieved the certification according to 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 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
- Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System). Extension of the system to Attachment XIV - Production Quality Guarantee set forth by Presidential Decree no. 162 of 30/04/1999.

MP Facility
- Maintenance of UNI EN ISO 9001:2008 Certificate (Quality Management System).

Energy&Project
- Certification according to the UNI EN ISO 9001:2008 standard (Quality Management System).
- Certification according to the UNI EN ISO 14001:2004 standard (Environmental Management System).

In 2011, 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 2011 are detailed comprehensively in the explanatory notes to the consolidated financial statements and the separate financial statements for 2011, 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 MFM and fully paid up as at 31 December 2011, 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 2011 is shown below, unchanged with respect to the previous year.

SHAREHOLDER	% STAKE
Manutencoop Società Cooperativa	71.89%
Private Equity Partners SGR	5.07%
MPVENTURE SGR	5.56%
Idea Capital Funds SGR	4.00%
21 Investimenti SGR	3.17%
Cooperare	3.17%
Unipol Merchant	2.38%
Other private equity funds	4.76%
	100%

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

In 2011, 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 2011, the company did not purchase or dispose of own shares, or shares or holdings of parent companies, neither through trusts nor third parties.

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

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

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

The MFM Group updated, for 2011, 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".
Moreover, it must be borne in mind that art. 45 of Decree Law no. 5/212 (also known as the "Simplifications Decree"), in force from 10/2/2012, abolished the obligation to keep the Programmatic Security Document (PSD) and removed the obligation to draft/update said document by 31 March of each year, as well as the need to mention the adoption of the PSD in the Report on Operations.

16. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

In the second half of 2011, significant changes were made to the legislation, concerning the legal provisions which have repercussions on the field of application of Legislative Decree 231/01.
In particular, Legislative Decree no. 121 of 7 July 2011, published in Official Journal no. 177 of 1 August 2011 and which entered into force on 16 August 2011, inserted article 25-undecies on environmental offences in Legislative Decree 231/01, and modified the title of art. 25-nonies of Legislative Decree 231/01, assigning the offence recorded: "Incitement to withhold information or make false statements to the legal authorities", to art. 25-decies, thus eliminating the double numbering.
In addition, the company deemed it appropriate to remove from the list of offences envisaged by art. 25-ter, false information in reports or communications issued by the independent accounting auditors set out in the second paragraph of art. 2624 of the Civil Code, based on the requirements of the Combined Sections of the Italian Supreme Court (for criminal law related matters) contained in ruling no. 34476/2011, which established that the crime of false statements in reports or communications issued by the independent accounting auditors does not fall under the category of offences set out in Legislative Decree 231/01 given that this expressly refers to art. 2624 of the Civil Code which was formally repealed by art. 37, paragraph 34 of Legislative Decree no. 39 of 27 January 2010.
As a result of the changes made Manutencoop Facility Management S.p.A. updated the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the Model).
The update to the Model, considering both the legal 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.
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 3 times in 2011.
As regards audit activities, at the first meeting in 2011, the Supervisory Authority approved the proposed audit plan for 2011, as envisaged in the Model.

A total of 4 audit cycles were performed, the outcomes of which are summarised in the associated "internal reports on the audit activities of the Supervisory Authority", which were sent to the Chairman of the company's Management Board in a timely fashion.
Generally speaking, as regards the process of bringing the Group into line with Legislative Decree 231/01, 2012 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 Manutencoop Group opted to apply the Group taxation system, pursuant to articles 117 et seq. of the TUIR (Italian Consolidated Law on Income Tax), which involves Manutencoop Società Cooperativa as consolidating company and the following consolidated companies:

- Manutencoop Facility Management S.p.A.
- Servizi Ospedalieri S.p.A.
- Alisei S.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.
- Energy Project S.p.A.
- MACO S.p.A.

The companies Energy Project S.p.A. and MACO S.p.A exercised the tax consolidation option for the 2011-2013 three-year period on 10 June 2011.

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.

19. EVENTS AFTER THE CLOSE OF THE YEAR

On 24 January 2012, the shareholders' meeting of SERENA S.r.l. resolved to wind the company up early and place it into liquidation. The resolution was filed on 26 January 2012.
On 6 February 2012, the company CMA Pentade changed its company name to MIA Servizi Torino S.r.l. and transferred its registered office from the Municipality of Rivalta di Torino (TO) to the Municipality of Turin.
On 6 February 2012, MIA S.p.A. acquired a 76.6% stake in ABM S.r.l., with registered office in Cadoneghe (PD). On 14 February 2012, MIA S.p.A. also acquired 100% of the share capital of MIND S.r.l., with registered office in Rome (RM). Both companies are active in the installation, repair and maintenance of lifts and goods lifts.

On 22 February 2012, the Parent Company MFM signed an agreement with Servizi Energia Calore S.r.l., with which it had signed an agreement in 2008 for the purchase of a business unit handling the management and maintenance of technological systems in some health care facilities in Sicily. The transfer was agreed at a price of € 2,960 thousand. However, MFM never paid this amount to the counterparty as a result of some disputes that arose, which led to arbitration proceedings against the seller in 2010, aimed at obtaining an arbitration ruling that arranged for the return of the business unit as a result of the invalidity, cancellation or termination due to non-fulfilment of the obligations of the purchase contract.
Following the agreement, which amicably settled the dispute by acknowledging the effectiveness of the purchase contract stipulated in 2008, the transfer price was recalculated at € 1,700 thousand, in addition to € 212 thousand in the form of the reimbursement (already provided for in the contract) of management expenses to Servizi Energia Calore S.r.l.. At the same time, the sureties issued to secure the transaction in 2008 were returned and the parties withdrew from the ongoing arbitration proceedings.

20. BUSINESS OUTLOOK

The Group's objective for 2012 is to maintain revenues and EBITDA essentially stable, at the same time reducing the overall financial exposure.
Taking into consideration what has already been envisioned as regards the macroeconomic and market scenario and taking into account the affects this has on the spending power of public and private customers, and on collection times, the stated objectives are challenging.
Commercial development will be targeted at maintaining the market share, despite a persistence of fierce competition between national facility management operators.
The actions geared towards reaching the stated objectives can be summarised as follows.

Consolidation of the rationalisation of the fixed costs structure and of retail market growth

In 2012, the effects of the company restructuring plan already evident in 2011 will be consolidated, ensuring a vital contribution in reaching the profitability objectives set out by management.
Similarly, 2012 can expect to see the completion of the external growth programme of the sub-group MIA (maintenance of elevating system) which will make it possible to increase the expected contribution of this business to the Group's results.

Development of "advanced management models"

In the 2010 report on operations, management focused, as regards the lines of development to pursue, on a commercial proposal in terms of the energy efficiency of the "building-plant system", a project to be developed also through potential partnerships with entities operating in the reference sector. In this light, EnergyProject S.p.A. was identified as the ideal vehicle for structuring the project.
However, in 2011, the crisis in the property sector, together with the difficulties of our main customer in the sector, prompted the management to assess a possible disposal of the *project management* and *building management property* job orders and to incorporate the resources of EnergyProject S.p.A. in a dedicated team within the Parent Company, capable of contributing the skills and experience needed to develop the energy project.
Over the coming months, EnergyProject S.p.A. will manage the secondary activities still ongoing, simultaneously implementing the activities set out in the restructuring plan.
Once the secondary activities have been completed, the company's management will assess the opportunity to implement any extraordinary operations involving EnergyProject S.p.A., as an alternative to putting the company into liquidation.

As proof of the central importance of the theme of the "energy efficiency of the building-plant system" as an avenue for strategic development, also in line with the directives of the Europa 2020 document, the Group is preparing to present a large-scale design concept regarding all public building assets, by using PPP (Public-Private Partnership) instruments with the involvement of financial operators to obtain the necessary funding. The implementation model has already been tested in tens of smaller projects where, following initial upgrading of plant assets (replacement of thermal power plants and cooling plants, installation of cogeneration plants, insulation of buildings, lighting), the Group now manages everything based on a pre-established fee which permits significant energy cost savings for the customer, at the same time greatly reducing the amount of greenhouse gases released into the atmosphere (CO_2).

Close monitoring of the financial component

Maintaining equity and financial equilibrium which is already normally a fundamental requirement for properly achieving profitability and development objectives, becomes an essential goal in the current macroeconomic context, in respect of which the Group is putting in place a series of actions targeted at optimising the governance of working capital, both in terms of internal company processes and through more accurate monitoring of the relationship with the customer.

Growth on foreign markets

The Group confirmed its intention to achieve development on foreign markets, where it continues to engage in *scouting* activities targeted at identifying the opportunities for growth to complement those in the domestic market.

21. ALLOCATION OF PROFIT FOR THE YEAR

In concluding the report on 2011, the Directors are invited to approve the financial statements for the year ended 31 December 2011 and allocate the profit for the year of € 6,909,442.99 as follows:

- € 345,472.15 to the legal reserve;
- € 6,563,970.84 to the extraordinary reserve.

Zola Predosa, 27 March 2012

The Chairman of the Management Board
Claudio Levorato

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL POSITION

(in Euro)	NOTES	31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and machinery	4	17,906,915	18,816,004
Leased property, plant and machinery	4	655,373	745,526
Goodwill	5.6	288,649,098	294,691,199
Other intangible assets	5	20,104,318	22,662,692
Equity investments in Subsidiaries, Joint-ventures, Associates	7	166,250,466	156,090,452
Other equity investments	8	2,045,981	1,924,629
Long-term financial assets and other securities	9	11,103,648	10,024,966
Other receivables and non-current assets	10	1,128,808	1,146,107
Prepaid tax assets	35	11,927,930	12,317,361
TOTAL NON-CURRENT ASSETS		**519,772,537**	**518,418,937**
Current assets			
Inventories	11	2,551,780	2,541,907
Trade receivables and advances to suppliers	12	532,236,952	544,837,873
Current tax credits	35	3,980,302	2,654,536
Other current receivables	13	8,525,554	7,738,734
Receivables and other current financial assets	14	54,212,675	39,046,782
Cash and cash equivalents	15	21,011,895	27,918,742
TOTAL CURRENT ASSETS		**622,519,158**	**624,738,575**
Non-current assets held for disposal	16		11,596,066
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL			**11,596,066**
TOTAL ASSETS		**1,142,291,695**	**1,154,753,578**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	17	109,149,600	109,149,600
Share premium reserve	17	145,018,390	145,018,390
Reserves	17	33,514,596	28,631,073
Accumulated profits (losses)	17	3,808,981	3,808,981
Profit (Loss) for the year	17	6,909,443	4,810,389
TOTAL SHAREHOLDERS' EQUITY		**298,401,010**	**291,418,433**
NON-CURRENT LIABILITIES			
Employee severance indemnity - pension	18	15,300,563	17,211,404
Provision for long-term risks and charges	19	6,823,386	5,194,252
Long-term loans	20	125,155,684	64,381,969
Deferred tax liabilities	35	10,132,684	10,939,419
Financial liabilities for non-current derivatives	21	1,428,801	1,560,051
Other non-current liabilities			3,277
TOTAL NON-CURRENT LIABILITIES		**158,841,118**	**99,290,372**
CURRENT LIABILITIES			
Provision for short-term risks and charges	19	9,361,472	15,161,865
Trade payables and advances from customers	22	342,963,528	329,309,749
Other current payables	23	108,931,942	104,732,322
Loans and other current financial liabilities	19	223,792,624	303,960,492
TOTAL CURRENT LIABILITIES		**685,049,567**	**753,164,428**
Liabilities attributable to assets held for disposal	**16**		**10,880,344**
TOTAL LIABILITIES ATTRIBUTABLE TO ASSETS HELD FOR DISPOSAL			**10,880,344**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,142,291,695**	**1,154,753,577**

INCOME STATEMENT

(in Euro)	NOTES	31 December 2011	31 December 2010
REVENUES			
Sales and service revenues	25	764,106,115	813,278,639
Other operating revenues	26	1,163,913	1,393,346
TOTAL REVENUES		**765,270,029**	**814,671,985**
OPERATING COSTS			
Consumption of raw materials and consumables	27	(111,347,770)	(91,036,203)
Costs for services	28	(302,567,877)	(384,286,515)
Personnel costs	29	(271,313,737)	(265,206,058)
Other operating costs	30	(7,824,916)	(4,833,698)
(Amortisation/depreciation, impairment) - write-backs of assets	31	(21,027,388)	(26,032,735)
(Allocations to provisions for risks), transfer of provisions	19	(5,237,056)	(11,519,955)
TOTAL OPERATING COSTS		**(719,318,744)**	**(782,915,165)**
EBIT		**45,951,285**	**31,756,820**
FINANCIAL INCOME AND CHARGES			
Dividends, income and charges generated by the sale of equity investments	32	3,914,612	7,867,702
Financial income	33	2,250,431	2,142,613
Financial charges	34	(22,017,601)	(13,641,574)
Exchange gains (losses)		(1,619)	39,126
PRE-TAX PROFIT (LOSS)		**30,097,108**	**28,164,686**
Current, prepaid and deferred taxes	35	(22,934,254)	(20,446,598)
INCOME FROM CONTINUING OPERATIONS		**7,162,854**	**7,718,088**
Income from discontinued operations	16	(253,411)	(2,907,698)
PROFIT (LOSS) FOR THE YEAR		**6,909,443**	**4,810,389**

STATEMENT OF COMPREHENSIVE INCOME

(in Euro)	31 December 2011	31 December 2010
Profit (loss) for the year	**6,909,443**	**4,810,389**
Effects transferred to SE on companies valued using the equity method		
Total effect of actuarial profits (losses) on defined benefit plans (SORIE)	(118,951)	(23,516)
Net effect of actuarial profits (losses) (SORIE)	**(118,951)**	**(23,516)**
Profits (losses) from Cash Flow Hedge	95,156	(359,097)
Net effect of profits (losses) from cash flow hedge	**95,156**	**(359,097)**
TOTAL COMPREHENSIVE PROFIT (LOSS) NET OF TAXES	**6,885,648**	**4,427,776**

CASH FLOW STATEMENT

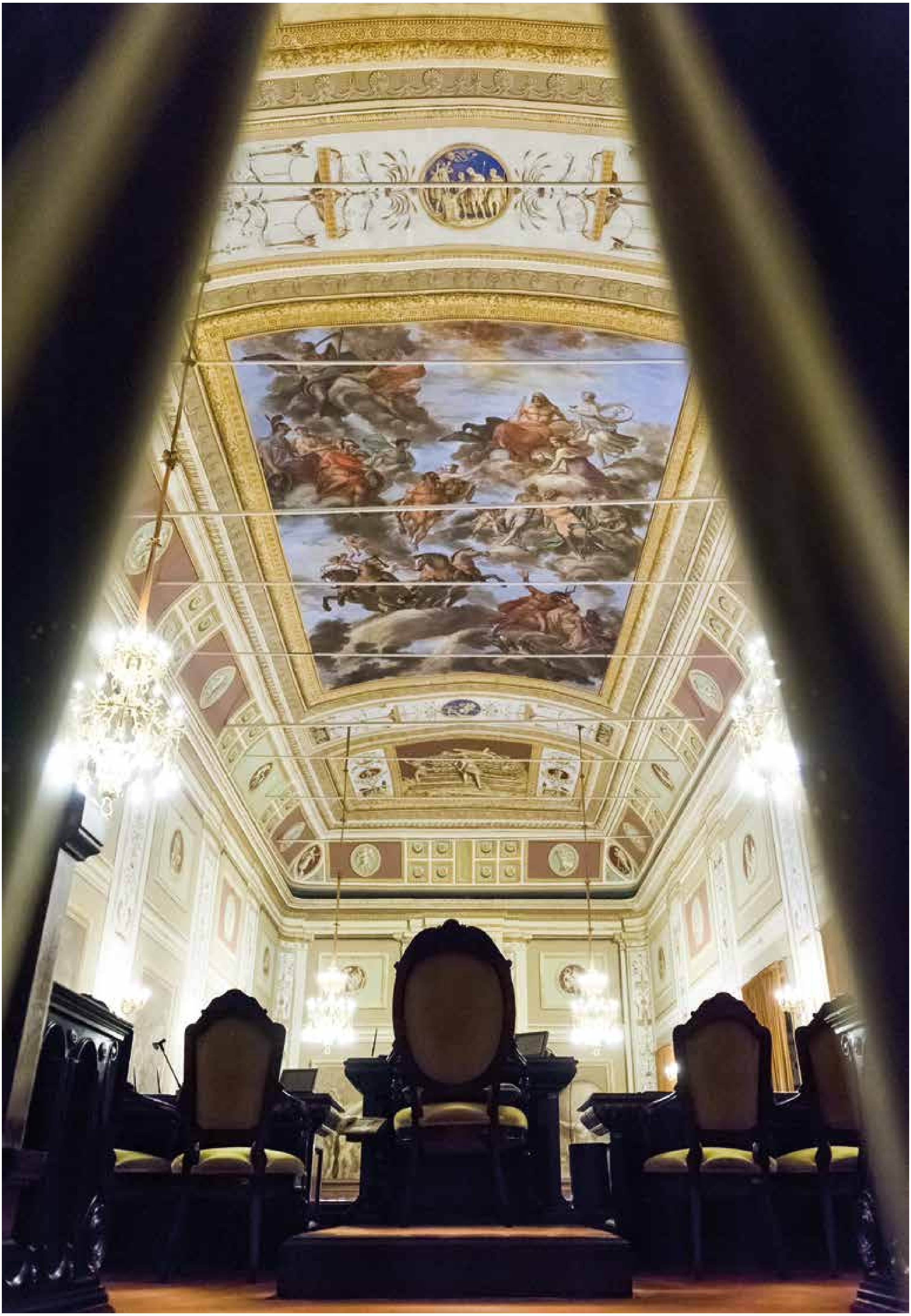
(in thousands of Euro)	31 December 2011	31 December 2010
Pre-tax profit	30,097	28,165
Amortisation/depreciation, write-downs (write-backs) of assets	21,027	28,371
Allocations (transfers) of provisions	5,237	11,430
Employee severance indemnity provision	781	1,900
Taxes	(24,677)	(26,655)
CASH FLOW FROM CURRENT OPERATIONS	**32,465**	**43,211**
Decrease (increase) in inventories	(10)	(681)
Decrease (increase) in trade receivables	11,916	(21,403)
Decrease (increase) in other operating assets	(621)	(1,897)
Change in trade payables	12,209	(20,638)
Decrease (increase) in other operating liabilities	4,195	6,794
Decrease for use of ESI provision	(2,811)	(5,173)
Decrease for use of provision for risks and charges	(9,408)	(3,591)
CHANGE IN OPERATING ASSETS AND LIABILITIES	**15,471**	**(46,589)**
CASH FLOW FROM OPERATIONS	**47,936**	**(3,378)**
(Acquisition of intangible fixed assets)	(5,263)	(6,831)
(Acquisition of tangible fixed assets)	(2,829)	(2,112)
Sales of tangible fixed assets	37	49
(Net purchases of equity investments)	(17,398)	(22,021)
(Disbursement) net reimbursement of financial assets	(16,326)	(26,468)
Change in goodwill	6,042	2,531
Financial effects of business combinations	(236)	30,996
Discontinued operations	559	(743)
CASH REQUIREMENTS FOR INVESTMENTS	**(35,413)**	**(24,599)**
Net acquisition (reimbursement) of financial liabilities	(19,430)	37,880
Change in share capital and reserves		(261)
Cash flow from financing activities	(19,430)	37,619
Change in cash and cash equivalents	(6,907)	9,643
Opening cash and cash equivalents	27,919	18,276
Change in cash and cash equivalents	(6,907)	9,643
CLOSING CASH AND CASH EQUIVALENTS	**21,012**	**27,919**
DETAILS OF CASH AND CASH EQUIVALENTS		
Bank current account income	21,012	27,919
Bank current account expense	0	0
TOTAL CASH AND CASH EQUIVALENTS	**21,012**	**27,919**

Supplementary information

(in thousands of Euro)	2011	2010
Interest paid	22,180	13,822
Interest collected	1,816	2,143
Dividends collected	3,893	7,868

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Euro)	Share Capital	Share premium reserve	Reserves	Accumulated profit/(loss)	Profit/(loss) for the year	Total Shareholders' Equity
Balance as at 31 December 2009	**109,150**	**144,735**	**22,212**	**3,809**	**10,093**	**289,999**
Allocation of profit of previous years			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**
Allocation of profit of previous years			4,811		(4,811)	0
Business Combination under common control			97			97
Total comprehensive profit/ (loss)			(24)		6,909	6,885
Other transactions						0
Balance as at 31 December 2011	**109,150**	**145,018**	**33,515**	**3,809**	**6,909**	**298,401**



ACCOUNTING STANDARDS AND EXPLANATORY NOTES

1. GENERAL INFORMATION

Manutencoop Facility Management S.p.A. (the Company) is an Italian joint-stock company with registered office in Via U. Poli no. 4 - Zola Predosa (BO).
The Company is 71.89% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa – BO, which exercises management and coordination activities, and 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 2011 was authorised by means of resolution of 27 March 2012 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

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

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

Cleaning *activity* includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Company employees.

The second type of activity performed comes in the form of *Technical Services* which constitute the group of services involving the management, running and maintenance of property-related systems (including heating and air conditioning systems, cogeneration, electrical, water, sanitary, telephone and electronic systems in general), including therein:
› design and implementation of redevelopment work and adjustment into line with the legislation;
› design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere;

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

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

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

2. ACCOUNTING STANDARDS AND DRAFTING CRITERIA

The financial statements for the year ended 31 December 2011 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 2011 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 by nature while the statement of comprehensive income indicates the integrated economic result of income and charges which, as per the express requirement of the IFRS, are booked directly to shareholders' equity; the cash flow statement is prepared according to the indirect method and presented in compliance with IAS 7, classifying and 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 financial statements for the year ended 31 December 2011 were drafted in compliance with the International Financial Reporting Standards (IFRS).
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 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 cash-generating unit (CGU) to which the goodwill is assigned, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate.

As at 31 December 2011, the carrying amount of the goodwill stood at € 288,649 thousand (31 December 2010: € 249,691 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.

2.3 Summary of the main accounting criteria

Conversion of foreign currency items

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

Business combinations

Business combinations are recorded using the acquisition method. According to this method, the amount transferred in a business combination is 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 Company reports in its financial statements the temporary values of the elements for which the recognition cannot be completed. These temporary values are adjusted in the measurement period to take into account the new information obtained on events and circumstances existing at the acquisition date which, if known, would have had effects on the value of the assets and liabilities recognised at said date.

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 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 said 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, write-downs and write-backs of assets'.

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

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

PRINCIPLES APPLIED TO INTANGIBLE ASSETS

	OTHER INTANGIBLE ASSETS
Breakdown	Software, trademarks and patents, Backlog
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.
	Backlog
	Amortisation in proportion to the duration of the contract.
Produced at low cost or acquired	Acquired.
Consistency test for recognition fied / tests on recoverable values	Annually or more frequently when impairment losses are identi- 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 losses are identified / tests on recoverable values	Annually or more frequently when impairment 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 companies, a list of which is supplied in the appropriate notes, the cost criterion was applied in Manutencoop Facility Management S.p.A.'s financial statements.

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

Impairment of assets

At 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, 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.

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 transactions which do not satisfy said 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.

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".

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

If, as a result of the transfer, a financial asset is completely 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

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, going forward, confirmed during its entire life.
Within the scope of the International Accounting Standards (IFRS), these instruments are viewed as derivative financial instruments.
These derivative financial instruments are initially recorded at fair value at the date they are stipulated; subsequently, said fair value is periodically 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.

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;

(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 Services*", are:

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

Revenues are recognised on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (metres squared, hours, costs incurred).

The provision of services, which are still not complete at the balance sheet date, constitute "contract work in progress" and are classified under trade receivables.

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under advances from customers, and classified under trade payables.

The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is 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.

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

Segment reporting

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

2.4 Changes in accounting standards and disclosures

The drafting criteria adopted for the preparation of the financial statements are the same as those to prepare the consolidated financial statements for the previous year, with the exception of the aspects detailed below for newly issued standards and interpretations, applicable from 1 January 2011.

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

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

The following accounting standards, amendments and interpretations are applicable for Manutencoop Facility Management S.p.A. for the first time starting on 1 January 2011. The adoption of the amendments described did not have any impact on the Company's financial position or result.

IAS 24 – Related party disclosures. The IASB issued an amendment to accounting standard IAS 24 which clarifies the definition of a related party. The new definition emphasises the symmetry in the identification of related parties and clarifies the circumstances in which persons and executives with strategic responsibilities must be deemed to be related parties. Secondly, the amendment introduces an exemption from the general disclosure requirements on related parties for transactions with a Government and with entities that are controlled, jointly controlled or significantly influenced by the Government, i.e. Government-related entities.

IAS 32 – Financial instruments: the standard was supplemented, introducing an amendment to the definition of a financial liability, in order to classify securities in foreign currency (including certain options and warrants) as equity instruments in cases in which these instruments are attributed on a pro-rata basis to all holders of the same class of one equity instrument (non-derivative) of an entity, or for the purchase of a fixed number of equity instruments of the entity for a fixed amount in any currency.

IFRIC 19 – IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction. The standard was amended, introducing more accurate indications on the identification of the recoverable value of a pension plan asset. The amendment allows an entity to record the early payment of minimum funding contributions set out in the plan as an asset.

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 financial liability extinguished and the initial value of the equity instruments issued must be charged to the income statement in the year.

Improvements to IFRS

On 6 May 2010, the IASB issued a third series of amendments to IFRS (following those in 2008 and 2009), applicable as of 1 January 2011, with a view to eliminating inconsistencies and clarifying the terminology.

Variations that the IASB has indicated will involve a change in the presentation, recognition and valuation of balance sheet items are shown below, instead omitting those that will only involve a change in the terminology, with minimal effects in accounting terms, and those that have an effect on standards and interpretations that are not applicable to the Company.
The adoption of the following improvements involved changes to the accounting policies but had no impact on the Company's financial position or result.

Improvements to IFRS 3 – 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 *fair value* of *collaterals*.

Improvements to IAS 1 – Presentation of financial statements. The amendment clarifies that an analysis of each of the other components of the statement of comprehensive income can alternatively be included in the statement of changes in shareholders' equity or in the explanatory notes to the financial statements.

Improvements to IAS 34 – Interim reporting. In drafting the interim financial statements, following said amendment, additional information has been required on the fair value measurement of financial instruments and the their classification. Furthermore, more emphasis has been placed on changes in the classification of financial assets, as with changes to contingent assets and liabilities.

New or revised IFRS and interpretations applicable from 2012 and not adopted early by the Company

The international accounting standards and interpretations detailed below will be effective from the year 2012, for which the effects on the Company's balance sheet valuations are currently being assessed.
The Company did not make provision for the early adoption of any other standard, interpretation or improvement issued but still not obligatorily in force.

IFRS 1 – First-time adoption of the International Financial Reporting Standards. The standard was amended, introducing the operating methods to be adopted for the presentation of an entity's IFRS financial statements if the functional currency of the entity is subject to significant hyperinflation. In this case, the entity can measure the value of the assets and liabilities held before the period of normalisation of the functional currency at the *fair value* measured at the date of transition to IFRS.

IFRS 7 – Financial instruments: additional disclosures. The amendment requires additional qualitative and quantitative disclosures regarding the transfer of financial assets, if the asset has only been partially derecognised or if the entity maintains restrictions on the asset (e.g. options or guarantees on the asset transferred).

IAS 12 – Income taxes. The amendment introduces an exception to the general criteria for the determination of deferred taxes on property assets measured at *fair value*. Therefore, an assumption was introduced that the carrying amount of said investments will be recovered through sale, unless the entity has a business model based entirely on the use of said assets and on the economic benefits they will guarantee.

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

The IASB is reviewing, with a view to publishing, an additional set of standards and amendments to the IFRS, applicable to subsequent years. However, at the date of publication of the financial statements, the competent EU bodies have still not completed the approval process necessary for the application of the standards and improvements described below.
In any case, the provisions are effective for financial years starting on or after 1 January 2013. The Company is currently analysing the standards indicated and assessing their impact on its financial statements.

IFRS 13 – Fair value measurements. The document is the result of an important process of development for the definition of a body of rules for valuations and disclosures regarding items recorded in the financial statements at fair value. The new standard does not extend the adoption of fair value accounting, but defines a single system, providing some general assumptions relating to the macro areas of the financial statements, also indicating some valuation techniques ("market approach", "income approach" and "cost approach"). Information broken down into three level is also presented, in relation to the reliability of the data source.

IAS 1 - Presentation of financial statements. The standard was amended with regards to the presentation of items in the statement of comprehensive income. It was established that elements that could be charged or reclassified to the income statement of future financial statements must be presented separately from the other elements whose recognition or reclassification is not provided for by the respective standards.

IAS 19 revised – Employee benefits. The new standard reorganises the disclosures to be provided in relation to employee benefits and introduces the obligation to record actuarial gains and losses in the statement of comprehensive income, eliminating the possibility of adopting the "corridor method". Actuarial gains and losses recorded in the statement of comprehensive income will not then be charged to the income statement.

3. BUSINESS COMBINATIONS

3.1 Merger by incorporation of the Company Integra Energy S.r.l.

On 3 August 2011, the merger by incorporation of Integra Energy S.r.l. was signed, effective from 10 August 2011 for statutory purposes and from 1 January 2011 for accounting and tax purposes.
Given the entire share capital of the incorporated company is held by Manutencoop Facility Management S.p.A., the merger was carried out without the determination of an exchange of company investments, through the cancellation of all the stakes in share capital of Integra Energy S.r.l. and replacement of these with the assets and liabilities of the incorporated company, without the provision of any balancing in cash.
The incorporation of Integra Energy S.r.l., with registered office in Milan, operating as an intermediary in the purchasing and selling of electricity, was effected for the purposes of restructuring and rationalisation of the Manutencoop Group's corporate structure.
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.
As a result of the accounting method adopted, the merger involved higher current values that those stated in the consolidated financial statements. The result was that the difference between the cost of the equity investment and the corresponding portion of shareholders' equity of the incorporated company was allocated for the same values to the extent of the carrying amount of the goods recorded under assets of the incorporated company.
The difference between the cost of the stake in Integra Energy S.r.l. and the corresponding portion of shareholders' equity of said entity was recorded in a Merger Surplus reserve for € 97 thousand, as part of the *Purchase Price Allocation*.

The balance sheet and income statement of incorporated company Integra Energy S.r.l. as at 31 December 2010 is shown below:

BALANCE SHEET

(in Euro)	INTEGRA ENERGY S.R.L 31 DECEMBER 2010
NON-CURRENT ASSETS	0
CURRENT ASSETS	1,690,325
TOTAL ASSETS	**1,690,325**
SHAREHOLDERS' EQUITY	245,820
NON-CURRENT LIABILITIES	0
CURRENT LIABILITIES	1,444,505
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,690,325**

INCOME STATEMENT

(in Euro)	INTEGRA ENERGY S.R.L 31 DECEMBER 2010
REVENUES	1,580,816
OPERATING COSTS	(1,443,095)
EBIT	**137,721**
FINANCIAL INCOME AND CHARGES	(4,541)
PRE-TAX PROFIT (LOSS)	**133,180**
CURRENT, PREPAID AND DEFERRED TAXES	(36,251)
INCOME FROM CONTINUING OPERATIONS	**96,929**
PROFIT (LOSS) FOR THE YEAR	**96,929**

4. PROPERTY, PLANT AND MACHINERY

(in thousands of Euro)	Properties	Plant equipment and other assets	Properties leased	Plant and equipment leased	Total
31 December 2011					
As at 1 January 2010, net of accumulated depreciation and impairment	**1,240**	**17,576**	**182**	**564**	**19,562**
Increases from acquisitions and business combinations	0	1	0	0	0
Revaluations					0
Increases		2,554		275	2,829
Impairment					0
Decreases	(12)	(25)			(37)
Depreciation in the year	(133)	(3,294)	(9)	(356)	(3,791)
As at 31 December 2011, net of accumulated depreciation and impairment	**1,095**	**16,811**	**173**	**483**	**18,563**
As at 1 January 2011					
Cost	3,036	54,472	284	3,312	61,104
Accumulated depreciation and accumulated impairment	(1,796)	(36,897)	(102)	(2,748)	(41,543)
Net carrying amount	**1,240**	**17,576**	**182**	**564**	**19,562**
As at 31 December 2011					**0**
Cost	3,024	57,001	284	3,587	60,588
Accumulated depreciation and impairment	(1,929)	(40,190)	(111)	(3,104)	(43,294)
NET CARRYING AMOUNT	**1,095**	**16,811**	**173**	**483**	**18,563**

Increases in the year relate mainly to the purchase of vehicles and equipment used for cleaning and sanitation services; to investments regarding cogeneration plants, as well as furniture and fittings for the new operations headquarters in Rome and Turin.

As regards leased assets, the increase of € 275 thousand relates entirely to the cost of the new videoconferencing system in the headquarters.

(in thousands of Euro)	**Properties**	**Plant equipment and other assets**	**Properties leased**	**Plant and equipment leased**	**Total**
31 December 2010					
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	0	48	2,227
Decreases from transfers or conferrals	0	(15)	0	0	(15)
Impairment	0	0	0	0	0
Decreases	0	(49)	0	0	(49)
Depreciation in the year	(140)	(3,362)	(9)	(619)	(4,130)
As at 31 December 2010, net of accumulated depreciation and impairment	**1,240**	**17,576**	**182**	**564**	**19,562**
As at 1 January 2010					
Cost	0	16,753	0	2,604	19,357
Accumulated depreciation and accumulated impairment	0	(11,503)	0	(1,910)	(13,413)
Net carrying amount	**0**	**5,250**	**0**	**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**

5. INTANGIBLE ASSETS

(in thousands of Euro)	Other intangible fixed assets	Goodwill	Total
As at 31 December 2011			
Cost as at 1 January 2011, net of accumulated amortisation and impairment	**22,663**	**294,691**	**317,354**
Increases	5,262	0	5,262
Impairment		0	0
Decreases		(6,042)	(6,042)
Rounding off		0	0
Amortisation	(7,821)	0	(7,821)
As at 31 December 2011	**20,105**	**288,649**	**308,754**
As at 1 January 2011			
Cost (gross carrying amount) as stated previously	49,527	352,168	401,695
Accumulated amortisation and impairment as stated previously	(26,864)	(57,477)	(84,341)
Net carrying amount	**22,663**	**294,691**	**317,354**
As at 31 December 2011			**0**
Cost (gross carrying amount)	54,789	346,126	400,915
Accumulated amortisation and impairment	(34,685)	(57,477)	(92,162)
NET CARRYING AMOUNT	**20,105**	**288,649**	**308,754**

Software purchase costs are amortised on a straight line basis over their expected useful life of 5 years. Trademarks and patents are amortised on a straight line basis over their expected useful life of 5 years. Goodwill is tested annually for impairment as detailed in section 6 below. With reference to the item ‘Other intangible fixed assets’, the increases relate mostly to costs regarding software and investments falling into the category “intangible assets in progress”, which includes *Information technology* projects still not completed.

(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	0	7,084
Increases from acquisitions and business combinations	21,051	271,449	292,500
Impairment	(3,898)	0	(3,898)
Decreases from transfers or conferrals	(6)	(2,531)	(2,537)
Amortisation	(9,424)	0	(9,424)
Rounding off	(1)	0	(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**

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 business plans in order to identify any indications of impairment. Goodwill is subject to impairment testing on an annual basis or more frequently if there are indications that the asset may have suffered an impairment loss.

As in the previous years, for the purposes of checking the value of assets, company management identified beforehand the operating units to which the "Cash Generating Units" ("CGU") correspond, on the basis of the type of services offered.

The identification of the *Facility Management* CGU carried out is fully compliant with the requirements set forth in the definition of the same in IAS 36, which requires the calculations used to perform impairment tests to be consistent with the reports used by the key decision makers in order to monitor company performances and determine future development policies.

The analysis had a successful outcome, confirming that the recoverable value exceeds the associated carrying amount, therefore not requiring value adjustments.

The impairment test of the value of goodwill allocated to the *facility management* CGU was carried out on the basis of the value in use, determined through the discounting of expected future cash flows obtained, over a reasonable period of time, from the business plan drawn up by top management and approved by the Parent Company's Management Board.

More specifically, the impairment test is performed by discounting operating cash flows, i.e. available cash flows before the repayment of borrowings and remuneration of shareholders (*Unlevered Discounted Cash Flow or UDCS method*).
Using the UDCF method, the operating cash flows are discounted at a rate equal to the weighted average of the cost of borrowing and own equity (*Weighted Average Cost of Capital or WACC*), in order to obtain the Net Invested Capital.

The projected cash flow contained in the latest financial plan is used for the calculation, approved on 21 December 2011, relating to a period of three years. The discount rate applied to prospective cash flows is 7.7% (2010: 6.8%) and cash flows beyond three years are extrapolated using the constant rate of growth of 1%, equal to that of 2010. 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.

In particular, the main assumptions on which directors based cash flow projections for the purpose of impairment testing of goodwill are shown below:

> Forecast operating margins: the basis used to determine the value of the forecast gross margins is the projection of the backlog of existing service contracts, augmented by the assumption of new portfolio acquisitions determined prudentially with respect to the rates of growth in the markets in which the Company operates.
> Changes in net working capital: estimated on the basis of the target days relating to the payment of payables and collection of receivables.

The increase, with respect to the previous year, in the rate used to discount prospective cash flows relating to the different CGU's, is due essentially to the increase in the rate structure, at the moment of the performance of the impairment test, considered as a calculation basis for the determination of the WACC used.

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 name, registered office and the amount of share capital held, corresponding to the percentage of votes held at shareholders' meetings.

SUBSIDIARIES

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL
Servizi Brindisi Soc.Cons. a r.l.	Zola Predosa (BO)	52%
Gestlotto 6 Soc.Cons. a r.l.	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.	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.	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.	Zola Predosa (BO)	100%
Servizi Ospedalieri S.p.A.	Ferrara (FE)	100%
Manutenzione Installazione Ascensori S.p.A.	Modena (MO)	100%
Società Manutenzione Illuminazione S.p.A.	Zola Predosa (BO)	100%
Manutencoop Costruzioni S.p.A.	Zola Predosa (BO)	100%
Gruppo Sicura S.r.l.	Vicenza (VI)	80%
Energyproject S.p.A.	Milan (MI)	100%
S.AN.GE Soc. Cons. a r.l.	Milan (MI)	89%
Consorzio Sermagest Servizi Manutentivi Gestionali	Roma (RM)	60%
S.AN.CO. Soc. Conso a r.l.	Milan (MI)	51.50%
Telepost S.p.A.	Zola Predosa (BO)	100%
ISOM Gestione Soc. Cons. a r.l.	Zola Predosa (BO)	52.97%
Servizi Taranto Soc. Cons. a r.l.	Taranto (TA)	66.08%

JOINT VENTURES

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

ASSOCIATES

COMPANY NAME	REGISTERED OFFICE	DIRECT STAKE IN SHARE CAPITAL
Savia Soc. Cons. a r.l.	Forlì (FC)	49.11%
Gico Systems S.r.l.	Zola Predosa (BO)	20%
Como Energia Soc.Cons. a r.l.	Como	29%
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	Siena (SI)	20.1%
Se.Sa.Mo. S.p.A.	Carpi (Mo)	20.91%
Global Riviera Soc.Cons. a r.l.	Zola Predosa (Bo)	23.11%
Consorzio Energia Servizi Bologna	Bologna	24.25%
Newco DUC Bologna S.p.A.	Bologna	24.90%
PBS Soc.Cons. a r.l.	Milan	25%
Bologna Più Soc.Cons. a r.l.	Bologna	25.68%
Global Provincia di Rimini Soc.Cons. a r.l.	Zola Predosa (Bo)	42.4%
Roma Multiservizi S.p.A.	Rome	45.47%
Global Vicenza soc.cons. a r.l.	Concordia sulla Secchia (MO)	41.25%
Bologna Multiservizi soc.cons. a r.l.	Casalecchio di Reno (BO)	39%
Livia Soc. Cons. a r.l.	Casalecchio di Reno (BO)	34.10%
Bologna Gestione Patrimonio Soc. Cons. a r.l.	Bologna	27.58%
Servizi Napoli 5 Soc. Cons. a r.l.	Zola Predosa (Bo)	45%
Costruzione Manutenzione Immobili S.r.l.	Bologna	40%
Progetto Nuovo Sant'Anna S.r.l.	Milan	24.0%
Progetto ISOM S.p.A.	Zola Predosa (BO)	36.98%

EQUITY INVESTMENTS IN ASSOCIATES BEING DISPOSED OF

COMPANY NAME	REGISTERED OFFICE	DIRECT 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 01/01/2011	Increase	Combinations	Decrease/ write-down	Reclassifications	Balance 31/12/2011
SUBSIDIARIES						
Servizi Marche s.cons.r.l.	6	0	0	0	0	6
Consorzio Imolese Pulizie s.cons.r.l.	6	0	0	0	0	6
Servizi Ospedalieri S.p.A.	80,570	0	0	0	0	80,570
S.I.MA.GEST2 s.cons.r.l. in liquidation	45	0	0	0	0	45
S.I.MA.GEST3 s.cons.r.l. in liquidation	45	0	0	0	0	45
Consorzio Servizi Toscana s.cons.r.l.	6	0	0	0	0	6
Gymnasium s.cons.r.l.	7	0	0	0	0	7
Gestlotto6 soc.cons.r.l.	50	0	0	0	0	50
Servizi Brindisi s.cons. a r.l.	5	0	0	0	0	5
Co.Ge.F. s. cons. a r.l.	8	0	0	0	0	8
Palmanova servizi energetici s. cons. a r.l.	6	0	0	0	0	6
Servizi l'Aquila s.cons.r.l.	12	0	0	0	0	12
Società Manutenzione Illuminazione S.p.A.	120	1,485	0	(1,122)	0	483
Manutenzione Installazione Ascensori S.p.A.	15,000	0	0	0	0	15,000
Gruppo Sicura S.p.A.	35,925	111	0	0	0	36,035
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l. in liquidation	116	0	0	(116)	0	0
Integra Energy S.r.l.	149	0	0	(149)	0	0
Energyproject S.p.A.	120	5,998	0	(5,236)	0	882
Consorzio Sermagest Servizi Manutentivi Gestionali	11	0	0	0	0	11
MACO S.p.A.	409	120	0	(409)	0	120
Consorzio Igiene Ospedaliera s. cons. a r.l.	7	0	0	0	0	7
Alisei S.r.l.	0	0	0	0	0	0
M.P.Facility S.p.A.	15,796	0	0	0	0	15,796
Telepost S.p.A.	0	7,275	0	0	24	7,299
S.AN.CO. Soc. Cons. a r.l.	5	0	0	0	0	5
S.AN.GE Soc. Cons. a r.l.	9	0	0	0	0	9
Servizi Taranto Soc. Cons. a r.l.	0	2	0	0	4	6
Isom Gestione S. Cons. a r.l.	0	5	0	0	0	5
TOTAL SUBSIDIARIES	**148,432**	**14,996**	**0**	**(7,032)**	**28**	**156,424**
JOINT-VENTURES						
Cardarelli Soc. Cons. a r. l.	6	0	0	0	0	6
Consorzio Leader Soc. Cons. a.r.l.	5	0	0	0	0	5
Legnago 2001 Soc. Cons a r.l.	5	0	0	0	0	5
Global Maggiore Bellaria Soc. Cons. a r.l.	5	0	0	0	0	5
Servizi Sportivi Brindisi Soc. Cons. a r.l.	5	0	0	0	0	5
Duc Dest sede unica Soc. Cons.a r.l.	10	0	0	0	0	10
Altair Zander Italia S.r.l.	221	0	0	(221)	0	-
Malaspina Energy Soc. Cons. a r.l.	50	0	0	0	0	50
TOTAL JOINT-VENTURES	**307**	**0**	**0**	**(221)**	**0**	**86**

MOVEMENTS IN EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(in thousands of Euro)	Balance 01/01/2011	Increase	Combinations	Decrease/ write-down	Reclassifications	Balance 31/12/2011
ASSOCIATES						
Roma Multiservizi S.p.A.	3,324	0	0	0	0	3,324
Global Prov.Rimini Soc. Cons. a r.l.	4	0	0	0	0	4
Gico Systems S.r.l.	29	0	0	0	0	29
Bologna più Soc. Cons. a r.l.	5	0	0	0	0	5
Como Energia Soc. Cons. a r.l.	74	0	0	0	0	74
Global Riviera Soc. Cons. a r.l.	7	0	0	0	0	7
Newco Duc Bologna S.p.A.	1,004	0	0	0	0	1,004
Sesamo S.p.A.	606	0	0	0	0	606
Consorzio Energia Servizi Bologna	3	0	0	(3)	0	0
P.B.S. Soc. Cons.a r.l.	25	0	0	0	0	25
Global Vicenza Soc.Cons. a r.l.	4	0	0	0	0	4
Bologna Multiservizi Soc. Cons.a r.l.	4	0	0	0	0	4
Bologna Gestione Patrimonio Soc. Cons. a r.l.	6	0	0	0	0	6
Servizi Napoli 5 Soc. Cons. a r.l.	5	0	0	0	0	5
Costruzione Manutenzione Immobili S.r.l	62	0	0	0	0	62
Livia Soc. Cons. a r.l.	3	0	0	0	0	3
Telepost S.p.A.	24	0	0	0	(24)	0
Progetto Nuovo Sant'Anna S.r.l.	1,042	0	0	0	0	1,042
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	1,111	0	0	0	0	1,111
Savia Soc.Cons. a r.l.	5	0	0	0	0	5
Servizi Taranto Soc. Cons. a r.l.	4	0	0	0	(4)	0
Progetto Isom S.p.A.	0	2,420	0	0	0	2,420
TOTAL ASSOCIATES	**7,351**	**2,420**	**0**	**(3)**	**(28)**	**9,740**
TOTAL SUBSIDIARIES, JOINT-VENTURES, ASSOCIATES	**156,090**	**17,416**	**0**	**(7,256)**	**0**	**166,250**

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

Società Manutenzione Illuminazione S.p.A.

The increase of € 1,485 thousand concerns the capital payment resolved on 13 April 2011 by the Extraordinary Shareholders' meeting. During this phase, the elimination of share capital was also resolved, to cover accumulated losses.

It should be noted that, during the year, provision was made for the reclassification, to reduce the value of the equity investment, of the write-down of € 1,164 thousand which, as at 31 December 2010, was recorded under the item 'short-term provisions for risks'. Lastly, the decreases of € 1,122 thousand regard the write-down of the equity investment effected in 2011, to bring its value into line with shareholders' equity.

Gruppo Sicura S.r.l.

On 30 December 2008, the acquisition of an 80% stake in Gruppo Sicura S.r.l. was acquired, a company also operating as a holding company for a group of companies operating mainly in the fire safety services sector, as well as the surveillance and security sectors.

The acquisition was made for a consideration of € 15,329 thousand, of which € 184 thousand relating to the additional costs of the acquisition (legal, financial consultancy and Antitrust expenses).

The consideration for the purchase of the shareholding was paid to the transferors on the date of completion of the 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 Gruppo Sicura for 2013 is higher than the normalised value in 2007;
- the cross issue of a put option (from buyer to transferors, exercisable between 30 June 2014 and 30 June 2015) and a call option (from transferors to the buyer, exercisable between 1 July 2015 and 1 July 2017) for the sale of a further 20% of share capital.

The earn-out on the 80% of shares and the strike price of the options on the remaining 20% will be calculated on the basis of the valuation of the equity investment, updated, on the payment request date and the option exercise date respectively.
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 2011 by € 111 thousand and accounted for as a financial liability in the assumption of the satisfaction of the conditions for payment of the earn-out, which was deemed likely.

P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l.
The decrease in the year of € 116 thousand, relates to the liquidation of the company resolved on 8 December 2008 by the extraordinary shareholders' meeting and completed with the final liquidation report as at 30 December 2010. The company was removed from the register of companies on 24 January 2011.

Integra Energy S.r.l.
The decrease of € 149 thousand is due to the merger by incorporation of Integra Energy S.r.l. into Manutencoop Facility Management S.p.A., which took place by means of notarial deed dated 3 August 2011, effective from 1 January 2011 for tax and accounting purposes.

Energyproject S.p.A.
On 1 April 2011, the extraordinary shareholders' meeting of EnergyProject S.p.A., during the analysis of the financial statements for the year ended 31.12.2010, as a result of a loss of € 4,249 thousand which led to a negative shareholders' equity of € 1,475 thousand, resolved:
- to cover the above-mentioned loss, partially through full use of "Other Reserves" recorded in the financial statements for € 1,665 thousand;
- to eliminate the share capital of € 1,110 thousand, to further cover the loss, which therefore fell to € 1,475 thousand;
- to cover the residual loss and re-establish the share capital at € 1,110 thousand.

At the same phase, sole shareholder Manutencoop Facility Management S.p.A. committed to paying the investee company the sum of € 2,585 thousand plus € 500 thousand in the form of the capital payment to allow the future coverage of any additional losses. The increase in the value of the equity investments amounts to € 5,998 thousand, given that the equity investment deficit provision was used (€ 1,736 thousand).
Lastly, it should be noted that Energyproject S.p.A.'s Management Board, on 11 November 2011, and the Management Board of Manutencoop Facility Management S.p.A., on 15 November 2011, resolved to establish a reserve for shareholders' capital payments of € 4,650 thousand, to be used in compliance with the applicable statutory provisions and laws in force.

Maco S.p.A.

Decreases of € 409 thousand and increases of € 120 thousand were recorded during the year. The first movement relates to the write-down of the equity investment, made necessary as a result of the losses recorded by the company in 2011 and based on the forecasts made by management over the future profitability of the same.

The increase of € 120 thousand concerns the re-establishing of the company's share capital, necessary as a result of use to cover the economic loss.

Telepost S.p.A.

The increase of € 7,275 thousand refers to the purchase, on 13 October 2011, of 80% of the company's share capital.

This increase is detailed below:

- € 4,600 thousand relating to the purchase of shares (51%), as per the Telepost S.p.A. share purchase proposal 4 August 2011;
- € 2,615 thousand relating to the purchase of shares (29%) from Comdata S.p.A.
- The additional increase of € 60 thousand concerns the additional costs represented by the cost of communicating the transaction to the Antitrust Authority.

As a result of said transaction, Manutencoop Facility Management S.p.A. owns all the company's share capital, previously holding a 20% stake.

Servizi Taranto Soc. cons. a r.l.

The increase of € 2 thousand refers to the purchase, on 7 July 2011, from the company GBS S.r.l., of a 15.78% stake in the share capital of "Servizi Taranto Soc. Cons. a r.l.".

Therefore, the company, previously 44.30% owned, became a subsidiary.

Isom Gestione Soc. Cons. a r.l.

The increase of € 5 thousand concerns the subscription of share capital corresponding to a stake of 52.97% of the company "Isom Gestione Soc. Cons. a r.l." with registered office in Zola Predosa (Bologna), incorporated on 23.12.2011.

The company's corporate objective is the performance of activities assigned by the project company "Progetto Isom S.p.A." for the provision of services to the Sant'Orsola Malpighi Hospital in Bologna.

Consorzio Energia Servizi Bologna

The decrease of € 3 thousand in the year relates to the liquidation of the company completed on 24 June 2011, by means of the approval by the ordinary shareholders' meeting, of the final liquidation report.

Progetto Isom S.p.A.

The corporate objective of the project company "PROGETTO ISOM S.P.A.", with registered office in Zola Predosa (Bologna), incorporated on 23.12.2011, is the design, construction and management of plants, technological systems, execution of works and provision of services for the University Hospital of Bologna, S. Orsola Malpighi.

The share capital of € 6,544 thousand was fully paid in and subscribed by Manutencoop Facility Management S.p.A. for € 2,420 thousand, corresponding to 36.98%.

Altair Zander Italia

On 5 July 2011, the sale of the shareholding held (50%) to "M + W Italy S.r.l." was completed, for a consideration of € 200 thousand, equal to the stake in shareholders' equity held, with the simultaneous recognition in the income statement of a loss on equity investments for € 21 thousand.

8. OTHER EQUITY INVESTMENTS

OTHER EQUITY INVESTMENTS

(in thousands of Euro)	2011	2010
Other equity investments	2,046	1,925
TOTAL	**2,046**	**1,925**

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 costs charge-back consortia. 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.

9. LONG-TERM FINANCIAL ASSETS AND OTHER SECURITIES

LONG-TERM FINANCIAL ASSETS AND OTHER SECURITIES

(in thousands of Euro)	2011	2010
Long-term financial assets and other securities	11,104	10,025
TOTAL	**11,104**	**10,025**

Non-interest bearing loans granted to some investee companies 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 valued at the moment of calculation of the discount. The change with respect to the previous year derives mainly from the new tranche of the non-interest bearing loan, equal to € 1,500 thousand to the subsidiary S.AN.CO. Soc.Cons.a r.l. and the reduction of the non-interest bearing loan to Cipea of € 451 thousand, which became a short-term loan during the year and so reclassified in current assets.

10. OTHER RECEIVABLES AND NON-CURRENT ASSETS

OTHER RECEIVABLES AND NON-CURRENT ASSETS

(in thousands of Euro)	2011	2010
Other receivables and non-current assets	1,129	1,146
TOTAL	**1,129**	**1,146**

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

11. INVENTORIES

INVENTORIES		
(in thousands of Euro)	**2011**	**2010**
Raw materials (at cost)	2,552	2,542
TOTAL	**2,552**	**2,542**

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 and the stocks of fuel in tanks belonging to customers that entrusted the Company with heat management.

12. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS		
(in thousands of Euro)	**2011**	**2010**
Trade receivables due from third parties	423,687	449,893
Trade receivables due from Subsidiaries	82,445	72,549
Trade receivables due from Associates and joint-ventures	24,667	18,983
Trade receivables due from Parent Companies	39	43
Costs advanced to suppliers	1,399	3,371
TOTAL TRADE RECEIVABLES	**532,237**	**544,838**

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, provision was made for the discounting of trade receivables at a risk-free discount rate of 1.038% and 1.0375%, depending on the bracket of the past due receivable (0.793% in 2010), for the period elapsed between the average number of days of delayed payment of the main competitors and that of the company identified during the year.

PROVISION FOR DISCOUNTING OF RECEIVABLES				
(in thousands of Euro)	**Opening value**	**Provisions**	**Releases**	**Closing value**
	370	637	(370)	637

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**	**Provisions**	**Releases**	**Closing value**
	16,573	1,676	(1,298)	16,951

See note 38 for the terms and conditions relating to receivables due from related parties.

The table below shows the analysis of past due trade receivables, net of the write-down provision and including the discount provision in place as at 31 December 2011:

(in thousands of Euro)	**Total**	**Not past due**	**Expired**
Al 31/12/2011	423,687	303,756	119,931
Al 31/12/2010	449,893	295,887	154,006

In 2011 Manutencoop Facility Management S.p.A. signed an agreement with Banca IMI S.p.A., for the non-recourse factoring of the portfolios of trade receivables, on a revolving basis.
The factoring operations, to be carried out on a quarterly basis, involve the derecognition of the receivables recorded in the accounts.
In September 2011, the Company transferred a portfolio of trade receivables, for a total amount of € 80,779 thousand, against interest discount costs incurred of € 3,650 thousand and credit discount costs of € 283 thousand.
In November 2011, the Company transferred trade receivables, for a total amount of € 31,777 thousand, incurring interest discount costs of € 669 thousand and credit discount costs of € 111 thousand.
The Company also incurred additional costs (upfront fees) for the launch of the entire transaction, for a total amount of € 657 thousand, represented by organisational, legal consultancy and due diligence, notary and rating agency costs.
Total receivables due from customers, transferred as at 31 December 2011 but still not collected, amounted to € 52,535 thousand.

In 2011, as in the previous year, the Company transferred receivables originating from commercial activities to 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 took place on 23 March 2011, 24 June 2011, 23 September 2011 and 23 December 2011, for a total nominal value of € 169,730 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 € 672 thousand and interest discount costs of € 2,470 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 2011 but still not collected, amounted to € 70,662 thousand.

Interest discount costs, incurred during the year for the various transfers, were booked to the income statement under the item financial charges, while credit discount costs were recorded under operating costs, as indicated in the comments on the associated item.
All additional costs incurred during the start-up phase of the entire operation involving the transfer of receivables to Banca IMI S.p.A. were recognised under service costs in the income statement.

13. OTHER CURRENT RECEIVABLES

(in thousands of Euro)	2011	2010
Receivables due from employees	317	325
Trade receivables	912	839
Receivables due from *Cassaintegrazione Guadagni* (Wages Guarantee Government Fund) and Social Security Institutions	45	142
Receivables due from Parent Company	2	3
Receivables due from subsidiaries	152	291
Bank receivables for INPDAP (Social Security Institute for employees in public administration) accounts	2,177	2,178
INAIL (National Institute for Insurance against Accidents at Work) receivable	815	524
Tax authorities - VAT	352	325
Other	2,743	2,859
Receivables due from Tax authorities	1,010	253
TOTAL OTHER CURRENT RECEIVABLES	**8,525**	**7,739**

The amount of € 2,177 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.
In 2011, the Company wrote down receivables due from suppliers, deemed by the Company to be unlikely to be recovered, for a total of € 581 thousand.

14. RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

(in thousands of Euro)	2011	2010
Servizi Ospedalieri S.p.A.	5,979	
Consorzio Imolese Pulizie Soc.cons.r.l.	36	36
Gymnasium Soc.cons.r.l.	7	7
Gestlotto6 Soc.cons.r.l.	20	20
Consorzio Igiene Ospedaliera Soc.cons.r.l.	1	
Società Manutenzione Illuminazione S.p.A.	8,076	6,932
Global Prov. Rimini Soc. Cons. a r.l.	170	170
Manutenzione Installazione Ascensori S.p.A.	15,805	
EnergyProject S.p.A.	11,404	17,089
S.AN.GE Soc. Cons. a r.l.	3,541	3,394
MACO S.p.A.	2,968	4,408
Receivable for transfer of business unit	98	533
Receivable due from Fondaco SGR S.p.A.	5,780	5,780
Companies incorporated during the year		678
Receivable due from Cipea	321	
CO.VE.DI. S.r.l.	7	
TOTAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**54,213**	**39,046**

Current accounts opened with Group Companies are mainly classified in this item, in which financial relations and receivables resulting from the sales of business units are settled.
Total receivables and other current financial assets came to € 54,213 thousand. The change during the year is essentially due to the increase in receivables due from Group companies like Servizi Ospedalieri S.p.A. amounting to € 5,979 thousand and Manutenzione Installazione Ascensori S.p.A. totalling € 15,805 thousand, partially offset by the reduction in receivables due from EnergyProject S.p.A. and MACO S.p.A.. The balance in these accounts accrues interest at the 3-month Euribor plus a spread of 1%; it is repayable on demand and the financial current account contract expires at the end of the financial year, except where tacitly renewed.
The receivable due from Fondaco SGR S.p.A. refers to the non-recourse factoring 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 the shareholder loans disbursed. The loan was extended by one year and will be repaid by 31 August 2012.

15. CASH AND CASH EQUIVALENTS

(in thousands of Euro)	**2011**	**2010**
Bank deposits on demand and cash	12,541	21,570
Company - financial accounts	8,471	6,348
TOTAL CASH AND CASH EQUIVALENTS	**21,012**	**27,918**

Bank deposits accrue interest at the respective short-term interest rates. Amounts deposited at Consorzio Cooperativo Finanziario Per Lo Sviluppo (C.C.F.S.) and Consorzio Nazionale Servizi (C.N.S.), included in the item 'Company - financial accounts', also have the nature of available current accounts and accrue interest. The fair value of cash and cash equivalents is therefore € 21,012 thousand (2010: € 27,919 thousand).

16. NON-CURRENT ASSETS HELD FOR DISPOSAL AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL

Non-current assets held for disposal and liabilities associated with assets held for disposal presented a zero balance as at 31 December 2011.

The item non-current assets held for disposal, composed at the end of the previous financial year by trade receivables relating to the "Servizi Energia Calore" (SEC) business unit, for € 8,633 thousand, the value of the equity investment in Gestin Polska Sp.Zo.o., for € 2,713 thousand and the book value of the equity investment in Headmost Division Service F.M. S.p.A. (H.D.S.), for € 250 thousand and the item Liabilities associated with assets held for disposal, as at 31 December 2010 constituted by liabilities relating to the SEC unit, were eliminated in the year, as a result of the transactions indicated below:

- Reclassification of equity items of the SEC business unit; in the balance sheet as at 31 December 2011, in accordance with IFRS 5 - Assets held for sale and discontinued operations, and on the basis of new contractual agreements signed in February 2012, assets and liabilities relating to the SEC business unit, associated to two job orders for technical-maintenance services in the hospitals of Messina and Catania and previously recorded separately from other assets and liabilities, were reclassified, given that they were not, on the basis of current conditions, representative of "asset disposal group".
- Transfer to Fiat Auto Poland S.A., effective as of 1 January 2011, of the Polish subsidiary Polska Sp.Zo.o, active in providing facility management services to the customer FIAT.

- Full write-down of the equity investment in H.D.S. S.p.A., for an amount of € 250 thousand, in consideration of impairment.

Income from discontinued operations

Income from discontinued operations in 2011 showed a total loss of € 253 thousand, compared to a loss of € 2,908 thousand in the previous year.

The item is mainly composed of an indemnity paid to the Company Fondaco, relating to the transfer to the latter of the shares held in associate Progetto Nuovo Sant'Anna, for € 237 thousand, the capital loss on the transfer of the equity investment in subsidiary Altair Zander Italia, for € 21 thousand, charges incurred during the liquidation of the two investees, for € 5 thousand, net of positive adjustments for the transfers made previously, amounting to € 10 thousand.

17. SHARE CAPITAL AND RESERVES

(in thousands of Euro)	**2011**	**2010**
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 2011 totalled 109,149,600.

The Company does not hold any own shares.

RESERVES AND ACCUMULATED PROFITS (LOSSES)

(in thousands of Euro)	**Share premium reserve**	**Legal reserve**	**Other reserves**	**TOTAL RESERVES**	**Accumulated profits (losses)**
As at 31 December 2009	**144,736**	**15,066**	**7,145**	**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 movements	282		0	282	
As at 31 December 2010	**145,018**	**15,571**	**13,060**	**173,649**	**3,809**
Allocation of 2010 profit		241	4,570	4,811	
Business Combination under common control			97	97	
Total comprehensive profit/ (loss)			(24)	(24)	
As at 31 December 2011	**145,018**	**15,812**	**17,703**	**178,533**	**3,809**

It should be noted that:

- Other Reserves increased mainly in relation to the allocation of the profit of the previous year, amounting to € 4,570 thousand and the merger surplus generated following the integration of the company Integra Energy S.r.l. for € 97 thousand, as comprehensively detailed in paragraph 3.
- The item comprehensive profit/(loss) includes the recognition to shareholders' equity of net actuarial gains and losses for € 119 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 € 95 thousand.

Nature and purpose of other reserves

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

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

(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,C	145,018		
Legal reserve:					
> Legal reserve	15,812	B	15,812		
> Reserves for IFRS transition	2	B	2		
> Extraordinary reserve	24,364	B,C	24,364		
Profits/losses carried forward	**3,809**	**B,C**			
TOTAL	**189,005**				
Non-distributable portion	15,814				
Remaining distributable portion	173,191				

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)	**2011**	**2010**
Financial charges on obligations assumed	781	1,563
Curtailment	0	337
Net actuarial gains (losses) recorded in the year (to shareholders' equity)	176	14
NET COST OF THE BENEFIT	**957**	**1,914**

There are no plan assets.

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

(in thousands of Euro)	**2011**	**2010**
Opening balance of the present value of the defined benefit obligation	17,210	13,021
Increase/(decrease) due to business combinations	0	7,424
Benefits paid	(3,068)	(4,792)
Financial charges on obligations assumed	781	1,900
Actuarial gains (losses) on the obligation	176	14
Reclassification (IFRS 5) of liabilities being disposed of	0	(207)
Other movements	202	(150)
CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION	**15,301**	**17,210**

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

REFERENCE RATES

	% 2011	**% 2010**
Discount rate	4.25%	5.70%
Rate of inflation	2.00%	2.00%
Turnover	1.50% before the age of 50	1.50% before the age of 50
	11.50% after the age of 50	11.50% after the age of 50

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

	2011	**2010**
Executives	44	53
Office employees	827	976
Manual workers	10,682	9,991
TOTAL EMPLOYEES	**11,553**	**11,020**

In 2011, the average number of personnel lease posted, including those shown in the table, stood at 542 (552 in 2010).

19. PROVISIONS FOR RISKS AND CHARGES

(in thousands of Euro)	Risks on job orders	Ongoing legal proceedings	Employee bonuses	Provision to cover equity investment losses	Company restructuring	Tax dispute	Provision for employees legal proceedings	Total
As at 1 January 2011	**5,229**	**3,114**	**1,403**	**2,194**	**6,397**	**1,152**	**868**	**20,357**
Provisions	1,874	721	1,800	134	34	34	1,455	6,052
Uses	(1,025)	(177)	(47)	(1,951)	(6,392)	(217)	(255)	(10,064)
Releases	(143)	(313)	(33)		(6)	(11)	(229)	(735)
Reclassifications		(225)						(225)
Other	679			120				799
As at 31 December 2011	**6,614**	**3,121**	**3,123**	**497**	**33**	**958**	**1,839**	**16,185**
Short-term 2011	6,257	481	1,135	497	33	958		9,361
Medium/long-term 2011	357	2,640	1,988				1,839	6,824
As at 31 December 2011	**6,614**	**3,121**	**3,123**	**497**	**33**	**958**	**1,839**	**16,185**
Short-term 2010	4,872	546		2,194	6,397	1,152		15,161
Medium/long-term 2010	357	2,567	1,359				868	5,195
As at 31 December 2010	**5,229**	**3,113**	**1,359**	**2,194**	**6,397**	**1,152**	**868**	**20,356**

Provision for job order risks

The provision of € 1,874 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 € 721 thousand and uses for legal proceedings closed amounting to € 490 thousand.

Personnel bonuses

The amount of € 3,123 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 investment losses

The provision to cover equity investment, amounting to € 497 thousand, includes allocations made to cover future losses of Group companies. The details are shown below:

- Maco S.p.A: € 210 thousand;
- Alisei S.r.l. in liquidation: € 37 thousand;
- Consorzio Sermagest Servizi Manutentivi Gestionali in liquidation: € 250 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, continued in 2011.
The provision was used almost entirely as at 31 December 2011 and the amounts relating to the transactions entered into at the end of 2011 were recorded in the item other current payables.

The ongoing restructuring involved a rationalisation of company monitoring and the elimination of duplication of departments which were effected, in 2010 and 2011, through an extension of the restructuring plan launched in 2009 which led to the signing of trade union agreements for the start of redundancy procedures.

Tax dispute provision

The provision for tax dispute risks is detailed below:

- € 900 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., therefore filed an appeal against said ruling before the Court of Cassation;
- € 32 thousand was recorded as a provision relating to taxation of the capital gain realised on the sale of the company Altair IFM France S.a.s, as part of the sale of the FIAT unit last year;
- € 26 thousand concerning residual amounts for the tax notices partially relieved, received for companies incorporated in previous years.

Provision for employee legal proceedings

The provision for risks related to employee legal proceedings, amounting to € 1,455 thousand, refers to the best estimate made of liabilities as at 31 December 2011, whose risk is deemed to be likely, connected to ongoing labour law disputes.

20. LOANS AND OTHER FINANCIAL LIABILITIES

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

The details are shown below:

LOANS

(in thousands of Euro)	Total 31.12.2011	Within 1 year	After 1 year within 5	After 5 years
Short- and medium/long-term				
BNP-Unicredit loan	99,000	99,000		
C.C.F.S. loan	29,993		29,993	
BPCI - Gruppo UBI Banca loan	11,942	2,969	8,973	
Unicredit Banca D'Impresa	10,828	5,262	5,567	
MPS	17,199		13,753	3,446
Banca Popolare di Vicenza	49,813	11,862	37,951	
Banca Popolare Emilia Romagna	12,712		12,712	
Payables for the purchase of equity investments	15,504	3,031	12,473	
Obligations deriving from financial leasing	469	181	287	
Invoice advances	21,553	21,553		
Hot money	9,990	9,990		
Financial accounts of Parent Company/Subsidiaries	55,157	55,157		
Financial accounts - Other equity investments	66	66		
Financial liabilities valued at fair value	117	117		
Collections on behalf of securitisation assignee	14,600	14,600		
Share capital to be paid to equity investments	5	5		
TOTAL LOANS	**348,948**	**223,793**	**121,709**	**3,446**

Loans existing as at 31.12.2010 are shown below:

LOANS

(in thousands of Euro)	Total 31.12.2010	Within 1 year	After 1 year within 5	After 5 years
Short- and medium/long-term				
BNP-Unicredit loan	131,150	131,150		
C.C.F.S. loan	29,945		29,945	
BPCI - Gruppo UBI Banca loan	14,929	3,000	11,929	
Unicredit Banca D'Impresa	15,826	4,985	10,841	
Payables for the purchase of equity investments	23,387	11,924	11,463	
Obligations deriving from financial leasing	655	451	204	
Invoice advances	76,512	76,512		
Hot money	49,501	49,501		
Financial accounts of Parent Company/Subsidiaries	20,365	20,365		
Financial liabilities valued at fair value	78	78		
Collections on behalf of securitisation assignee	5,989	5,989		
Share capital to be paid to equity investments	5	5		
TOTAL LOANS	**368,342**	**303,960**	**64,382**	**0**

BNP-Unicredit loan

In order to meet the financial requirements resulting from the purchase of Pirelli IFM S.p.A. (then Altair IFM S.p.A. and now merged in Manutencoop Facility Management S.p.A.), in December 2008, the company took out a pooled loan with Banca Nazionale del Lavoro as Agent Bank, for a current residual exposure of € 99,000 thousand.

As already amply detailed in the explanatory notes to the financial statements for the year ended 31 December 2010, the value of one of the financial parameters whose contract subordinates the maintenance of the time limit, was not complied with as at 31 December 2010. Despite the Company still not having signed the waiver letter proposed by the banks at the start of 2011, the directors of the Management Board, also considering that the preliminary analysis conducted on the basis of the results of the financial statements for the year closed shows that the said parameters were observed as at 31 December 2011 and that, in particular, in 2011 and in the first few months of 2012, no request for repayment of the loan was received, believe that the non-satisfaction of a financial parameter as at 31.12.2010 is in no way susceptible to modifying the contractual relations between the Company and the pool of lending banks.

Nevertheless, since formal proof has still not been acquired of the banks' desire not to assert their rights to the immediate return of the capital that will be due to them based on non-compliance with the parameter as at 31 December 2010, in application of the applicable accounting standards, the Company continued to classify the entire debt in question among short-term debts.

CCFS Loan

During the course of 2009, as part of a wider operation to rationalise the MFM Group's financial indebtedness, the Company took out a loan with Consorzio Cooperativo Finanziario per lo Sviluppo of € 30 million. As at 31 December 2011, the carrying amount was € 29,993 thousand, net of accessory charges. The loan has variable interest rates plus a spread, and expires on 29 July 2013.

Banca Popolare del Commercio e Industria of the UBI Banca Group loan

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%.
The loan agreement also requires the verification of a series of financial parameters; non-compliance with these parameters envisages, on the basis of the formal indications of the contract, the activation of the acceleration clause on the loans granted. As at 31 December 2011, the carrying amount was € 11,942 thousand, net of accessory charges.
During the current year, the financial parameters were respected.

Monte dei Paschi di Siena loan

On 8 April 2011, a long-term loan agreement was stipulated with Banca Monte dei Paschi di Siena for total of € 25 million in usable credit lines. The agreement was signed to finance the Group's acquisitions, € 17,199 thousand of which was used in 2011.
The loan agreement also requires the verification of a series of financial parameters; non-compliance with these parameters envisages, on the basis of the formal indications of the contract, the activation of the acceleration clause on the loans granted.
During the current year, the financial parameters were respected.

Banca Popolare di Vicenza loan

On 24 January 2011, a long-term loan agreement was stipulated with Banca Popolare di Vicenza for a total of € 50 million. The loan has variable interest rates. As at 31 December 2011, the carrying amount was € 49,813 thousand, net of accessory charges.

Banca Popolare dell'Emilia Romagna loan

On 25 November 2011, a long-term loan agreement was stipulated with Banca Popolare dell'Emilia Romagna for a total of € 12,750 thousand. The loan has variable interest rates.
The loan agreement also requires the verification of a series of financial parameters; non-compliance with these parameters envisages, on the basis of the formal indications of the contract, the activation of the acceleration clause on the loans granted. As at 31 December 2011, the carrying amount was € 12,712 thousand, net of accessory charges.
During the current year, the financial parameters were respected.

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 2011, the carrying amount was € 10,828 thousand, net of accessory charges.

Advances and Hot money

Short-term bank loans such as hot money and advances are not secured by guarantees.

Financial accounts of Parent Company/Subsidiaries

Financial payables are not secured and are repayable in a lump-sum at the end of the year, except in the case of a tacit renewal.
It should be noted that the Company has a financial account on which it settles transactions with the Parent Company Manutencoop Società Cooperativa. As at 31 December 2011, the balance was € 25 thousand.

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 accounts 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 for the year ended 31 December 2011 relate:

- To the actual non-current value of the earn-out for the purchase of Gruppo Sicura at € 12,473 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); provision was also made for the recognition of financial charges which help to determine the present value of € 960 thousand;
- To the payable for the SEC business unit of € 2,989 thousand;
- To the payable for the subscription of the share capital increase of Consorzio Cooperative Costruzioni for € 60 thousand, a Company recorded in the financial statements under "Other equity investments".

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

The balance payable to Credit Agricole Corporate & Investment Bank and Banca IMI (collections on behalf of the assignee of trade receivables), equal to € 14,600 thousand, is recorded against amounts credited by customers to the Company's bank accounts but relating to receivables already involved in the transfer operation described in note 12. This type of payable is normally settled financially every 15 days via bank transfer.
The Company issued the following sureties as part of the securitisation transaction:

- for a nominal amount of € 8,355 thousand to Credit Agricole Corporate & Investment Bank;
- for a nominal amount of € 5,000 thousand to Banca IMI.

In light of the characteristics of the transaction and the protections to which the assumption of enforcement of the Credit Agricole Corporate & Investment Bank surety is subject, the fair value of the same was valued at € 117 thousand as at 31 December 2011.

Unused credit lines

As at 31 December 2011, the Company had unused credit lines of € 169,894 thousand (2010: € 157,044 thousand), in relation to which all previous conditions/terms were complied with.

21. FINANCIAL LIABILITIES FOR NON-CURRENT DERIVATIVES

The BNL/BNP Paribas loan agreement 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 Company took out three different interest rate swaps for a total notional value which currently stands at € 63,000 thousand, on which it pays a fixed rate and collects the basic variable rate, plus payment of a spread on the loan. The fair value measurement (mark to market) of the associated liability stands at € 1,429 thousand as at 31 December 2011. The derivative instrument was designated as a hedge from the start and tests were performed which confirmed its effectiveness as at 31 December 2011 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.

22. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

(in thousands of Euro)	2011	2010
Trade payables	262,429	267,094
Trade payables - Associates and joint-ventures	26,053	30,057
Trade payables - Subsidiaries	40,656	24,421
Trade payables - Parent Companies	8,924	4,909
Payables due to customers for works to be performed	4,901	2,829
	342,964	**329,310**

23. OTHER CURRENT PAYABLES

(in thousands of Euro)	2011	2010
Payables due to employees	33,382	32,124
Payables due to Social Security Institutions	6,748	6,155
Payables due to Tax authorities	37,244	37,663
Collections on behalf of temporary association of companies	23,069	22,833
Payables due to Subsidiaries	99	361
Directors' fees to be paid	104	104
Property collections on behalf of customers	2,177	2,178
Other	4,803	3,002
Accrued expenses and deferred income	1,306	314
	108,932	**104,732**

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. 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.

24. SALES AND SERVICE REVENUES

SALES AND SERVICE REVENUES

(in thousands of Euro)	2011	2010
Integrated services - system and building maintenance	168,228	277,164
Cleaning and sanitation services	282,662	257,844
Heat management	104,062	96,049
Construction works, building renovation	105,062	84,004
Plant construction works	13,657	16,738
Landscaping	10,019	9,275
Porterage services	8,534	6,570
Revenues from product sales	450	4,025
Equity management	826	1,665
Cemetery services	500	787
Other services	70,106	59,157
TOTAL	**764,106**	**813,279**

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 around 35 times the specific turnover for 2011 of the "porterage" sector.
A decrease in revenues was recorded in 2011 compared to the previous year, due to the reduction in activities.

25. OTHER OPERATING REVENUES

OTHER REVENUES AND INCOME

(in thousands of Euro)	2011	2010
Reimbursement of damages	115	1,095
Capital gains from disposal of assets	34	7
Other revenues	1,015	291
TOTAL	**1,164**	**1,393**

As at 31 December 2011, the balance was € 1,164 thousand, compared to a figure of € 1,393 thousand in 2010.
The item other revenues mainly concerns income from energy management and the recovery of charges relating to seconded personnel.

26. CONSUMPTION OF MATERIALS

CONSUMPTION OF MATERIALS

(in thousands of Euro)	**2011**	**2010**
Change in inventories of raw materials	10	(22)
Purchase of fuels	(59,403)	(45,636)
Purchase of raw materials	(43,555)	(33,589)
Purchase of auxiliary materials and consumables	(5,875)	(8,931)
Other purchases	(2,525)	(2,858)
TOTAL	**(111,348)**	**(91,036)**

As at 31 December 2011, the item amounted to € 111,348 thousand, compared to a figure of € 91,036 thousand in 2010. The increase is primarily due to higher purchases of fuels and raw materials.

27. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

COSTS FOR SERVICES

(in thousands of Euro)	**2011**	**2010**
Third party services	(188,135)	(244,297)
Professional services	(36,354)	(34,139)
Consortia services	(28,473)	(34,951)
Utilities	(12,210)	(20,415)
Rent expense	(14,823)	(17,878)
Personnel services	(5,754)	(6,584)
Transport	(656)	(5,833)
Equipment maintenance and repair	(5,230)	(4,727)
Insurance and sureties	(2,989)	(4,378)
Travel expenses and reimbursement of costs	(2,294)	(3,222)
Advertising and promotion	(1,735)	(2,438)
Rentals and other	(1,298)	(1,386)
Directors’ and Statutory Auditors’ Fees	(408)	(395)
Banking services	(102)	(113)
Bonuses and commission	(7)	(15)
Other services	(2,100)	(3,515)
TOTAL	**(302,568)**	**(384,287)**

For the year ended 31 December 2011, costs for services totalled € 302,568 thousand.

28. PERSONNEL COSTS

PERSONNEL COSTS

(in thousands of Euro)	2011	2010
Wages and salaries	(176,257)	(172,655)
Social security costs	(55,231)	(53,932)
Temporary and leased personnel	(26,061)	(25,984)
Other current benefits	(385)	90
CURRENT BENEFITS	**(257,934)**	**(252,480)**
Employee severance indemnity provision	(866)	(1,900)
Other subsequent benefits	9	(75)
DEFINED BENEFITS	**(857)**	**(1,975)**
Payments to employee pension funds	(10,686)	(10,317)
DEFINED CONTRIBUTION BENEFITS	**(10,686)**	**(10,317)**
TERMINATION BENEFITS	**(1,837)**	**(435)**
TOTAL PERSONNEL COSTS	**(271,314)**	**(265,206)**

In respect of the company restructuring process launched in 2009, a total of € 1,837 thousand was recorded in the form of termination benefits.
Lastly, it should be noted that all items of cost for personnel lease and temporary work are stated in current benefits.

29. OTHER OPERATING COSTS

OTHER OPERATING COSTS

(in thousands of Euro)	2011	2010
Other operating costs	(3,525)	(2,270)
Fines and penalties	(1,931)	(1,029)
Taxes other than income taxes	(1,297)	(782)
Securitisation Credit discount	(1,066)	(746)
Capital losses on disposal of assets	(4)	(6
TOTAL	**(7,825)**	**(4,834)**

Other operating costs amounted to € 6,759 thousand in 2011, marking an increase of € 2,991 thousand compared to the previous year.

This increase is largely due to the items:
> "Other operating expense", whose increase over the previous year is linked mainly to costs deriving from energy management amounting to € 887 thousand;
> "Fines and penalties", which increased by € 902 thousand due mostly to the penalties relating to agreements with some customers and the early withdrawal from a lease;
> "Taxes other than income taxes" whose balance includes excise duty deriving from the Integra Energy merger, accounting for € 309 thousand;
> "Securitisation credit discount" which recorded an increase of € 320 thousand compared to the previous year, and refers to the transfers of trade receivables performed in 2011. For more details, please refer to the comments on the item "Trade receivables".

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

AMORTISATION/DEPRECIATION, IMPAIRMENT AND WRITE-BACKS OF ASSETS

(in thousands of Euro)	2011	2010
Amortisation of intangible assets	(7,821)	(9,116)
Write-down of equity investments in Group companies	(7,117)	(8,165)
Write-down of receivables	(2,217)	(4,712)
Depreciation of property, plant and machinery	(3,615)	(3,754)
Depreciation of leased property, plant and machinery	(175)	(375)
Transfer of provision for write-down of receivables	4	90
Other write-downs	(86)	0
TOTAL	**(21,027)**	**(26,033)**

As at 31 December 2011, the item 'Amortisation/depreciation, impairment and write-backs of assets' amounted to € 21,027 thousand, down compared to € 26,033 thousand in 2010.
Intangible assets refer mainly to 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 associated amortisation in 2011 came to € 7,821 thousand, compared to € 9,116 thousand in 2010. This increase is due to the end of the amortisation of some intangible assets and the full write-down, in 2010, of the backlog relating to the SEC business unit acquired previously with the subsequent end of the amortisation process.

The item 'Write-down of Group equity investments' includes value adjustments recorded in relation to the following companies:
- € 5,236 thousand relating to subsidiary Energyproject S.p.A.;
- € 1,122 thousand relating to subsidiary Società Manutenzione Illuminazione S.p.A.;
- € 9 thousand relating to subsidiary Alisei S.r.l. in liquidation;
- € 500 thousand relating to subsidiary Maco S.p.A.;
- € 250 thousand relating to the company Headmost Division Service Facility Management S.p.A..

A reduction of € 2,495 thousand was recorded in the item 'write-down of receivables'.

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

DIVIDENDS

(in thousands of Euro)	2011	2010
Dividends	3,915	7,868

Dividends pertaining to the year derive from Group companies (€ 3,893 thousand) and other equity investments (€ 21 thousand).

The details are shown below, compared with 2010:

DIVIDENDS FROM EQUITY INVESTMENTS IN GROUP COMPANIES		
(in thousands of Euro)	**2011**	**2010**
M.P. Facility S.p.A.	0	2,800
Roma Multiservizi S.p.A.	1,533	1,399
Servizi Ospedalieri S.p.A.	1,560	0
Gruppo Sicura	800	0
Gestin Polska	0	2,919
Altair France	0	476
TOTAL DIVIDENDS - GROUP COMPANIES	**3,893**	**7,594**

DIVIDENDS FROM EQUITY INVESTMENTS IN OTHER COMPANIES		
(in thousands of Euro)	**2011**	**2010**
Co.ve.di. S.r.l.	0	251
Consorzio Cooperativo Finanziario per lo Sviluppo	0	21
Consorzio Coop. Costruzioni	21	1
Consorzio Nazionale Servizi	0	1
TOTAL DIVIDENDS - OTHER COMPANIES	**21**	**274**

32. FINANCIAL INCOME

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

OTHER FINANCIAL INCOME		
(in thousands of Euro)	**2011**	**2010**
Interest on trade receivables	291	1,050
Interest on non-proprietary and intercompany current accounts	1,389	916
Interest from discounting of non-interest bearing loans	431	104
Interest on bank current accounts	131	55
Other financial income	8	19
TOTAL FINANCIAL INCOME	**2,250**	**2,143**

33. FINANCIAL CHARGES

FINANCIAL CHARGES

(in thousands of Euro)	2011	2010
Loans	(11,855)	(6,958)
Bank loans and current account overdrafts	(4)	(2,424)
Financial charges - Group financial accounts	(721)	(284)
Financial charges for financial leasing	(18)	(39)
Charges for derivative instruments	(38)	(17)
Other financial charges	(9,381)	(3,919)
TOTAL FINANCIAL CHARGES	**(22,018)**	**(13,642)**

The item Financial charges recorded an increase of € 8,376 thousand in 2011, compared to the previous year. The item refers mainly to financial charges relating to new loans taken out during the year and the contract with Banca IMI S.p.A. for the transfer of portfolios of trade receivables, as described in the comments on the item "Trade receivables".

34. TAXES

The breakdown of income taxes is shown below, for the years ended 31 December 2010 and 2011.

CURRENT, PREPAID AND DEFERRED TAXES

(in thousands of Euro)	2011	2010
Current IRES - charges from tax consolidation	13,527	13,528
Reclassification of current IRES on discontinued operations	0	38
Current IRAP	9,733	10,005
Reclassification of current IRAP on assets held for disposal	0	(14)
Adjustment to current taxes of previous years	79	(446)
CURRENT TAXES	**23,339**	**23,111**
Prepaid/deferred IRES	641	(3,112)
Reclassification of prepaid/deferred IRES on income from discontinued operations	0	749
Prepaid/deferred IRAP	(112)	(622)
Reclassification of prepaid/deferred IRAP on assets held for disposal	0	106
Prepaid/deferred taxes of previous years	(934)	215
PREPAID/DEFERRED TAXES	**(405)**	**(2,664)**
CURRENT, PREPAID AND DEFERRED TAXES	**22,934**	**20,447**

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 2011 to pre-tax profit is as follows:

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRES RATE

(in thousands of Euro)	31 December 2011		31 December 2010	
Pre-tax profit (loss)	**30,097**		**28,165**	
Ordinary rate applicable		27.50%		27.50%
Effect of increases (decreases):				
> Temporary differences	(1,585)	-1.45%	10,244	10.00%
> Permanent differences	20,676	18.89%	10,922	10.66%
Income from discontinued operations			**(2,877)**	
> Temporary and permanent differences			2,739	
IRES taxable income	**49,188**		**49,193**	
Tax / Effective rate	**13,527**	**44.94%**	**13,528**	**48.03%**

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRAP RATE

(in thousands of Euro)	31 December 2011		31 December 2010	
Pre-tax profit (loss)	**30,097**		**28,165**	
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	271,314		265,206	
> Provisions	5,237		11,520	
> Balance from financial management	15,854		3,592	
> Other differences between taxable base and pre-tax result	(90,199)		(69,391)	
Income from discontinued operations			**(2,878)**	
Cost of labour - discontinued operations			**509**	
> Temporary and permanent differences			2,722	
IRAP taxable income	**232,303**		**239,445**	
> of which at 2.98%	1,373		1,547	
> of which at 3.40%	1,547			
> of which at 3.90%	155,542		168,594	
> of which at 4.73%	6,219		5,227	
> of which at 4.82%	54,706		32,054	
> of which at 4.97%	12,916		32,023	
Tax / Effective rate	**9,733**	**3.02%**	**10,005**	**3.24%**

Deferred taxes

Details of prepaid and deferred taxes as at 31 December 2011 are shown below:

DETAILS OF PREPAID AND DEFERRED TAXES

(in thousands of Euro)	Tax effect - balance sheet 31/12/2011	Tax effect - balance sheet 31/12/2010	Tax effect - income statement 31/12/2011	Tax effect - income statement 31/12/2010
Taxes paid in advance:				
> Long-term costs	462	600	138	282
> Financial leasing	22	22		
> Maintenance exceeding deductible limit		9	9	30
> Presumed losses on receivables	3,308	3,047	261)	(589)
> Provision for risks and charges	3,572	4,831	1,259	(1,893)
> Write-downs of assets	29	29		(2)
> Discounting of receivables	27	34	7	1
> Fees of Directors, Statutory Auditors and Independent Auditors	131	85	(46)	87
> Works not completed				342
> Amortisation/depreciation	1,128	1,191	63	725
> Adjustment of job order margin	9	66	57	351
> Interest expense	113	20	(93)	21
> Employee benefits and length of service bonuses	154	154		
> Substitute tax	1,385	1,385		
> Restructuring fund	786	374	(412)	273
> Request for Irap reimbursement				(194)
> Valuation of cash flow hedge	393	429	36	(136)
> Deduction of costs - cash	23	28	5	3
> Other temporary differences	386	13	(361)	20
TOTAL TAXES PAID	**11,928**	**12,317**	**401**	**(679)**
Deferred taxes:				
> Tax amortisation	(111)	(25)	86	
> IFRS valuation - works in progress	(20)	(88)	(68)	(39)
> Leasing for tax purposes	(99)	(99)		4
> Discounting of employee benefits	(964)	(913)	51	
> Amortisation of goodwill	(5,181)	(4,529)	652	537
> Purchase Price Allocation (PPA)	(3,700)	(5,166)	(1,466)	(2,472)
> Other temporary differences	(58)	(119)	(61)	(15)
TOTAL DEFERRED TAXES	**(10,133)**	**(10,939)**	**(806)**	**(1,985)**
NET PREPAID (DEFERRED) TAXES	**1,795**	**1,378**	**(405)**	**(2,664)**

35. EARNINGS PER SHARE

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

36. COMMITMENTS AND CONTINGENT LIABILITIES

Financial leasing

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

(in thousands of Euro)	2011		2010	
	Rents	**Current value of rents**	**Rents**	**Current value of rents**
Within one year	186	181	467	451
After one year, but within five years	290	287	209	204
TOTAL LEASING FEES	**476**	**468**	**676**	**655**
Financial charges	(8)	0	(39)	0
Current value of leasing fees	459	468	637	655

Guarantees given

The Company has the following contingent liabilities as at 31 December 2011:

- it granted sureties for bank overdrafts and to secure the obligations of subsidiaries and associates for a maximum amount of € 38,110 thousand (2010: € 37,733 thousand;
- it granted sureties to third parties to guarantee the proper fulfilment of the obligations of commercial contracts in place with customers and to the Inland Revenue for VAT reimbursements;
- it granted a surety to Credit Agricole Corporate & Investment Bank 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 € 117 thousand;
- it granted a surety to Banca IMI to guarantee the necessary compliance of the contract for the transfer of trade receivables amounting to € 5,000 thousand.

The total exposure of sureties granted to third parties comes to € 148,814 thousand. It is not believed that any liabilities will emerge.

37. 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 Soc. Coop.	2011	173	31,788		23	3,750	9,043		25	
	2010	217	31,603		43	45	8,406		219	
TOTAL PARENT COMPANY	**2011**	**173**	**31,788**		**23**	**3,750**	**9,043**		**25**	
	2010	**217**	**31,603**		**43**	**45**	**8,406**		**219**	

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.	2011	1	1			3	1	(58)		
	2010	1	1			1				
Simagest 2 Soc. Cons.a r.l.	2011	2				397				
	2010	4	19			1,329	69			
Simagest 3 Soc. Cons.a r.l.	2011	3	(31)			2	(37)			
	2010	4	13			61	13			
Gymnasium Soc. Cons.a r.l.	2011		5			1	33	7	5	
	2010		6			1	28	7	5	
Gestlotto 6 Soc.Cons.a r.l.	2011		8			6	34	20		
	2010		4			6	26	20		
Cons. Imolese Pulizie Soc.Cons.a r.l.	2011	45	84			100	42	36		
	2010	41	79			105	51	36		
Cons. Servizi Toscana Soc.Cons.a r.l.	2011	64	73			422	257			
	2010	220	128			334	190			
Servizi Marche Soc.Cons.a r.l.	2011	3				12	3			
	2010	7	61			7	3			
Cons. Igiene Ospedaliera-Soc.Cons.a R.L.	2011	893	433			543	186	1		
	2010	1,123	425			670	377			
Co.Ge.F. soc.cons.a r.l.	2011	15,906	19,459			12,425	13,236			
	2010	15,354	19,270			10,743	12,142			
Servizi Ospedalieri s.p.a.	2011	1,203	61	1,676		1,000	66	5,979		
	2010	608	56		214	239	224		4,743	
Servizi Brindisi soc.cons.a r.l.	2011	322	5,000			435	1,412			
	2010	398	4,804			2,815	3,375			
Gruppo Sicura s.r.l.	2011		1,562	800			1,616			
	2010	3	1,718			1	1,220			
Manutenzione installazione ascensori S.p.A.	2011	499	543	301		453	330	15,805		
	2010	326	130	4		33	163		1,618	
Palmanova servizi energetici Soc.Cons.a R.L.	2011	401	1,289			439	610			
	2010	344	1,076			138	322			

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
Servizi l'aquila soc.cons. r.l.	2011	93	222			78	184			
	2010	86	284			76	107			
Servizi sportivi Brindisi soc.cons. r.l.	2011		390			108	354			
	2010	90	469			108	344			
Società manutenzione illuminazione S.p.A.	2011	351	4	190		280	42	8,076		
	2010	350	31	78		399	31	6,932		
MP Facility S.p.A.	2011	94,456	752		639	36,405	397		46,922	
	2010	103,582	573		26	36,757	484		13,782	
Manutencoop Costruzioni s.p.a.	2011	604	199	104		435	282	2,968		
	2010	566	821	41		229	184	4,408		
Cardarelli Soc. Cons. a r. l.	2011		528				535			
	2010		320				144			
ENERGYPROJECT S.P.A.	2011	1,004	125	308		308	50	11,404		
	2010	5,689	172	246		5,949	193	17,089		
Integra Energy S.r.l.	2011									
	2010	932	462	4		765	220	678		
P.I.T. Promozione Imprese e Territorio Soc. Cons. a r.l.	2011									
	2010					10				
S.AN.CO. Soc. Conso a r.l.	2011	737	1,342			4,964	1,342	3,150		
	2010	1,719	5,256			4,179	5,256	1,650		
S.AN.GE Soc. Cons. a r.l.	2011	17,838	11,835	147		22,230	18,215	3,541		
	2010	2,436	389	131		2,893	409	3,393		
Consorzio Sermagest Servizi Manutentivi Gestionali	2011					77	4			
	2010					77	4			
Gestin Polska Sp.zo.o. (being disposed of)	2011									
	2010	15								
Servizi Taranto Soc. Cons. a r.l.	2011	1,191	2,908			1,377	2,154			
	2010		67				67			
Telepost S.p.A.	2011	613			59	254			8,211	
	2010	728				293				
TOTAL SUBSIDIARIES	**2011**	**136,229**	**46,792**	**3,526**	**698**	**82,754**	**41,347**	**50,929**	**55,137**	
	2010	**134,713**	**36,633**	**504**	**240**	**68,218**	**25,648**	**34,214**	**20,149**	

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.	2011	243	723			579	465			
	2010	581	1,347			455	546			
Global Maggiore Bellaria Soc.Cons.a R.L.	2011		45			124	(33)			
	2010		4			20	(73)			
Consorzio Leader Soc.Cons.a r.l.	2011	3				13	6			
	2010	3	17			9	5			
SCAM Soc.Cons. a r.l.	2011					6				
	2010					37				
Altair Zander Italia s.r.l.	2011	38				27	36			
	2010	111	490			150	593			
Malaspina Energy Soc. Cons. a r.l.	2011	1,265		5		1,247	82	164		
	2010	23	82	4		25	60	160		
TOTAL JOINT VENTURE	**2011**	**1,549**	**769**	**5**		**1,996**	**557**	**164**		
	2010	**718**	**1,940**	**4**		**697**	**1,132**	**160**		

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.	2011	12	7			4	7			
	2010	12	7			5	7			
Gico Systems S.r.l.	2011	7	239			7	146			
	2010	7	241			5	129			
Consorzio Cooperativo Karabak Soc.a r.l.	2011	65				20	2			
	2010	49				4	2			
Se.Sa.Mo. S.p.A.	2011	4,629	(23)	41		4,496	5	710		
	2010	4,553	9	41		5,097	32	606		
Global Provincia di RN Soc.Cons.a R.L.	2011	459	1,719			375	1,030	170		
	2010	455	1,682			273	816	170		
Bologna Più Soc.Cons.a r.l.	2011		41			(2)	3	39		
	2010					(2)	3	90		
Global Riviera Soc.Cons.a r.l.	2011	1,682	4,967			1,281	2,785			
	2010	1,562	5,285			1,180	3,206			
Como Energia Soc.Cons.a r.l.	2011		912				735			
	2010		1,229				1,883			
DUC Gestione Sede Unica Soc. Cons.a r.l.	2011	4,360	2,257			4,586	1,559			
	2010	4,297	2,417			4,187	2,044			
Cons.Energia servizi Bologna	2011									
	2010		22			54	28			
P.B.S. s.c.r.l.	2011	(32)	(68)			311	(23)			
	2010	4	48			845	299			
Bologna Multiservizi soc.cons.a r.l.	2011	1,970	4,529			3,059	5,665			
	2010	1,325	3,989			1,566	3,319			

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
Roma Multiservizi S.p.A.	2011	1,739	7,093	1,533		2,360	8,545			
	2010	2,017	5,739			1,065	8,881			
Tower soc.cons. a r.l.	2011						24			
	2010		202				21			
Bologna gestione patrimonio soc.cons.r.l.	2011	280	148			308	266			
	2010	75	146			24	104			
Edex s.r.l.	2011									
	2010		39				13			
Global Vicenza soc.cons.r.l.	2011	327	2,021			520	811			
	2010	397	1,903			131	919			
Servizi Napoli 5 soc.cons. r.l.	2011	1,373	1,234			2,536	1,259			
	2010	1,307	1,224			1,266	229			
Livia soc.cons.r.l.	2011	161	1,034			468	1,435			
	2010	177	1,021			275	1,203			
Progetto Nuovo Sant'Anna s.r.l.	2011	140		170		654		5,137		
	2010	78		354		464		4,932		
Savia Soc. Cons. a r.l.	2011	898	2,213			415	1,191			
	2010	474				498				
HEADMOST Division Service Facility Management S.p.A. (being disposed of)	2011					1,054				
	2010	725				1,455				
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p. A.	2011	321				161				
	2010									
TOTAL ASSOCIATES	**2011**	**18,392**	**28,321**	**1,745**		**22,612**	**25,445**	**6,057**		
	2010	**17,513**	**25,200**	**394**		**18,392**	**23,137**	**5,798**		

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.	2011	13	630			11	246			
	2010	29	619			19	2			
SIES s.r.l.	2011	9				63				
	2010	2				176				
Manutencoop Servizi Ambientali S.p.A.	2011	36	9			34	14			
	2010	75	50			15	40			
Cerpac S.r.l. in liquidation	2011					1				
	2010					1				
Consorzio Karabak Cinque coop.	2011									
	2010	3				3				
Consorzio Karabak Quattro coop	2011									
	2010	1				1				
Consorzio Karabak Tre soc.coop	2011									
	2010	2				2				
Consorzio Karabak Due soc.coop	2011	1				1				
	2010									
Total subsidiaries of Manutencoop Soc. Coop.	**2011**	**60**	**639**			**112**	**261**			
	2010	**113**	**669**			**217**	**41**			
Sacoa s.r.l.	2011	71	67			72	120			
	2010	5				3				
Serena s.r.l.	2011	41	11			49	14			
	2010									
Total associates of Manutencoop Soc. Coop. or other group companies	**2011**	**111**	**79**			**121**	**134**			
	2010	**5**				**3**				
TOTAL RELATED PARTIES	**2011**	**156,515**	**108,388**	**5,276**	**721**	**111,344**	**76,786**	**57,150**	**55,162**	
	2010	**153,280**	**96,046**	**903**	**284**	**87,573**	**58,365**	**40,172**	**20,368**	

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, if long-term, were discounted in the Company's financial statements. The Company not only provides technical-production services relating to the company's core business, but also administrative, IT and other general services for certain Group companies. No guarantees were given or received in relation to receivables and payables with related parties.

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

- Manutencoop Facility Management S.p.A. and MP Facility S.p.A. signed an agreement for the coordination and management of facility management services relating to the maintenance of properties and systems and other services at the headquarters of Telecom Italia S.p.A.. For the provision of the aforementioned services, MP Facility S.p.A. will pay Manutencoop Facility Management S.p.A. an annual consideration which is determined on the basis of rental fees and volumes, and of unit prices relating to each type of service.

- On 1 January 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 and Tax, personnel management and IT services. The contract, expiring on 31 December 2012, makes provision for a consideration of € 471 thousand per annum for administrative services, € 486 for IT services and € 239 thousand per year for personnel management.

- On 28 June 2010, Manutencoop Facility Management S.p.A. and Servizi Ospedalieri S.p.A. signed an agreement for the provision of IT services to Servizi Ospedalieri S.p.A.. The contract, expiring on 31 December 2014, makes provision for a consideration of € 908 thousand.

- Manutencoop Società Cooperativa sub-leased to Manutencoop Facility Management S.p.A. the portion of the property located in Zola Predosa, via Poli 4 (BO), covering an area of 5,147 square metres, for office use. The contract duration is from 1 January 2010 to 31 December 2015, and can be renewed automatically. Annual rent is expected to be € 1,684 thousand.

- 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 renewable. 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 - 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 IT services to Roma Multiservizi S.p.A.. The contract involves a consideration of € 1,250 thousand per annum.

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

As already indicated, the Company is subject to the management and coordination activities of Manutencoop Società Cooperativa and, in accordance with 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 31/12/2010

(in thousands of Euro)	**2010**	**2009**
BALANCE SHEET		
ASSETS		
A) Subscribed capital, unpaid	150	243
B) Fixed assets	300,420	300,217
C) Working capital	41,175	51,576
D) Accruals and deferrals	2,969	3,078
TOTAL ASSETS	**344,714**	**355,114**
LIABILITIES		
A) Shareholders' equity:		
Share capital	13,525	13,992
Reserves	252,393	251,664
Profit/(Loss) for the year	1,903	1,966
B) Provision for risks and charges	3,380	3,101
C) Employee Severance Indemnity	3,067	3,454
D) Payables	69,669	80,135
E) Accruals and deferrals	777	802
TOTAL LIABILITIES	**344,714**	**355,114**
MEMORANDUM ACCOUNTS	**83,855**	**89,874**
INCOME STATEMENT		
A) Value of production	39,103	40,580
B) Costs of production	(42,883)	(43,953)
C) Financial income and charges	4,207	5,508
D) Value adjustment of financial assets	(337)	(216)
E) Extraordinary income and charges	1,251	31
Income taxes for the year	562	16
Profit/(Loss) for the year	**1,903**	**1,966**

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

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

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
MANAGEMENT BOARD		
Short-term benefits	2,382	1,868
TOTAL - MANAGEMENT BOARD	**2,382**	**1,868**
SUPERVISORY BOARD		
Short-term benefits	389	278
TOTAL - SUPERVISORY BOARD	**389**	**278**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		
Short-term benefits	2,758	2,285
Post-employment benefits (E.S.I.)	102	99
TOTAL - EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,860**	**2,383**

The table below illustrates the total amounts paid in 2011 to Reconta Ernst & Young S.p.A.

ENTITY THAT PROVIDED THE SERVICE

(in thousands of Euro)	**2011**		**2010**	
	Auditing-Revision	**Other**	**Auditing-Revision**	**Other**
Reconta Ernst & Young s.p.a.	430	319	422	32

The considerations for the various auditing activities mostly relate to the due diligence performed on potential M&A targets.

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

The Company also use trade payables deriving from operations as financial instruments.
The Company's policy is not to negotiate financial instruments. 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 2011:

FINANCIAL ASSETS - 2011

(in thousands of Euro)	31 DECEMBER 2011	FINANCIAL ASSETS AVAILABLE FOR SALE	LOANS AND RECEIVABLES
NON-CURRENT FINANCIAL ASSETS			
Other equity investments	2,046	2,046	
Long-term financial assets and other securities	11,104		11,104
Other receivables and non-current assets	1,129		1,129
Total non-current financial assets	**14,278**	**2,046**	**12,232**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	532,237		532,237
Current tax credits	3,980		3,980
Other current receivables	8,526		8,526
Other current financial assets	54,213		54,213
Cash and cash equivalents	21,012		21,012
Total current financial assets	**619,967**	**-**	**619,967**
TOTAL FINANCIAL ASSETS	**634,246**	**2,046**	**632,200**
FINANCIAL INCOME (CHARGES)	**2,250**	**-**	

FINANCIAL LIABILITIES - 2011

(in thousands of Euro)	**31 DECEMBER 2011**	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE IN THE INCOME STATEMENT	FINANCIAL LIABILITIES VALUED AT AMORTISED COST
NON-CURRENT FINANCIAL LIABILITIES			
Long-term loans	125,156		125,156
Financial liabilities for non-current derivatives	1,429	1,429	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**125,156**	**1,429**	**125,156**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	342,964		342,964
Short-term loans	223,793		223,793
Other current financial liabilities	1,429		1,429
TOTAL CURRENT FINANCIAL LIABILITIES	**568,185**	**-**	**568,185**
TOTAL FINANCIAL LIABILITIES	**693,341**	**1,429**	**693,341**
FINANCIAL INCOME AND CHARGES	**(22,018)**	**(38)**	**(21,980)**

The same information for the year ended 31 December 2010 is shown below:

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	162,533		162,533
Financial liabilities for non-current derivatives	1,560	1,560	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**164,093**	**1,560**	**162,533**
CURRENT FINANCIAL LIABILITIES			
Trade payables and advances from customers	324,335		324,335
Short-term loans	205,731		205,731
Other current financial liabilities	78	78	-
TOTAL CURRENT FINANCIAL LIABILITIES	**530,145**	**78**	**530,066**
TOTAL FINANCIAL LIABILITIES	**694,237**	**1,638**	**692,599**
FINANCIAL INCOME AND CHARGES	**(13,642)**	**(17)**	**(13,625)**

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 2011, 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 concerns 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 Company, 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 Altair IFM, later incorporated into the Company).

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

In previous years, the Company'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, MFM S.p.A. stipulated the following "Interest rate Swaps":

HEDGE CONTRACT CONDITIONS

	UNICREDIT CORPORATE BANKING	BNP PARIBAS	BANCA AKROS
Notional value from 23/12/2010 to 23/6/2011	24,000,000	27,000,000	12,000,000
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 6th half-yearly hedge period

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.

	Increase/decrease	Effect on profit before taxes *(in thousands of Euro)*
2011	+150 basis points	(5,660)
	-30 basis points	1,426
2010	+100 basis points	(3,729)
	-30 basis points	1,119

Capital management

The key objective of the Company's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximise value for shareholders. The Company manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Company can adjust the dividends paid to shareholders, repay principal or issue new shares. The Company checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt. The Company includes in net debt, interest-bearing loans, trade payables and other payables, tax payables, provisions for employee severance indemnity net of cash and cash equivalents. The objective was observed for the year ended 31 December 2011.

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
Employee severance indemnity	15,301	17,212
Interest-bearing loans	348,949	368,264
Trade payables and other payables	462,028	440,085
Cash and cash equivalents	(21,012)	(27,918)
NET DEBT	**805,266**	**797,643**
Capital	109,149	109,149
reserves and profits not distributed	189,251	182,269
OWN EQUITY	**298,400**	**291,418**
TOTAL OWN EQUITY+NET DEBT	**1,103,666**	**1,089,061**
DEBT RATIO	**72.96%**	**73.24%**

39. EVENTS AFTER THE BALANCE SHEET DATE

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

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

Chairman of the Management Board

Claudio Levorato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INDEPENDENT ACCOUNTING AUDITORS' REPORT

ERNST & YOUNG

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Independent accounting auditors' report pursuant to art. 14 of Legislative Decree no. 39 of 27.1.2010

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

1. We performed an audit of Manutencoop Facility Management S.p.A.'s financial statements for the year ended 31 December 2011, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and the explanatory notes. The directors of Manutencoop Facility Management S.p.A.'s Management Board are responsible for drafting the financial statements in compliance with the International Financial Reporting Standards adopted by the European Union. Our responsibility is to express a professional opinion on the financial statements, based on our audit.

2. Our audit was performed in accordance with the auditing principles issued by the National Institute of Chartered Accountants and recommended by Consob. In compliance with such principles, the audit was planned and performed so as to obtain all elements necessary to assess whether the financial statements are free from material misstatements and whether, on the whole, they can be considered reliable. The audit procedure involves a sampling-based examination of elements in support of the balances and information contained in the financial statements, an assessment of the adequacy and accuracy of the accounting policies used and the fairness of estimates calculated by the Directors of the Management Board. We believe that the tasks completed form a reasonable basis on which to express our professional opinion.

   With regard to the opinion on the previous year's financial statements, whose data are provided for comparative purposes, reference should be made to the report we issued on 13 April 2011.

3. In our opinion, Manutencoop Facility Management S.p.A.'s financial statements for the year ended 31 December 2011 conform to the International Financial Reporting Standards adopted by the European Union; therefore, they have been drafted with clarity and provide a true and fair view of the financial position, the economic result and cash flows of Manutencoop Facility Management S.p.A. for the year ended at said date.

4. The Directors of the Management Board of Manutencoop Facility Management S.p.A. are responsible for drafting the report on operations in compliance with legal provisions. It is our job to express an opinion on the consistency of the report on operations with the financial statements, as required by law. To this end, we have carried out the procedures indicated in auditing principle 001 issued by the National Institute of Chartered Accountants and recommended by Consob. In our opinion, the report on operations is consistent with Manutencoop Facility Management S.p.A.'s financial statements for the year ended 31 December 2011.

Bologna, 11 April 2012

Reconta Ernst & Young S.p.A.

Alberto Rosa
(Shareholder)

Reconta Ernst & Young S.p.A.
Registered Office: 00198 Rome – Via Po, 32
Share Capital € 1,402,500.00 fully paid in
Listed in the Ordinary Section of the Register of Companies at the Rome Chamber of Commerce, Industry, Crafts and Agriculture
Tax Code and registration no. 00434000584
VAT no. 00891231003
Listed in the Register of Auditors at no. 70945 Published in the G11 Suppl. 13 – IV Special Series of 17/2/1998
Listed in the Special Register of Audit Firms held by Consob at sequential no. 2 as per resolution no. 10831 of 16/7/1997

A member firm of Ernst & Young Global Limited

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Euro)	Notes	31 December 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and machinery	4	68,456	62,727
Leased property, plant and machinery	4	6,912	5,479
Goodwill	5.6	411,995	391,755
Other intangible assets	5	26,622	25,379
Equity investments valued at equity	8	15,931	14,635
Other equity investments	9	2,239	3,233
Long-term financial assets and other securities	9	14,796	14,916
Other non-current assets	10	1,772	1,409
Prepaid tax assets	32	22,965	19,347
TOTAL NON-CURRENT ASSETS		**571,688**	**538,880**
Current assets			
Inventories	11	12,448	10,052
Trade receivables and advances to suppliers	12	682,271	727,815
Current tax credits		9,182	5,300
Other current operating receivables	12	18,366	16,668
Receivables and other current financial assets	13	7,751	7,955
Financial liabilities for current derivatives		35	250
Cash and cash equivalents	13	42,656	51,583
TOTAL CURRENT ASSETS		**772,709**	**819,623**
Non-current assets held for disposal	**14**	**-**	**15,939**
Total non-current assets held for disposal		**-**	**15,939**
TOTAL ASSETS		**1,344,397**	**1,374,442**
Shareholders' equity			
Share capital		109,150	109,150
Reserves		139,053	134,266
Accumulated profits (losses)		20,185	18,443
Profit (loss) for the year pertaining to the Parent Company		11,124	7,743
Shareholders' equity of the Parent Company		**279,512**	**269,602**
Shareholders' equity pertaining to minority interests		12,137	394
Profit (loss) pertaining to minority interests		1,105	134
Shareholders' equity pertaining to minority interests		**13,242**	**528**
TOTAL SHAREHOLDERS' EQUITY		**292,754**	**270,130**
Non-current liabilities			
Employee severance indemnity - pension	16	31,356	29,537
Provision for non-current risks and charges	17	10,786	7,669
Financial liabilities for non-current derivatives	18	1,429	1,560
Non-current loans	19	146,569	90,192
Deferred tax liabilities	32	13,237	13,272
Other non-current liabilities		14	13
TOTAL NON-CURRENT LIABILITIES		**203,391**	**142,243**

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Euro)	Notes	31 December 2011	31 December 2010
Current liabilities			
Provision for current risks and charges	17	33,048	27,491
Trade payables and advances from customers	20	462,823	478,139
Current tax payables		6,398	1,437
Other current operating payables	20	147,522	136,511
Loans and other current financial payables	19	198,461	303,128
TOTAL CURRENT LIABILITIES		**848,252**	**946,706**
Liabilities associated with assets held for disposal	**14**	**-**	**15,363**
Total liabilities associated with assets held for disposal		**-**	**15,363**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,344,397**	**1,374,442**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Euro)	Notes	31 December 2011	31 December 2010
REVENUES			
Sales and service revenues	22	1,065,896	1,136,606
Other operating revenues	23	2,857	2,485
TOTAL REVENUES		**1,068,753**	**1,139,091**
OPERATING COSTS			
Consumption of raw materials and consumables	24	(146,558)	(131,497)
Change in inventories of finished and semi-finished products		(215)	-
Costs for services and use of third party assets	25	(435,068)	(541,221)
Personnel costs	26	(352,912)	(344,483)
Other operating costs	27	(10,260)	(7,381)
Lower costs for own work capitalised		-	-
Amortisation/depreciation, write-downs and write-backs of assets	28	(37,732)	(40,942)
Allocations to provisions for risks, transfer of provisions	17	(18,378)	(26,353)
TOTAL OPERATING COSTS		**(1,001,123)**	**(1,091,877**
EBIT		**67,630**	**47,214**
FINANCIAL INCOME AND CHARGES			
Income (charges) resulting from equity investments valued at equity		1,426	1,194
Dividends, income and charges generated by the sale of equity investments	29	1,348	398
Financial income	30	2,083	1,963
Financial charges	31	(26,620)	(16,434)
Exchange gains (losses)		(3)	35
Pre-tax profit (loss)		**45,864**	**34,370**
Current, prepaid and deferred taxes	32	(33,408)	(26,293)
Profit (loss) from continuing operations		**12,456**	**8,077**
Income from discontinued operations	14	(227)	(200)
Profit (loss) for the year		**12,229**	**7,877**
Profit (loss) for the year pertaining to minority interests		(1,105)	(134)
Profit (loss) for the year pertaining to the Group		**11,124**	**7,743**

(in Euro)	31 December 2011	31 December 2010
Basic earnings per share	0.102	0.071
Diluted earnings per share	0.102	0.071
Basic earnings per share of continuing operations	0.104	0.073
Diluted earnings per share of continuing operations	0.104	0.073

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Euro)	NOTES	31 December 2011	31 December 2010
PROFIT (LOSS) FOR THE YEAR		**12,229**	**7,877**
Exchange differences arising on translation of foreign financial statements		0	(5)
Effects transferred to SE on companies valued using the equity method	8	(994)	911
Actuarial gains (losses) on defined benefit plans (SORIE)		(436)	(297)
Effect of income taxes (SORIE)		120	82
Net effect of actuarial gains/losses (SORIE)	**16**	**(316)**	**(215)**
Net profits (losses) from cash flow hedge		131	(470)
Effect on income taxes of cash flow hedge		(36)	129
Net effect on profits (losses) of cash flow hedge	**18**	**95**	**(341)**
TOTAL PROFIT (LOSS) IN THE STATEMENT OF COMPREHENSIVE INCOME NET OF TAXES		**(1,215)**	**350**
TOTAL COMPREHENSIVE PROFIT (LOSS) NET OF TAXES		**11,014**	**8,227**
Attributable to:			
Shareholders of the Parent Company		9,909	8,093
Minority interests		1,105	134

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Euro)	NOTES	31 December 2011	31 December 2010
Pre-tax profit		45,864	34,370
Amortisation/depreciation, write-downs (write-backs) of assets		37,732	47,189
Allocations (transfers) of provisions		18,378	26,353
Employee severance indemnity provision		2,291	3,529
Charges (income) generated by equity investments booked to SE net of dividends collected		107	205
Taxes paid in the year		(37,369)	(40,213)
Cash flow from current operations		**67,003**	**71,433**
Decrease (increase) in inventories		(1,987)	(2,887)
Decrease (increase) in trade receivables		56,721	(76,196)
Decrease (increase) in other operating assets		4,242	1,646
Change in trade payables		(23,942)	34,679
Change in other operating liabilities		6,965	3,478
Decrease for use of ESI provision		(5,026)	(9,840)
Decrease for use of provision for risks and charges		(11,378)	(5,886)
Change in operating assets and liabilities		**25,595**	**(55,006)**
Cash flow from operations		**92,598**	**16,427**
(Acquisition of intangible fixed assets)		(17,959)	(8,920)
(Acquisition of tangible fixed assets)		(29,895)	(28,073)
Sales of tangible fixed assets		688	984
(Net purchases of equity investments)		(1,637)	(1,730)
(Disbursement) repayment of loans (lending)		11,636	(5,208)
Financial effects of business combinations	3	(20,908)	(3,964)
Discontinued operations		2,596	(105)
Cash requirements for investments		**(55,479)**	**(47,016)**
Net acquisition (reimbursement) of loans (borrowing)		(45,959)	4,829
Dividends distributed		(87)	(75)
Change in the scope of consolidation		0	(236)
Change in share capital and reserves		0	13
Reclassification of discontinued operations		0	(2,161)
Cash flow from financing activities		**(46,046)**	**2,370**
Change in cash and cash equivalents		**(8,927)**	**(28,219)**
Opening cash and cash equivalents		51,583	79,802
Change in cash and cash equivalents		(8,927)	(28,219)
Closing cash and cash equivalents		**42,656**	**51,583**
Details of cash and cash equivalents			
Bank current account income		42,656	51,583
Bank current account expense			
TOTAL CASH AND CASH EQUIVALENTS		**42,656**	**51,583**

Supplementary information *(in thousands of Euro)*	NOTES	31 December 2011	31 December 2010
Interest paid		(25,334)	(16,204)
Interest collected		1,330	1,851
Dividends collected		1,647	1,399

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousands of Euro)	Share Capital	Reserves	Accumulated profits (losses)	Net profit in the year	Total share-holders' equity of the Parent Company	Shareholders' equity pertai-ning to mino-rity interests	Total shareholders' equity
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**

(in thousands of Euro)	Share Capital	Reserves	Accumulated profits (losses)	Net profit in the year	Total share-holders' equity of the Parent Company	Shareholders' equity pertai-ning to mino-rity interests	Total shareholders' equity
1 JANUARY 2011	**109,150**	**134,266**	**18,443**	**7,743**	**269,602**	**528**	**270,130**
Share capital increase					0		0
Costs related to share capital increases		0			0		0
Distribution of dividends					0	(87)	(87)
Allocation of profit of previous years		6,001	1,742	(7,743)	0		0
Change in the scope of consolidation			0		0	11,696	11,696
Total profit (loss) for the year		(1,215)		11,124	9,909	1,105	11,014
31 DECEMBER 2011	**109,150**	**139,053**	**20,185**	**11,124**	**279,512**	**13,242**	**292,754**

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 2011 was authorised by means of resolution of 27 March 2012 of the Management Board.

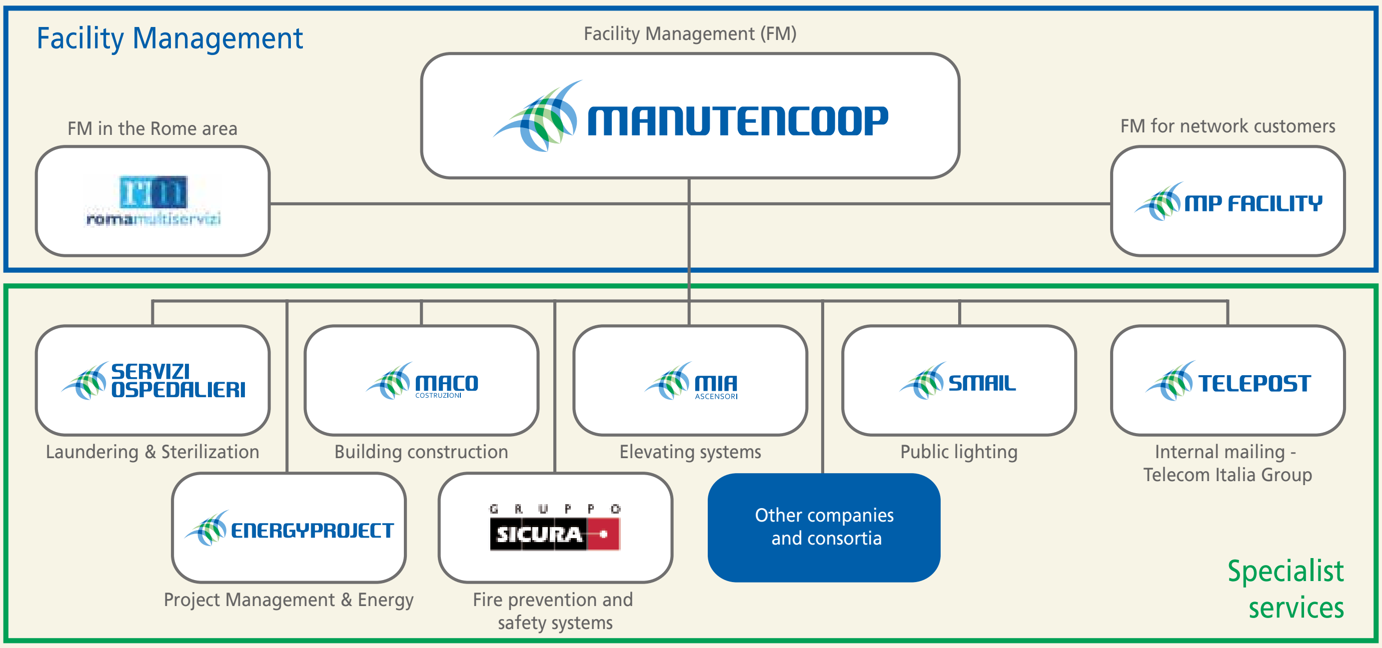
The Group is in turn 71.89% owned by Manutencoop Società Cooperativa, with registered office in Zola Predosa (BO), which exercises management and coordination activities over the Group. The remaining 28.11% of share capital is owned by financial shareholders.

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 MFM Group’s business areas now relate entirely to a single operating holding company which concentrates on the productive resources of traditional facility management and those relating to business support services for the entire Group. At the same time, it implements the 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, regarding fire prevention products and systems and for safety, elevating system maintenance services (lift and goods lifts), building activities and lighting system management, plus linen rental and industrial laundering activities and sterilisation of surgical equipment at health care facilities.

The Group now operates throughout the whole country through specific companies for each sector:



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.

Specialist Services

Laundering/Sterilisation is an industrial activity given in support of health care activities. The activity, provided by the MFM Group, in particular via Servizi Ospedalieri S.p.A. and its investees, mainly involves (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 equipment.

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.

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 activities consist of construction projects, not particularly significant in respect of total Group production, also carried out on behalf of other Manutencoop Group companies, as well as, on occasion, to support *facility management* activities where, as part of extraordinary maintenance works, small building works are also necessary.

Lastly, starting from 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.

2. ACCOUNTING STANDARDS AND DRAFTING CRITERIA

The consolidated financial statements for the year ended 31 December 2011 comprise the *consolidated balance sheet*, *consolidated income statement*, *consolidated statement of comprehensive income*, *consolidated cash flow statement*, *statement of changes in consolidated shareholders' equity and* associated *explanatory notes*.
The consolidated financial statements for the year ended 31 December 2011 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 by nature while the statement of comprehensive income indicates the integrated economic result of income and charges which, as per the express requirement of IFRS, are booked directly to shareholders' equity; the cash flow statement is prepared according to the indirect method and presented in compliance with IAS 7, classifying and 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 2011 were drafted in compliance with the International Financial Reporting Standards (IFRS).
The MFM 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 for newly issued standards and interpretations, applicable from 1 January 2011.

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

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

The following accounting standards, amendments and interpretations are applicable for the Group for the first time starting on 1 January 2011. The adoption of the amendments described did not have any impact on the Group's financial position or result.

IAS 24 – Related party disclosures. The IASB issued an amendment to accounting standard IAS 24 which clarifies the definition of a related party. The new definition emphasises the symmetry in the identification of related parties and clarifies the circumstances in which persons and executives with strategic responsibilities must be deemed to be related parties. Secondly, the amendment introduces an exemption from the general disclosure requirements on related parties for transactions with a Government and with entities that are controlled, jointly controlled or significantly influenced by the Government, i.e. Government-related entities.

IAS 32 – Financial instruments: the standard was supplemented, introducing an amendment to the definition of a financial liability, in order to classify securities in foreign currency (including certain options and warrants) as equity instruments in cases in which these instruments are attributed on a pro-rata basis to all holders of the same class of one equity instrument (non-derivative) of an entity, or for the purchase of a fixed number of equity instruments of the entity for a fixed amount in any currency.

IFRIC 19 – IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction. The standard was amended, introducing more accurate indications on the identification of the recoverable value of a pension plan asset. The amendment allows an entity to record the early payment of minimum funding contributions set out in the plan as an asset.

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 year.

Improvements to IFRS

On 6 May 2010, the IASB issued a third series of amendments to IFRS (following those in 2008 and 2009), applicable as of 1 January 2011, with a view to eliminating inconsistencies and clarifying the terminology.
Variations that the IASB has indicated will involve a change in the presentation, recognition and valuation of balance sheet items are shown below, but those that will only involve a change in the terminology, publishing changes with minimal effects in accounting terms, and those that have an effect on standards and interpretations that are not applicable to the Group are instead omitted.
The adoption of the following improvements involved changes to the accounting policies but had no impact on the Group's financial position or result.

Improvements to IFRS 3 – 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 re-negotiated or written down and the requirement relating to the *fair value* of *collaterals*.

Improvements to IAS 1 – Presentation of financial statements. The amendment clarifies that an analysis of each of the other components of the statement of comprehensive income can alternatively be included in the statement of changes in shareholders' equity or in the explanatory notes to the financial statements.

Improvements to IAS 34 – Interim reporting. In drafting the interim financial statements, following said amendment, additional information has been required on the *fair value* measurement of financial instruments and their classification. Furthermore, more emphasis has been placed on changes in the classification of financial assets, as with changes to contingent assets and liabilities.

New or revised IFRS and interpretations applicable from 2012 and not adopted early by the Group

The international accounting standards and interpretations detailed below will be effective from the year 2012, for which the effects on the Group's balance sheet valuations are currently being assessed.
The Group did not make provision for the early adoption of any other standard, interpretation or improvement issued but still not obligatorily in force.

IFRS 1 – First-time adoption of the International Financial Reporting Standards. The standard was amended, introducing the operating methods to be adopted for the presentation of an entity's IFRS financial statements if the functional currency of the entity is subject to significant hyperinflation. In this case, the entity can measure the value of the assets and liabilities held before the period of normalisation of the functional currency at the *fair value* measured at the date of transition to IFRS.

IFRS 7 – Financial instruments: additional disclosures. The amendment requires additional qualitative and quantitative disclosures regarding the transfer of financial assets, if the asset has only been partially derecognised or if the entity maintains restrictions on the asset (e.g. options or guarantees on the asset transferred).

IAS 12 – Income taxes. The amendment introduces an exception to the general criteria for the determination of deferred taxes on property assets measured at *fair value*. Therefore, an assumption was introduced that the carrying amount of said investments will be recovered through sale, unless the entity has a business model based entirely on the use of said assets and on the economic benefits they will guarantee.

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

The IASB is reviewing, with a view to publishing, an additional set of standards and amendments to the IFRS, applicable to subsequent years. However, at the date of publication of the consolidated financial statements, the competent EU bodies have still not completed the approval process necessary for the application of the standards and improvements described below.
In any case, the provisions are effective for financial years starting on or after 1 January 2013. The Group is currently analysing the standards indicated and assessing their impact on its consolidated financial statements.

IFRS 10 – Consolidated financial statements. The new standard proposes a revision of the criteria for the presentation and drafting of the consolidated financial statements. Its application is expected to replace SIC 12 and partially amend IAS 27, which remains in force for the accounting of equity investments in subsidiaries, associates and joint-ventures in the separate financial statements. The new accounting standard redefines the concept of control, expanding its scope and introducing new application rules for the identification of companies that must be consolidated. New accounting rules are also established for the drafting of the consolidated financial statements, replacing the "proportional method". The new standard will be applicable retroactively.

IFRS 11 – Joint arrangements. The new standard requires an evaluation of the substance of entities that were "jointly-controlled entities" according to IAS 31 and provides operating guidelines for performing said valuation. Its application is expected to involve the replacement of IAS 31 and SIC 13. The new standard establishes that a "joint arrangement" exists where an entity has rights and obligations linked to net total assets, while a joint operation is where these are connected to specific assets and liabilities. The accounting method used for the consolidation of joint-ventures is the *equity method*.

IFRS 12 – Disclosure of interests in other entities. The new standard provides a general overview of the information relating to interests in other entities, such as joint arrangements, equity investments in subsidiaries, associates and other interests not falling within the scope of consolidation. The main objective of the new standard is to define uniform information on the risks and rewards associated with equity investment relations, as regards the nature and significance of said relationship. Disclosures are also required on the valuations of the substance of joint control agreements, for which operating guidelines are provided.

IFRS 13 – Fair value measurements. The document is the result of an important process of development for the definition of a body of rules for valuations and disclosures regarding items recorded in the financial statements at fair value. The new standard does not extend the adoption of fair value accounting, but defines a single system, providing some general assumptions relating to the macro areas of the financial statements, also indicating some valuation techniques ("market approach", "income approach" and "cost approach"). Information broken down into three level is also presented, in relation to the reliability of the data source.

IAS 1 - Presentation of financial statements. The standard was amended with regards to the presentation of items in the statement of comprehensive income. It was established that elements which could be charged or reclassified to the income statement of future financial statements must be presented separately from the other elements whose recognition or reclassification is not provided for by the respective standards.

IAS 19 revised – Employee benefits. The new standard reorganises the disclosures to be provided in relation to employee benefits and introduces the obligation to record actuarial gains and losses in the statement of comprehensive income, eliminating the possibility of adopting the "corridor method". Actuarial gains and losses recorded in the statement of comprehensive income will not then be charged to the income statement.

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 also 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 income 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 2011, the carrying amount of the goodwill stood at € 411,995 thousand (31 December 2010: € 391,755 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 certain majority stakes of subsidiaries made provision for 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 includes 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 2011. The subsidiaries' financial statements are drafted using the same accounting standards as the Parent Company.

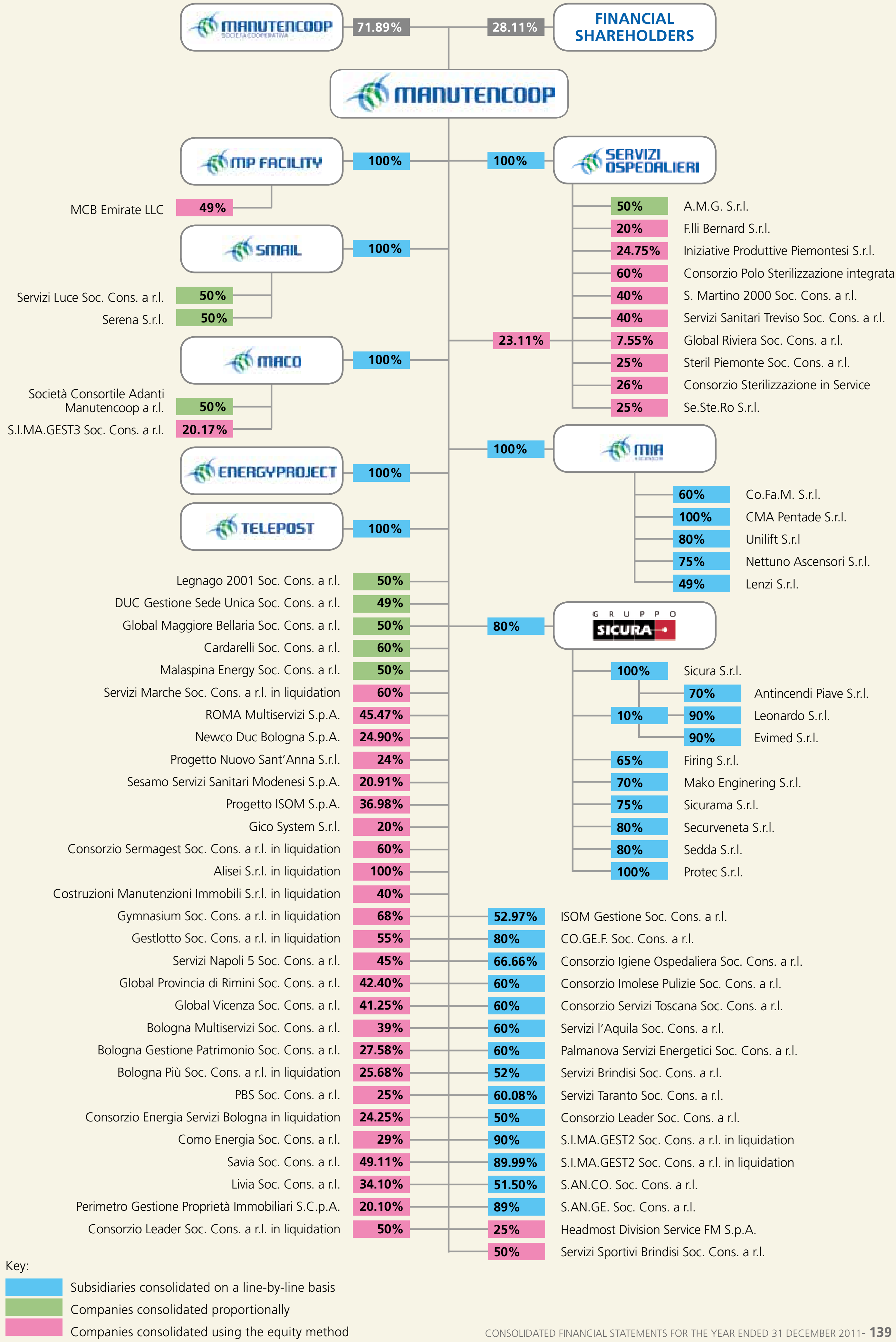
All balances and intercompany transactions, including unrealised profits and losses deriving from relations between Group companies which are recognised under assets, are completely eliminated.

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, 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.

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 2011 is shown below.


MANUTENCOOP SOCIETÀ COOPERATIVA
71.89%
28.11%
FINANCIAL SHAREHOLDERS
MANUTENCOOP
MP FACILITY
100%
MCB Emirate LLC
49%
SMAIL
100%
Servizi Luce Soc. Cons. a r.l.
50%
Serena S.r.l.
50%
MACO
100%
Società Consortile Adanti Manutencoop a r.l.
50%
S.I.MA.GEST3 Soc. Cons. a r.l.
20.17%
ENERGYPROJECT
100%
TELEPOST
100%
Legnago 2001 Soc. Cons. a r.l.
50%
DUC Gestione Sede Unica Soc. Cons. a r.l.
49%
Global Maggiore Bellaria Soc. Cons. a r.l.
50%
Cardarelli Soc. Cons. a r.l.
60%
Malaspina Energy Soc. Cons. a r.l.
50%
Servizi Marche Soc. Cons. a r.l. in liquidation
60%
ROMA Multiservizi S.p.A.
45.47%
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%
Progetto ISOM S.p.A.
36.98%
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%
Livia Soc. Cons. a r.l.
34.10%
Perimetro Gestione Proprietà Immobiliari S.C.p.A.
20.10%
Consorzio Leader Soc. Cons. a r.l. in liquidation
50%
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.
60%
Consorzio Polo Sterilizzazione integrata
40%
S. Martino 2000 Soc. Cons. a r.l.
40%
Servizi Sanitari Treviso Soc. Cons. a r.l.
23.11%
7.55%
Global Riviera Soc. Cons. a r.l.
25%
Steril Piemonte Soc. Cons. a r.l.
26%
Consorzio Sterilizzazione in Service
25%
Se.Ste.Ro S.r.l.
100%
MIA
60%
Co.Fa.M. S.r.l.
100%
CMA Pentade S.r.l.
80%
Unilift S.r.l
75%
Nettuno Ascensori S.r.l.
49%
Lenzi S.r.l.
80%
GRUPPO SICURA
100%
Sicura S.r.l.
70%
Antincendi Piave S.r.l.
10%
90%
Leonardo S.r.l.
90%
Evimed 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.
52.97%
ISOM Gestione Soc. Cons. a 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 l'Aquila Soc. Cons. a r.l.
60%
Palmanova Servizi Energetici Soc. Cons. a r.l.
52%
Servizi Brindisi Soc. Cons. a r.l.
60.08%
Servizi Taranto Soc. Cons. a r.l.
50%
Consorzio Leader Soc. Cons. a r.l.
90%
S.I.MA.GEST2 Soc. Cons. a r.l. in liquidation
89.99%
S.I.MA.GEST2 Soc. Cons. a r.l. in liquidation
51.50%
S.AN.CO. Soc. Cons. a r.l.
89%
S.AN.GE. Soc. Cons. a r.l.
25%
Headmost Division Service FM S.p.A.
50%
Servizi Sportivi Brindisi Soc. Cons. a r.l.
Key:
Subsidiaries consolidated on a line-by-line basis
Companies consolidated proportionally
Companies consolidated using the equity method

In 2011, the Group carried out the following transfers and acquisitions of equity investments:

- On 7 January 2011, sub-holding MIA S.p.A. acquired a 49% stake in Lenzi S.p.A., with registered office in Bolzano, active in the lifts and goods lift construction, installation and maintenance market.
- On 31 January MIA S.p.A. acquired 100% of the share capital of CMA Pentade S.r.l., active in Piedmont in the elevating system maintenance and repair sector.
- On 1 February 2011, sub-holding Gruppo Sicura S.r.l., through its direct subsidiary Sicura S.r.l., purchased all of the share capital of Stablum S.r.l., a company active in the fire prevention and training sector and sale of accident prevention material in Lombardy.
- On 15 March 2011, MIA S.p.A. acquired an 80% stake in Unilift S.r.l., active in Veneto in the lift and goods lift installation and maintenance market.
- On 25 March 2011, Gruppo Sicura S.r.l. also transferred the entire stake held in Evimed S.r.l. (10%) to a third party. The majority stake of 90% in share capital is held by subsidiary Leonardo S.r.l.. The company was created as a result of the partial demerger of the equity of said company Leonardo S.r.l., resolved in 2010 and specifically regarding the occupational medicine division. The transfer of shares was completed for a consideration of € 4.5 thousand, equal to the nominal value of said share.
- On 22 June 2011, MIA S.p.A. completed the purchase of a 75% stake in the share capital of Nettuno Ascensori S.r.l., with registered office in Calderara di Reno (BO).
- On 4 July 2011, the sale of Altair Zander S.r.l., whose share capital was held (50%) by MFM, to M+W Italy S.r.l. was completed, the latter already holding the remaining 50%, for a consideration of € 200 thousand.
- On 13 October 2011, the Parent Company acquired the remaining 80% of the share capital of Telepost S.p.A. (already 20% owned) from shareholders TNT Post Service S.r.l. (51%) and COMDATA S.p.A. (29%). The company provides internal mailing services for the Telecom Italia Group.

During the year, some business combinations by merger of Group companies were completed, effective for statutory and tax purposes from 1 January 2011. In particular:

- on 10 August 2011 the merger of Integra Energy S.r.l. in MFM became effective;
- on 2 December 2011 the merger of lenzi Group Service S.r.l. in Lenzi S.p.A. became effective;
- on 7 December 2011 the merger of Fabbri Ascensori S.r.l. in MIA S.p.A became effective;
- on 27 December 2011 the merger of Stablum S.r.l. in Sicura S.r.l. became effective.

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 of 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 / recoverable values	Annually or more frequently when there is an indication of an impairment loss.	Annually or more frequently on 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, 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 has to 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 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 in which it is likely that the deductible temporary differences will be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

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

sufficient to allow said deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied in the year in which said assets are sold or said liabilities are extinguished, considering the rates in force and those already issued or substantially issued at the balance sheet date.
Income taxes relating to items recorded directly in shareholders' equity are charged directly to shareholders' equity and not to the income statement.
Deferred tax assets and liabilities are offset, if there is a legal right to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authorities.

VAT

Revenues, costs and assets are recorded net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item booked to the income statement. Trade receivables and payables for which a bill has already been issued or received 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, going forward, confirmed during its entire life.
Within the scope of the International Accounting Standards (IFRS), these instruments are viewed as derivative financial instruments.
These derivative financial instruments are initially recorded at fair value at the date they are stipulated; subsequently, said fair value is periodically 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.

Service concession arrangements

The Group is the holder of concession agreements in which certain 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 concessionary companies through the infrastructures that the concessionary company 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.
The concessionary company must not record the infrastructure transferable between tangible assets given that it does not hold "control", as set out in 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 concessionary company is the holder 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 concessionary company 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). 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.

Earnings per share

Basic earnings per share are calculated by dividing 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 calculated by dividing net profit pertaining to the Parent Company's ordinary shareholders by the weighted average number of ordinary shares in issue during the year.
The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

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. For operational purposes, the Group is structured into business areas that coincide with the "strategic business units" in which the Group operates, as defined in paragraph 1.1.
No operating segments were combined for the purpose of determining the operating segments subject to disclosure.
The Group's Management look at the results of the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on the basis of the EBIT. The Group's financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.
The Group presents disclosures on operating segments in accordance with IFRS 8, on a voluntary basis.

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

Introduction

In 2011, the MFM Group, in particular through sub-holding MIA S.p.A., made some significant acquisitions, as part of a wider project of Group expansion in the elevating system, lift and goods lift sale, installation and maintenance market, through the acquisition of small- and medium-sized entities located throughout Italy.
As a result of these acquisitions, the Group proceeded with the allocation of the prices paid for these acquisitions ("Purchase Price Allocation"), in compliance with international accounting standards (IFRS), i.e. allocating the cost of the combination by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree which meet the recognition criteria set out in paragraph 37 at the relative fair values and recording goodwill on a residual basis.
It should be noted that the acquisitions of majority stakes pertaining to sub-group MIA are incorporated in investment agreements which should, in future years, lead to acquisitions of additional stakes, through the exercising of purchase/sale options between the parties, as better detailed below. The purchase of these stakes (less than 100%) also occurred as a result of commercial and governance agreements which ensure the Group holding company with control over the assets and liabilities and over the performance of the production activities of the individual entities, although in the presence of minority interests.
In respect of these considerations and in compliance with the provisions of IFRS 3, management decided to represent assets and liabilities acquired under business combinations using the "*full goodwill approach*" method, as an alternative to the so-called "standard" method. This method requires, at the moment of acquisition of control, any minority interests to be recorded at the fair value of the non-controlling interest. According to said approach, the value of minority interests may be higher than the portion of net assets, with goodwill relating to minority interests also recognised under balance sheet assets.
The international accounting standard specifies that the non-controlling interest should be valued at *fair value* in an active market. In the cases under review, in the absence of an active market, the fair value of the minority share was identified in proportion to the fair value of the controlling interest.

Acquisition of the capital of Lenzi S.p.A.

On 7 January 2011, MIA S.p.A. acquired a 49% stake in Lenzi S.p.A., with registered office in Bolzano, a major operator in the lift installation and maintenance market.
The acquisition is part of a wider investment agreement between MIA S.p.A. and other physical shareholders. In particular, this agreement set forth a corporate governance model which, in fact, attributes operating and management powers to MIA S.p.A. greatly superior to those represented by the investment held, involving, in the case in question, the acquirer's exclusive control over the company's assets and liabilities and economic results for the year. Therefore, Lenzi S.p.A. was proportionally consolidated in line with IFRS 3.

Accounting effects of the acquisition

The acquisition is a business combination, therefore, the Group applied IFRS 3 in recording said acquisition. The equity value of the company was calculated at a total of € 18,400 thousand. Therefore, the acquisition of a stake of 49% in share capital was made for an initial consideration of € 9,016 thousand. The consideration for the purchase of the shareholding was paid (€ 7,716 thousand) to the transferors on the date of completion of the purchase, while the remainder (€ 1,300 thousand) will be paid for shares against the issue of a bank surety by the seller, to secure commitments assumed under the investment agreement.

The agreements signed with the transferors also made provision for:

- the payment to the transferors of an additional amount (earn-out) based on quantitative parameters agreed on the systems which will be upgraded in 2011. However, this amount is subject to a maximum ceiling of € 2,380 thousand.
- the issue to MIA S.p.A., at a pre-established strike price, of a *Call* option on a stake of 11% in the share capital, which can be exercised between 1 January 2012 and 30 May 2012. Solely in the case of the exercising of said option by MIA S.p.A., a second *Call* option will be activated on the remaining 40% of share capital, which can be exercised between 1 January 2015 and 31 January 2015. Finally, in the event the second *Call* option is not exercised, the seller is provided with a *Put* option on the remaining stake, which can be exercised between 1 February 2015 and 30 April 2015. It should be pointed out that exercising of the options expressly requires payment of an additional Earn-Out described previously, in proportion to the share acquired.

As we are talking about an acquisition of less than 100% of controlling interests, as indicated in the introduction, controlling and non-controlling interests are represented using the *full goodwill approach*. The fair value of the minority share was identified in proportion to the fair value of the controlling interest.

Company management also determined the *Purchase Price-Allocation*, as required by IFRS3, recognising an intangible asset acquired in the business combination in the *fair value* of the maintenance contracts which the acquired company owns.

The table below shows the values assigned to the assets and liabilities acquired:

	Recognised value	**Carrying amount**
ASSETS		
Property, plant and machinery	85	85
Other intangible assets	3,165	0
Other equity investments	3	3
Prepaid tax assets	10	10
Inventories	200	200
Trade receivables and advances to suppliers	2,219	2,219
Current tax credits	56	
Other current receivables	103	103
Cash and cash equivalents	497	497
TOTAL ASSETS	**6,338**	**3,173**
LIABILITIES		
Employee severance indemnity - retirement	276	276
Provision for non-current risks and charges	150	150
Deferred tax liabilities	994	0
Trade payables and advances from customers	1,170	1,170
Other current payables	588	588
Other current financial liabilities	560	560
TOTAL LIABILITIES	**3,738**	**2,744**

(in thousands of Euro)	Recognised value	Carrying amount
Fair value of net assets	**2,600**	**429**
Goodwill arising from the combination	**17,755**	
Total cost of the combination	**20,355**	
TOTAL COST OF THE COMBINATION:		
Payments to the transferor	7,791	
Earn-out on 49% stake	929	
Fair value of minority interests	10,042	
Residual debt for the acquisition	1,593	
TOTAL COST OF THE COMBINATION	**20,355**	
NET LIQUIDITY USED IN THE ACQUISITION:		
Cash and cash equivalents of the acquiree	497	
Payments to the transferor	(8,381)	
NET LIQUIDITY USED IN THE ACQUISITION	**(7,884)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 2,600 thousand, while the total costs of the combination were € 20,355 thousand.
The difference between the purchase cost and the carrying amount of the net assets deriving from the business combination, equal to € 17,755 thousand, was allocated temporarily to "Goodwill" and, was valued at € 10,042 thousand in respect of minority interests, according to the "full goodwill approach".
Net liquidity used in the aggregation was € 7,884 thousand.
From the date of acquisition, Lenzi S.p.A. contributed € 5,246 thousand to Group revenues and a profit of € 366 thousand to the net result.

Lastly, it should be noted that, in consideration of the company's unconditional power to avoid the financial regulation of the *PUT option* on the remaining 40% of shares, which will only come into play if MIA S.p.A. decides to exercise the *CALL* option on 11% of shares, it does not, in any way, constitute a liability at present.

Acquisition of the capital of CMA Pentade S.r.l.

On 31 January 2011, MIA S.p.A. acquired all of the share capital of CMA Pentade S.r.l., with registered office in Rivalta Torinese (TO), active in the local lift installation and maintenance market.
The transaction was conducted against payment of a consideration of € 502 thousand.

Accounting effects of the acquisition

Following the acquisition of the shareholding, the MFM Group has complete control of the Company. The acquisition is a business combination, therefore, the Group applied IFRS 3 in recording said acquisition.

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:

	Recognised value	Carrying amount
ASSETS		
Property, plant and machinery	22	22
Other intangible assets	1	1
Other non-current assets	1	1
Inventories	9	9
Trade receivables and advances to suppliers	283	283
Other current receivables	32	32
Cash and cash equivalents	9	9
TOTAL ASSETS	**357**	**357**
LIABILITIES		
Employee severance indemnity - retirement	7	7
Provision for non-current risks and charges	3	3
Short-term loans	56	56
Trade payables and advances from customers	141	141
Current tax payables	2	2
Other current payables	136	136
TOTAL LIABILITIES	**345**	**345**
Fair value of net assets	**12**	**12**
Goodwill arising from the combination	**490**	
Total cost of the combination	**502**	
Total cost of the combination:		
Payments to the transferor	480	
Residual debt for the acquisition	22	
TOTAL COST OF THE COMBINATION	**502**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the acquiree	9	
Payments to the transferor	(480)	
NET LIQUIDITY USED IN THE ACQUISITION	**(471)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 12 thousand, while the total costs of the combination were € 502 thousand.
The difference between the purchase cost and the carrying amount of the net assets deriving from the business combination, equal to € 490 thousand, was allocated to "Goodwill".
Net liquidity used in the aggregation was € 471 thousand.
From the date of acquisition, CMA Pentade S.r.l. contributed € 558 thousand to Group revenues and a loss of € 155 thousand to the net result.

Acquisition of the capital of Unilift S.r.l.

On 15 March 2011, MIA S.p.A. acquired 80% of the share capital of Unilift S.r.l., with registered office in Mestre (VE), active in the market for the maintenance and installation of lifts, goods lifts, platform lifts for the disabled, stair lifts, car lifts, dumb-waiters, escalators and other devices for vertical movement.

The acquisition was made against payment of a consideration of € 1,600 thousand. The purchase contract also made provision for the payment of a price adjustment of € 91 thousand as at 1 November 2011.

Accounting effects of the acquisition

The acquisition is a business combination, therefore, the Group applied IFRS 3 in recording said acquisition. The consideration for the purchase of the shareholding was paid (€ 1,267 thousand) to the transferors on the date of completion of the operation, while the remainder (€ 373 thousand) will be paid against the issue of a bank surety by the seller, to secure the commitments assumed.

The contract also makes provision for the cross issue of a call option (from transferor to acquirer, exercisable between 1 January 2016 and 31 December 2016) and a put option (from acquirer to the transferor, exercisable between 1 January 2017 and 31 January 2017) for the sale of a further 20% of share capital. In application of the principles in force, the current value of the strike price of the options (calculated according to the same formula) was already accounted for as a financial liability in the financial statements. The purchase price will be determined at an amount equal to the sum of the shareholders' equity of the company at the date of exercising of the option and the average fees of the applicable maintenance contracts at said date by a contractually defined multiple.

The table below shows the values assigned to the assets and liabilities acquired:

	Recognised value	Carrying amount
ASSETS		
Property, plant and machinery	8	8
Other intangible assets	2	2
Other non-current assets	14	14
Inventories	174	174
Trade receivables and advances to suppliers	1,076	1,076
Other current receivables	107	107
Cash and cash equivalents	3	3
TOTAL ASSETS	**1,384**	**1,384**
LIABILITIES		
Employee severance indemnity - retirement	115	115
Provision for non-current risks and charges	43	43
Short-term loans	276	276
Trade payables and advances from customers	249	249
Current tax payables	33	33
Other current payables	518	518
TOTAL LIABILITIES	**1,234**	**1,234**
Fair value of net assets	**150**	**150**
Goodwill arising from the combination	**1,963**	
Total cost of the combination	**2,113**	
Total cost of the combination:		
Payments to the transferor	1,317	
Fair value of minority interests	423	
Residual debt for the acquisition	373	
TOTAL COST OF THE COMBINATION	**2,113**	

(in thousands of Euro)	**Recognised value**	**Carrying amount**
Net liquidity used in the acquisition:		
Cash and cash equivalents of the acquiree	3	
Payments to the transferor	(1,317)	
NET LIQUIDITY USED IN THE ACQUISITION	**(1,314)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 150 thousand, while the total costs of the combination were € 2,113 thousand.
The difference between the purchase cost and the carrying amount of the net assets deriving from the business combination, equal to € 1,850 thousand, was allocated to "Goodwill".
Net liquidity used in the aggregation was € 1,314 thousand.
From the date of acquisition, Unilift S.r.l. contributed € 1,515 thousand to Group revenues and a loss of € 30 thousand to the net result.

Acquisition of the capital of Nettuno S.r.l.

On 22 June 2011, MIA S.p.A. completed the purchase of a 75% stake in the share capital of Nettuno Ascensori S.r.l., with registered office in Calderara di Reno (BO), active in the local lift and goods lift installation, repair and maintenance market.
The acquisition was made at an initial consideration of € 3,853 thousand.

Accounting effects of the acquisition

The acquisition is a business combination, therefore, the Group applied IFRS 3 in recording said acquisition. The consideration for the purchase of the shareholding was paid (€ 3,543 thousand) to the transferors on the date of completion of the operation, while the remainder (€ 310 thousand) will be paid within one year from the purchase date.

The contract also makes provision for:

- the payment to transferors of an earn-out, for the 75% stake purchased, to be paid within one year from the closing date and valued on the basis of checks performed on the systems before said date. Management does not possess, at the date of drafting of the financial statements, sufficient information to reliably determine said purchase price adjustment and, therefore, no associated liability has been recognised;
- 5 years after the date of acquisition of control, a *Call* option was recognised to MIA S.p.A., exercisable within 30 days, on a stake of 4% of the company's total share capital. In the event MIA S.p.A. does not exercise the purchase option, minority shareholders are offered a *Put* option on all the share capital they hold. Therefore, given that the decision regarding any activation of the *Put option* by minority shareholders rests with MIA S.p.A., as required by IAS/IFRS, management did not value the options in question in these financial statements.

As we are talking about an acquisition of less than 100% of controlling interests, as indicated in the introduction, controlling and minority interests are represented using the *full goodwill approach*. The fair value of the minority share was identified in proportion to the fair value of the controlling interest.

The table below shows the values provisionally assigned to the assets and liabilities acquired:

	Recognised value	Carrying amount
ASSETS		
Property, plant and machinery	12	12
Other intangible assets	6	6
Other equity investments	15	15
Other non-current assets	3	3
Trade receivables and advances to suppliers	696	696
Current tax credits	158	158
Other current receivables	25	25
Cash and cash equivalents	289	289
TOTAL ASSETS	**1,204**	**1,204**
LIABILITIES		
Employee severance indemnity - retirement	70	70
Short-term loans	4	4
Trade payables and advances from customers	377	377
Current tax payables	173	173
Other current payables	134	134
Other current financial liabilities	304	304
TOTAL LIABILITIES	**1,062**	**1,062**
Fair value of net assets	**142**	**142**
Goodwill arising from the combination	**4,995**	
Total cost of the combination	**5,137**	
Total cost of the combination:		
Payments to the transferor	3,543	
Fair value of minority interests	1,284	
Residual debt for the acquisition	310	
TOTAL COST OF THE COMBINATION	**5,137**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the acquiree	289	
Payments to the transferor	(3,543)	
NET LIQUIDITY USED IN THE ACQUISITION	**(3,254)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 142 thousand, while the total costs of the combination were € 5,137 thousand.

The difference between the purchase cost and the carrying amount of the net assets deriving from the business combination, equal to € 4,995 thousand, was allocated to "Goodwill" and, was valued at € 1,284 thousand in respect of minority interests, according to the "full goodwill approach".

Net liquidity used in the aggregation was € 3,254 thousand.

From the date of acquisition, Nettuno Ascensori S.p.A. contributed € 1,422 thousand to Group revenues and a profit of € 91 thousand to the net result.

Acquisition of the capital of Stablum S.r.l.

On 31 January 2011, Sicura S.r.l., a direct subsidiary of the sub-holding Gruppo Sicura S.r.l., acquired all the share capital of Stablum S.rl., with registered office in Marcallo con Casone (MI), active in the local market for the sale, installation and maintenance of fire extinguishers as well as fire prevention. The transaction was conducted for a payment of a consideration of € 600 thousand, plus accessory costs of € 10 thousand.

Accounting effects of the acquisition

Following the acquisition of the shareholding, the MFM Group has complete control of the Company. The acquisition is a business combination, therefore, the Group applied IFRS 3 in recording said acquisition. The consideration for the purchase of the shareholding was paid (€ 550 thousand) on the date of completion of the operation, while the remainder (€ 50 thousand) was paid to the transferors on 3 February 2012. 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:

	Recognised value	Carrying amount
ASSETS		
Property, plant and machinery	36	36
Prepaid tax assets	3	3
Inventories	26	26
Trade receivables and advances to suppliers	242	242
Other current receivables	16	16
Cash and cash equivalents	32	32
TOTAL ASSETS	**355**	**355**
LIABILITIES		
Employee severance indemnity - retirement	50	50
Trade payables and advances from customers	83	83
Current tax payables	2	2
Other current payables	154	154
TOTAL LIABILITIES	**289**	**289**
Fair value of net assets	**67**	**67**
Goodwill arising from the combination	**533**	
Total cost of the combination	**600**	
Total cost of the combination:		
Consideration to the transferor	600	
TOTAL COST OF THE COMBINATION	**600**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the acquiree	32	
Payments to the transferor	(550)	
NET LIQUIDITY USED IN THE ACQUISITION	**(518)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 67 thousand, while the total costs of the combination were € 600 thousand.

The difference between the purchase cost and the carrying amount of the net assets deriving from the business combination, equal to € 533 thousand, was allocated to "Goodwill".

Net liquidity used in the aggregation was € 518 thousand.

From the date of acquisition, Stablum S.r.l. contributed € 1,211 thousand to Group revenues.

Lastly, it should be noted that, on 27 December 2011, the merger of Stablum S.r.l. in Sicura S.r.l. became effective.

Acquisition of the capital of Telepost S.p.A.

On 13 October 2011, Manutencoop Facility Management purchased all of the share capital of Telepost S.p.A., that provides internal mailing services at the offices of the Telecom Italia Group.
The transaction was conducted for a payment of a consideration of € 7,215 thousand, plus accessory costs of € 60 thousand.

Accounting effects of the acquisition

Following the acquisition of the shareholding, the MFM Group has complete control of the Company. The acquisition is a business combination, therefore, the Group applied IFRS 3 in recording said acquisition. The consideration for the purchase of the shareholding was paid in full to the counterparties on the date of completion of the purchase.

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:

	Recognised value	Carrying amount
ASSETS		
Non-current assets		
Property, plant and machinery	56	56
Other intangible assets	2,498	0
Long-term financial assets and other securities	1,891	1,891
Prepaid tax assets	422	422
TOTAL NON-CURRENT ASSETS	**4,867**	**2,369**
CURRENT ASSETS		
Trade receivables and advances to suppliers	2,707	2,707
Current tax credits	384	384
Other current receivables	88	88
Receivables and other current financial assets	9,421	9,421
Cash and cash equivalents	19	19
TOTAL CURRENT ASSETS	**12,619**	**12,619**
TOTAL ASSETS	**17,486**	**14,988**
LIABILITIES		
Non-current liabilities		
Employee severance indemnity - retirement	3,290	3,290
Provision for non-current risks and charges	800	800
Deferred tax liabilities	709	112
TOTAL NON-CURRENT LIABILITIES	**4,799**	**4,202**
CURRENT LIABILITIES		
Trade payables and advances from customers	2,130	2,130
Current tax payables	497	497
Other current payables	1,041	1,041
TOTAL CURRENT LIABILITIES	**3,668**	**3,668**
TOTAL LIABILITIES	**8,467**	**7,870**

(in thousands of Euro)	**Recognised value**	**Carrying amount**
Fair value of net assets	**9,019**	**7,118**
Goodwill arising from the combination	**0**	
TOTAL COST OF THE COMBINATION	**9,019**	
Consideration paid to the transferor	7,215	
Fair value of minority interests	1,804	
Total cost of the combination	**9,019**	
Net liquidity used in the acquisition:		
Cash and cash equivalents of the acquiree	19	
Payments to the transferor	(7,215)	
NET LIQUIDITY USED IN THE ACQUISITION	**(7,196)**	

The fair value of the assets and liabilities acquired through the combination was determined at € 9,019 thousand, equal to the total costs of the combination.
Net liquidity used in the aggregation was € 7,196 thousand.
From the date of acquisition, Telepost S.p.A. contributed € 2,967 thousand to Group revenues and a loss for the year of € 5,342 thousand to the net result.

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 2011:

(in thousands of Euro)	**Properties**	**Plant and machinery**	**Properties leased**	**Plant and machinery leased**	**TOTAL**
As at 1 January 2011, net of accumulated depreciation and write-downs	**1,657**	**61,070**	**266**	**5,213**	**68,206**
Increases due to business combinations		250			250
Increases due to purchases		27,528		2,475	30,003
Impairment losses					
Decreases	(12)	(676)			(688)
Depreciation in the year	(150)	(21,171)	(10)	(944)	(22,275)
Other	(1)	(40)	(2)	(86)	(129)
As at 31 December 2011	**1,494**	**66,962**	**254**	**6,658**	**75,368**
As at 1 January 2011					
Cost	3,520	225,981	375	9,735	239,611
Accumulated depreciation and impairment losses	(1,863)	(164,911)	(109)	(4,522)	(171,405)
NET CARRYING AMOUNT	**1,657**	**61,070**	**266**	**5,213**	**68,206**
As at 31 December 2011					
Cost	3,387	248,688	375	11,208	263,658
Accumulated depreciation and impairment	(1,893)	(181,726)	(121)	(4,550)	(188,290)
NET CARRYING AMOUNT	**1,494**	**66,962**	**254**	**6,658**	**75,368**

Business combination increases relating to Plant and Machinery, amounting to € 250 thousand, refer to assets of the companies acquired in the year, mainly from the subsidiary MIA S.p.A. (€ 158 thousand).

The increases in the year (€ 23,631 thousand) refer to investments made by Servizi Ospedalieri, mainly for the purchase of linen to be used in *laundering* activities (€ 14,979) and for the purchases of plant, machinery and specific equipment (including surgical instruments) relating to said activities (€ 7,081 thousand).

The residual amount of € 3,897 thousand refers primarily to the purchase of machinery and equipment used in *facility management* activities and investments in cogeneration systems, furniture and fittings for the new headquarters in Rome and Milan, and to a lesser extent, to the company's information system.

Decreases in plant and machinery of € 676 thousand refer principally to the sale of linen and machinery by the subsidiary Servizi Ospedalieri S.p.A..

Other less significant movements concern reclassifications between asset classes, especially as a result of the redemptions of leased assets and equipment.

Increases recorded by leased plant and machinery amounted to € 2,475 thousand in 2011, and relate mostly to the surgical sterilisation activities of Servizi Ospedalieri (€ 2,188 thousand).

Over movements in leased property, plant and machinery relate mainly to redemptions of leased assets by companies in 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 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					0
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**

5. INTANGIBLE ASSETS

The table below shows the movements in intangible fixed assets in the year ended 31 December 2011:

(in thousands of Euro)	**Other intangible assets**	**Goodwill**	**TOTAL**
As at 1 January 2011, net of accumulated amortisation and impairment	**25,379**	**391,755**	**417,134**
Increases due to business combinations	3,776	23,952	27,728
Increases due to purchases	7,752		7,752
Depreciation in the year	(10,165)		(10,165)
Impairment	(120)	(41)	(161)
Other		(3,671)	(3,671)
As at 31 December 2011	**26,622**	**411,995**	**438,617**
As at 1 January 2011			
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**
As at 31 December 2011			
Cost	62,702	414,372	477,074
Accumulated amortisation and impairment losses	(36,080)	(2,377)	(38,457)
NET CARRYING AMOUNT	**26,622**	**411,995**	**438,617**

Goodwill is tested annually for impairment, as better detailed in note 6 below.

The increase in the item relates mainly to business combinations in the year, carried out by sub-holding MIA S.p.A. and Gruppo Sicura S.r.l., as summarised below:

> Acquisition of Nettuno S.r.l.	4,995	thousand
> Acquisition of CMA Pentade S.r.l.	490	thousand
> Acquisition of Unilift S. r.l.	1,564	thousand
> Acquisition of Lenzi S.p.A.	16,370	thousand
> Acquisition of Stablum S.r.l.	533	thousand
TOTAL GOODWILL FROM COMBINATIONS	**23,952**	**thousand**

All combinations occurred within the Facility Management SBU. As detailed in note 3 above, the goodwill of the business combinations of the sub-group MIA was accounted for using the "full goodwill" approach permitted by IFRS3 and, therefore, represents the differential between the purchase cost of the equity investment and 100% of the net assets acquired as a result of said combination.

During the year, an impairment loss of € 41 thousand was also recorded, related to the already mentioned retrocession to the customer of assets regarding the business unit which dealt with services for the FIAT Group. This adjustment came to light in respect of some balancing recognised after the completion of the transaction at the end of 2010.

In addition, during the year, the Parent Company Manutencoop Facility Management S.p.A., Intesa San Paolo S.p.A. and Prelios S.p.A. signed a settlement agreement regarding certain disputes raised between the parties in relation to requests for compensation presented by MFM as acquirer of the 100% stake in Pirelli RE Integrated Facility B.V.. The acquisition was effected at the end of 2008, for a consideration of € 137.5 million and led to the recognition of goodwill of € 225.0 million, plus intangible fixed assets in respect of contractual relations with customers, totalling € 29.4 million. By means of the settlement agreement signed on 16 September 2011, the transferring parties are obliged to pay a total sum of € 6 million to MFM to close all current and future disputes regarding the aforementioned transfer. The amount, representing a partial return of the equity investment sale price, was recorded as an adjustment to goodwill which arose as a result of the acquisition in question.

Lastly, other movements were recorded during the year following the recognition of liabilities for *put* options and *earn-outs*, recorded as part of the above-mentioned business combinations, for € 2,312 thousand.

All the above movements were recorded in the *Facility Management* SBU.

The other intangible assets acquired under the business combinations relate mainly to intangible assets designated at fair value as part of the *purchase price allocation* process. During the year, contractual relations with customers were recorded for € 3,680 thousand, of which € 3,165 thousand as part of the acquisition of Lenzi S.p.A. by sub-holding MIA S.p.A..
The other increases in the period (€ 7,752 thousand) refer principally to investments in software made as part of the process to reorganise and strengthen company information systems. Lastly, acquisitions of contractual relations from Monti Ascensori S.p.A. by MIA S.p.A. amounted to € 731 thousand.

The amortisation charges of intangible fixed assets amounted to € 10,165 thousand in 2011, compared to € 10,479 thousand in the previous year. Amortisation of backlog came to € 5,356 thousand, of which € 1,190 thousand relating to the acquisitions of MIA S.p.A..

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, 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**

6. VERIFICATION OF IMPAIRMENT OF GOODWILL RECOGNISED

The vast process of restructuring the Group has implemented over the last few years, and which has led to a simplification of the number of legal entities through business combinations, has strengthened the business model, whose goal is to manage all services offered across the board, and no longer by legal entity. This has also led to a redefinition of the Cash-Generating Units, coinciding with the SBUs in which the Group operates, regardless of the legal entities.
This arrangement 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.
The SBUs identified and their composition, in corporate terms, are as follows:

SBU – *Facility Management*
The SBU is identified with:
> Manutencoop Facility Management S.p.A.
> MP Facility S.p.A. in respect of the company structure resulting from the incorporation of MCB S.p.A. on 1 January 2010.
> 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.
> Telepost S.p.A., recently acquired, which provides internal mailing services for the Telecom Italia Group.
> Other minor investee companies operating in the same sector.

SBU – *Laundering & Sterilisation*
The SBU is identified with:
> Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering sector for hospitals and the sterilisation of linen and surgical instruments
> A.M.G. S.r.l., held under a joint venture (50%) with Servizi Ospedalieri S.p.A..
> Other minor investee companies operating in the same sector.

SBU – *Other*
The SBU is identified with:
> EnergyProject S.p.A., 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.
> MACO S.p.A., to which the business unit relating to Group "building" activities was conferred in 2009.
> Other minor investee companies operating in the same sector.

The MFM Group's management believe that the above-mentioned SBU structure should be considered, consistent with the provisions of the accounting standards, also at the level of the CGUs 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 2011 are shown below, relating to the different CGUs, compared with the figures for the year ended 31 December 2010.

CARRYING AMOUNT OF CONSOLIDATED GOODWILL

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
Goodwill allocated to Facility Management CGU	399,185	378,945
Goodwill allocated to Laundering/Sterilisation CGU	12,810	12,810
Goodwill allocated to Other CGU	0	0
TOTAL GOODWILL	**411,995**	**391,755**

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 Management Board.
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 Manutencoop Facility Management S.p.A.'s Management Board on 21 December 2011.

In order to determine the cash flows for periods after those for which accurate estimates exist, the prudential constant growth assumptions of 1% for the *Facility Management* CGU and 0.5% for the *Laundering & Sterilisation* CGU 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 € 399,185 thousand as at 31 December 2011, compared to a value of € 378,495 thousand as at 31 December 2010, 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 Società Cooperativa.
- 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…). In 2010, MCB S.p.A. was merged by incorporation in MP Facility S.p.A.
- Acquisition of 'Teckal', incorporated in Manutencoop Facility Management S.p.A. in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service.
- Acquisition of 'Altair', at present the most significant business combination in terms of size, which allowed the Group to shift its customer portfolio towards large private customers, as a result of which the need for internal Group restructuring become more pressing, and which led, in 2010, to the merger by incorporation of the largest companies into Manutencoop Facility Management S.p.A.

- Acquisition of 'Sicura', which paved the way for an expansion in the range of specialist *facility management* services in the fire prevention and accident prevention market.
- "MIA" acquisitions, the launch pad for a *network* of companies operating throughout Italy which covers elevating system (goods lifts and lifts) installation and maintenance services.

In 2011, the value of goodwill relating to the *Facility Management* CGU increased by a total of € 20,240 thousand, following new acquisitions of companies in the maintenance of elevating systems (€ 25,638 thousand), the acquisition of Stablum S.r.l. and updating of the discounted value of the payable for the *earn-out* of Gruppo Sicura S.r.l. (€ 643 thousand) and net of the adjustment of € 6 thousand following the signing of the settlement agreement with the seller, in 2008, of the former Altair Group, detailed in the previous notes. Lastly, impairment losses of € 41 thousand were recorded, as a result of adjustments defined in the transaction for the retrocession of the business unit to the FIAT Group after its closure in 2010.

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 approved by the Group's Management Board was used for the calculation, relating to a period of three years. The discount rate applied to prospective cash flows is 7.7% (2010: 6.8%) and cash flows beyond three years were extrapolated using the constant rate of growth of 1%, equal to that of 2010.
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.

Laundering & Sterilisation CGU goodwill

The goodwill allocated to the *Laundering & Sterilisation* CGU emerged as a result of not only the acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilisation of surgical instruments and linen, and as a result of an interest in the joint-venture in AMG S.r.l., but following further minor acquisitions, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilisation market.
The company Omasa S.p.A was then merged by incorporation into Servizi Ospedalieri S.p.A. 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 2011, and was tested for *impairment*, on the basis of the following assumptions:
- the projected cash flow contained in the financial plan approved by the Group's Management Board, relating to a period of three years;
- cash flows beyond three years extrapolated on the basis of a constant growth rate of 0.5%, equal to the one used in 2010;
- discount rate applied to prospective cash flows of 6.5% (2010: 6.2%).

The analysis had a successful outcome, confirming that the recoverable value of the *Laundering & Sterilisation* CGU exceeds the associated carrying amount.

Other CGU goodwill

The goodwill of the Other CGU was fully written down in 2010, as a result of not just the suspension of significant job orders and legislative problems which affected the photovoltaic energy market but the postponement, with a subsequent delay in the realisation of profits, of the job orders in the "project management" sector. At that point, the assumption of the irrecoverability of the value in use was applicable.

The residual carrying amount of the *Other* CGU was, in any case, tested for *impairment*, on the basis of the following assumptions:

- the projected cash flow contained in the financial plan approved by the Group's Management Board, relating to a period of three years;
- cash flows beyond three years extrapolated on the basis of a constant growth rate of 0.5%, equal to the one used in 2010;
- discount rate applied to prospective cash flows of 7.86% (2010: 6.81%).

Assumptions used to calculate the value in use of the Group's CGUs as at 31 December 2011

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 change in the rate used, with respect to the previous year, to discount prospective cash flows relating to the different CGU's, is due essentially to the increase in the interest rates as regards the structure used to determine the WACC.

For all CGUs analysed, 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

As at 31 December 2011, the Group holds 9 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 total values are shown below, as regards the Group's share, for the year ended 31 December 2011, 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 2010:

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
Non-current assets	2,290	2,540
Current assets	7,882	6,556
TOTAL	**10,172**	**9,096**
Non-current liabilities	1,201	1,315
Current liabilities	7,916	6,567
TOTAL	**9,117**	**7,882**

(in thousands of Euro)	31 December 2011	31 December 2010
Revenues	7,303	7,652
Operating costs	(7,225)	(7,486)
EBIT	**78**	**166**
Income from financial management	(76)	(65)
Pre-tax profit (loss)	**2**	**101**
Current, prepaid and deferred taxes	(29)	(80)
PROFIT (LOSS) FOR THE YEAR	**(27)**	**21**

8. EQUITY INVESTMENTS IN 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*, and specified in Annex I to the consolidated financial statements.

As at 31 December 2011, the balance sheet item relating to equity investments amounted to € 15,811 thousand, compared to a figure of € 14,635 thousand in the previous year.

(in thousands of Euro)	Net assets as at 31 December 2011	Net assets as at 31 December 2010
Equity investments valued using the equity method	15,811	14,635
Provision for risks	(288)	(243)
	15,523	**14,392**

Details of changes during the year are shown in Annex II.

In 2011, the valuation of companies using the equity method involved the recognition of a positive result of € 1,426 thousand, as regards the Group's share, as a result of the recording of income from equity investments of € 1,568 thousand and write-downs of € 142 thousand. Losses were also booked directly to the shareholders' equity of associates totalling € 995 thousand.
During the year, the equity investment in Headmost Division Service F.M. S.p.A. was reclassified, previously valued as an asset held for disposal, under operating assets and was simultaneously written down.
A total of € 120 thousand was also recorded under said item for commitments for future payments to consolidated companies for which the Parent Company MFM is expected to provide financial support for recapitalisation in accordance with the legal terms.
December 2011 saw the incorporation of the SPV ISOM S.p.A., in which MFM holds a 36.98% stake, and which is the concession holder for the redevelopment and management, under a project-financing arrangement, of cogeneration systems at the Sant'Orsola-Malpighi Hospital in Bologna. The investee company, which will close its first financial year on 31 December 2012, did not contribute any significant economic effects at the consolidated balance sheet date.

9. NON-CURRENT FINANCIAL ASSETS

Details of non-current financial assets are shown below, for the years ended 31 December 2010 and 31 December 2011:

(in thousands of Euro)	31 December 2011	31 December 2010
Other equity investments	2,239	3,233
Receivables and non-current financial assets	14,796	14,916
	17,035	**18,149**

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.
Equity investments in National Cooperative Consortia are also present, as well as equity investments relating to production sites, or to other less significant assets, such as industrial laundry services, performed by minor companies that can also act as sub-contractors. The decrease recorded during the year is due to Servizi Ospedalieri S.p.A.'s sale of the minority shareholding in ZBM S.r.l., recorded at € 1,140 thousand as at 31 December 2010. 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 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 € 14,796 thousand as at 31 December 2011, composed of:

- Non-current financial receivables due from associates amounting to € 10,275 thousand (2010: € 11,501 thousand). Some of these are non-interest bearing given that they were disbursed on a pro-quota basis by each syndicated shareholder and, therefore, subject to discounting on the basis of the expected residual duration, by applying a reference Eurirs rate plus 0.5%. The carrying amount of these receivables stood at € 10,581 thousand (2010: € 11,734 thousand) while the discount provision amounted to € 306 thousand (2010: € 233 thousand).
- Non-current financial receivables due from third parties amounting to € 4,366 thousand (2010: € 3,256 thousand).

10. OTHER NON-CURRENT ASSETS

Other non-current assets amounted to € 1,772 thousand as at 31 December 2011 (€ 1,409 thousand as at 31 December 2010), composed mainly of security deposits regarding long-term production contracts (€ 1,033 thousand) and long-term deferrals relating to certain job orders (€ 594 thousand).

11. INVENTORIES

The Group recorded inventories of € 12,448 thousand as at 31 December 2011, marking an increase of € 2,396 thousand compared to the previous year.

(in thousands of Euro)	31 December 2011	31 December 2010
Raw and auxiliary materials, consumables and goods for resale	13,263	10,175
Provision for the write-down of raw and auxiliary materials and consumables	(815)	(123)
	12,448	**10,052**

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 2011 are shown below:

(in thousands of Euro)	31 December 2011	31 December 2010
Inventories of contract work in progress	26,404	47,982
Gross trade receivables	658,150	664,780
Provision for the write-down of trade receivables	(24,386)	(22,070)
Provision for the discounting of trade receivables	(1,204)	(887)
Trade receivables due from third parties	**658,964**	**689,805**
Inventories of contract work in progress - Group	27	0
Trade receivables due from Parent Companies	70	43
Trade receivables due from Group companies	20,078	23,932
Trade receivables due from subsidiaries	668	0
Trade receivables due from the Group	**20,874**	**23,975**
Advances to suppliers	2,433	14,034
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**682,271**	**727,815**
Other tax receivables due within 12 months	7,724	7,842
Other current receivables due from third parties	6,691	5,722
Short-term receivables due from Social Security Institutions	1,983	1,008
Short-term receivables due from employees	443	418
Other short-term operating receivables due from third parties	**16,841**	**14,990**
Other current receivables due from Manutencoop Cooperativa	22	3
Current receivables due from associates - Other receivables	0	512
Other short-term operating receivables due from Group companies	**22**	**515**
Accrued income	15	1
Prepaid expenses	1,488	1,162
Accrued income and prepaid expenses	**1,503**	**1,163**
OTHER CURRENT OPERATING RECEIVABLES	**18,366**	**16,668**

See note 35 for the terms and conditions relating to receivables due from related parties.
The balance of trade receivables and advances to suppliers, which also includes inventories of contract work in progress, amounted to € 682,271 thousand as at 31 December 2011, marking a decrease of € 45,544 thousand compared to the balance of € 727,815 thousand recorded as at 31 December 2010. The item includes interest-bearing loans which generally have contractual maturities of between 30 and 90 days.

First of all, a significant decrease was recorded in the value of inventories of contract work in progress, down from € 47,982 thousand as at 31 December 2010 to € 26,404 thousand as at 31 December 2011. In fact, during the year, Project and Energy Management contracts were concluded by the subsidiary Energy Project S.p.A, which led to a decrease of € 24,011 thousand in the item work in progress when compared to the previous year.

The decrease in the item trade receivables is related to the positive effect of the non-recourse factoring operations carried out during the year, which partially offset the general lengthening in times for the collection of receivables from customers, including private.

In fact, in 2011, the transfers of receivables originating from commercial activities at Crédit Agricole Corporate & Investment Bank continued, as part of the contract stipulated in 2007, and renewed for 2011, with provision made for the transfer of receivables on a revolving basis at quarterly intervals.
In addition, during the year, Parent Company MFM S.p.A. and MP Facility S.p.A. signed a new contract for the non-recourse factoring, on a *revolving* basis, of trade receivables with Banca IMI and Gruppo Intesa Sanpaolo, pursuant to Law 52 of 21 February 1991, for a total amount of € 100 million, which can be increased to € 140 million. In this case, the transaction also allowed the full derecognition of receivables in the financial statements, in line with IAS/IFRS, and was structured on a revolving quarterly basis, with a duration of five years. The transfers of the receivables are expected in February, May, August and November, with the exception of the first one, carried out on 30 September. Periodic presentations must comply with the contractual criteria relating to the mix of public/private customers transferred and the respective geographic areas.

As at 31 December 2011, the amount of receivables transferred by the Group and still not collected by Credit Agricole Corporate & Investment Bank amounted to € 119.57 million. As at the same date, the receivables transferred to Banca IMI and still not collected by the latter stood at € 56.8 million.
The non-recourse factoring of receivables was effected during the year for a total nominal value of € 398,564,671, of which € 261,020 thousand due to Credit Agricole Corporate & Investment Bank (2010: € 285,235 thousand). In consideration of the characteristics of the transaction, the receivable was *derecognised*, and costs relating to the *credit discount* (see note 27) amounting to € 1,325 thousand were recorded, of which € 844 thousand for transfers to Credit Agricole Corporate & Investment Bank (2010: € 928 thousand). Lastly, costs were incurred for the *interest discount* (see note 31) amounting to € 9,420 thousand, of which € 4,054 thousand for transfers to Credit Agricole Corporate & Investment Bank (2010: € 2,997 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 non-recourse factoring transactions the Group issued sureties for a total nominal value of € 18,995 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 € 211 thousand (31 December 2010: € 138 thousand), that the Group recorded under Loans and other current financial liabilities. The fair value difference compared to 31 December 2010 was recorded as a contra-item to a financial charges.

Trade receivables due from Group companies include, in particular, receivables due from Roma Multiservizi S.p.A., amounting to € 2,360, receivables due from Se.sa.mo. totalling € 4,148 thousand and amounts due from Bologna Multiservizi Soc.Cons. a r.l. amounting to € 3,059 thousand.
Given many of the Group's customers are Public Authorities, who are notorious for long payment delays, trade receivables were discounted.
Changes in the discount provision for trade receivables in 2011 are shown below:

(in thousands of Euro)	**31 December 2010**	**Increases**	**Releases**	**Other**	**31 December 2011**
Provision for the Discounting of Trade Receivables	887	694	(377)		1,204

The total increase in the discount provision for receivables is primarily due to the general 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 2011, to € 24,386 thousand (as at 31 December 2010: € 22,070 thousand).
Details of movements in the bad debt provision for the year ended 31 December 2011 are provided below:

(in thousands of Euro)	**31 December 2010**	**Increases**	**Uses**	**Releases**	**Business Combinations**	**Other**	**31 December 2011**
Provision for the Discounting of Trade Receivables	22,070	4,559	(1,614)	(422)	35	(242)	24,386

An analysis of trade receivables as at 31 December 2011 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 2011	633,763	415,802	29,420	20,451	17,682	15,913	134,496
31 December 2010	642,710	437,183	46,762	27,682	18,431	21,102	91,549

The balances shown are net of the bad debt provision but include the effect of discounting.

Other tax receivables due within 12 months, amounting to € 7,724 thousand as at 31 December 2011 (€ 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 are made up mainly (€ 2,177 thousand) of the credit balances 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*.
Other current receivables due from associates were extinguished following the collection of amounts recorded previously, due from PBS S.c.a.r.l. 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 2011 and 31 December 2010 is shown below:

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
C/a and bank and postal deposits	33,952	45,160
Cash at bank and in hand	235	74
Consortia - financial accounts	8,469	6,349
CASH AND CASH EQUIVALENTS	**42,656**	**51,583**
Current financial receivables due from third parties	6,551	6,647
Current financial receivables due from the Manutencoop Group	1,200	1,308
CURRENT FINANCIAL RECEIVABLES	**7,751**	**7,955**

Cash and cash equivalents recorded a decrease of € 8,927 thousand, down from € 51,583 thousand as at 31 December 2010 to € 42,656 thousand as at 31 December 2011.
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.) also have the nature of available current accounts on demand and accrue interest.
Current financial receivables amounted to € 7,751 thousand as at 31 December 2011, of which € 6,551 thousand due from third parties and € 1,200 relating to short-term financial receivables due from associates. The item is predominantly made up of the receivable due to the Group from Fondaco Società di Gestione del Risparmio S.p.A. for the sale of the equity investment in Progetto Nuovo S.Anna S.p.A (€ 5,780 thousand), falling due in 2012.

14. NON-CURRENT ASSETS HELD FOR DISPOSAL AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR DISPOSAL

As at 31 December 2011, the Group did not present assets held for disposal and liabilities associated with assets held for disposal.

During the year, management decided not to continue with the representation of the assets and liabilities related to the so-called SEC (heat management) business unit, i.e. the business unit concerning two technical-maintenance service job orders for the Papardo Hospital in Catania and Martino Polyclinic in Messina. The business unit, acquired in 2008, was valued as a "asset disposal group" in 2010, as a result of an arbitrator's award for the return of the business unit to the seller.
However, in 2011, the difficulty in disposing of the asset through sale, including to third parties, became more evident. The looming natural expiry (April 2012, except in the case of extensions) of the contract with the Martino Polyclinic in Messina also contributed to said valuation, as did the request by the Board of Arbitration to identify an out-of-court settlement. The transaction was effectively closed on 22 February 2012, with a reduction in the agreed purchase price in place of a return of the business unit.

Therefore, management reviewed the classification of assets and liabilities relating to the business unit and in line with the provisions of IFRS 5, in drafting the consolidated financial statements for the year ended 31 December 2011, reclassified these in the balance sheet presented for the last year.

During the year, the value of the equity investment in Headmost Division Service FM S.p.A. was reclassified, previously classified as an asset held for disposal, under operating assets, given that said value will not be realised through sale. Subsequently, said equity investment was simultaneously written down, as the carrying amount is not likely to be realised.

Non-current assets held for disposal

The item non-current assets held for disposal stood at € 15,939 thousand as at 31 December 2010.

(in thousands of Euro)	31 December 2011	31 December 2010
Equity assets - Gestin Polska Sp.Zo.o	0	7,056
Equity assets - Heat Management Business Unit	0	8,633
Equity investment - Headmost Division Service F.M.S.p.A.	0	250
TOTAL NON-CURRENT ASSETS HELD FOR DISPOSAL	**-**	**15,939**

As mentioned previously, as at 31 December 2011, the Group did not present assets held for disposal. The table below shows an analytical breakdown of the comparative item:

(in thousands of Euro)	31 December 2011	31 December 2010			
		Heat Management "Business Unit"	Gestin Polska	H.D.S. S.p.A.	Total
Property, plant and machinery	0		13		13
Other intangible assets	0		6		6
Prepaid tax assets	0		48		48
Equity investments valued using the equity method	0			250	250
Trade receivables and advances to suppliers	0	8,633	4,816		13,449
Other current operating receivables	0		12		12
Cash and cash equivalents	0		2,161		2,161
	0	**8,633**	**7,056**	**250**	**15,939**

In the cases listed, a comparison is provided of the carrying amount of assets held for disposal or the asset disposal group recorded in the financial statements with the market value or sale price net of transaction costs.

It should be pointed out that, in previous years, provision was made for a comparison of the carrying amount of the assets held for disposal recorded in the financial statements and relating to the SEC (heat management) business unit with the market value (given a fixed sale price was unavailable), net of transaction costs, without the need for carrying out write-downs.

Lastly, it should be noted that the equity investment in Gestin Polska Sp.Zo.o., active in providing facility management services to the customer FIAT in the Polish market, was transferred on 1 January 2011.

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.

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
Equity liabilities- Gestin Polska Sp.Zo.o	0	4,483
Equity liabilities - Heat management business unit	0	10,880
	0	**15,363**

As stated, the Group did not present liabilities associated to assets held for disposal in the financial statements for year ended 31 December 2011.

The table below shows an analytical breakdown of the comparative item:

(in thousands of Euro)	**31 December 2011**	**31 December 2010**		
		Heat Management "Business Unit"	**Gestin Polska**	**Total**
Employee severance indemnity - retirement	0	208	127	335
Consolidated provision for non-current risks and charges	0		140	140
Provision for non-current risks and charges	0		87	87
Provision for current risks and charges	0	678		678
Trade payables and advances from customers	0	5,747	3,543	9,290
Current tax payables	0	1,088		1,088
Other current operating payables	0	170	586	756
Loans and other current financial liabilities	0	2,989		2,989
TOTAL	**0**	**10,880**	**4,483**	**15,363**

Liabilities relating to the SEC Business Unit totalled € 10,880 thousand as at 31 December 2010, and refer mainly to trade payables (€ 3,543 thousand) and other employee payables (Employee Severance Indemnity totalling € 127 thousand and other current payables of € 586 thousand). The payable still outstanding resulting from the purchase by the previous owner was also recorded, for a consideration of € 2,989 thousand. These liabilities were re-recorded under operating assets as at 31 December 2011.

Following the sale of the equity investment in Gestin Polska Sp.Zo.o. on 1 January 2011, all liabilities relating to the same were extinguished.

Income from discontinued operations

The details of income from discontinued operations are shown below:

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
Revenues	0	10,093
Costs	0	(9,390)
Gross margin	**0**	**703**
Amortisation/depreciation, write-downs and write-backs of assets	0	(2,250)
Allocations to provisions for risks, transfer of provisions	0	(569)
Transfer of provision for equity investment risks	0	473
Income (charges) resulting from equity investments valued at equity	0	(163)
Net financial income (charges)	0	(13)
Write-down recorded on the recalculation of fair value	0	0
Pre-tax profit (loss) from discontinued operations	**0**	**(1,819)**
Income taxes:		
- relating to current profit (loss)	0	692
- relating to the valuation at fair value less sale costs	0	0
Profit (loss) for the year deriving from discontinued operations	**0**	**(1,127)**
Capital gains on discontinued operations	16	931
Capital losses on discontinued operations	(243)	
Income taxes deriving from discontinued operations	0	(4)
Profit (loss) net of taxes deriving from discontinued operations	**(227)**	**(200)**

The result from discontinued operations in 2011 showed a total loss of € 227 thousand, which came about mainly as a result of the payment of a contractual indemnity of € 238 thousand on the sale, in 2010, to Fondaco Società di Gestione del Risparmio S.p.A of an equity investment in Progetto Nuovo Sant'Anna, in which MFM currently holds a stake of 24%. Following said sale, the Group realised a capital gain of € 731 thousand, also recorded as income from discontinued operations as at 31 December 2010.

The companies Promozione Impresa e Territorio Soc.Cons.a r.l. ("PIT" in abbreviated form) and Consorzio Energia Servizi Bologna, were placed into liquidation during the year, generating charges from capital losses amounting to € 5 thousand. These companies were consolidated using the equity method.

On 4 July 2011, the Group also sold its stake (50%) in the share capital of Altair Zander S.r.l., for a consideration of € 200 thousand. The sale generated a capital gain of € 6 thousand in the consolidated financial statements, recorded to adjust the consolidated equity value to its *fair value* with respect to the sale price.

Lastly, it should be pointed out that, during the year, a positive adjustment was recognised in favour of the Parent Company MFM amounting to € 10 thousand, in relation to activities regarding the equity investment in Altair France FM, sold in 2010 following the retrocession to the customer FIAT of assets used to provide facility management services.

Details of income from discontinued operations attributable to the individual companies and business units are shown below:

(in thousands of Euro)	Year ended 31 December 2011					
	Altair Zander	**MFM**	**Altair IFM France**	**PIT**	**Con.Energia Servizi**	**Total**
Capital gains on discontinued operations	6		10			**16**
Capital losses on discontinued operations		(238)		(2)	(3)	**(243)**
Income taxes deriving from discontinued operations						**0**
Profit (loss) net of taxes deriving from discontinued operations	**6**	**(238)**	**10**	**(2)**	**(3)**	**(227)**

Cash flows generated/absorbed by discontinued operations

(in thousands of Euro)	**31 December 2011**	**31 December 2010**
Cash flows generated by disposal:		
Consideration received	210	648
Net cash transferred	(61)	0
Other cash flows	(238)	0
Net cash flow	**(89)**	**648**

Non-operational management absorbed a total cash flow of € 89 thousand.
The cash flow of € 210 thousand was generated by the consideration received through the sale of the equity investment in Altair Zander S.r.l. (€ 200 thousand) and the adjustment recognised in favour of Parent Company MFM in relation to activities regarding the equity investment in Altair France FM (€ 10 thousand). Lastly, the cash flows absorbed by non-operational management were affected by the payment of the already mentioned indemnity on the sale of the equity investment in Progetto Nuovo Sant'Anna.
As at 31 December 2010, the cash flow generated stood at € 648 thousand and related to the sale of the equity investment in Bresso Energia S.r.l. (€ 98 thousand), previously 50% owned, and to the sale of 60% of Delivery S.r.l. (for € 550 thousand).

15. SHARE CAPITAL AND RESERVES

SHARE CAPITAL *(in thousands of Euro)*	**31 December 2011**	**31 December 2010**
Ordinary shares with a value of € 1 each	109,150	109,150

Ordinary shares have a nominal value of € 1 each.

The ordinary shares of MFM S.p.A., issued and fully paid up as at 31 December 2011, 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 (amounts in thousands of Euro):

	Share premium reserve	Legal reserve	Reserve for effects on SE of companies valued at equity	Cash flow hedge reserve	SORIE reserve	Other reserves	Total reserves
1 January 2010 re-stated	**144,736**	**15,066**	**(1,102)**	**(784)**	**(2,446)**	**(36,437)**	**119,033**
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						0	**0**
Economic effects transferred to shareholders' equity			911	(346)	(215)		**350**
31 December 2010	**145,018**	**15,571**	**(495)**	**(1,130)**	**(2,661)**	**(22,037)**	**134,266**
Allocation of profit of previous years		240	494			5,268	**6,002**
Change in the scope of consolidation						0	**0**
Economic effects transferred to shareholders' equity			(994)	95	(316)		**(1,215)**
31 December 2011	**145,018**	**15,811**	**(995)**	**(1,035)**	**(2,977)**	**(16,769)**	**139,053**

The item *Other reserves* 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 € 45,400 thousand as at 31 December 2011.
- The *Parent Company's* extraordinary reserve (€ 24,364 thousand), to which profits of € 4,570 thousand were allocated in 2011.

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 2010 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**
Allocation of profit of previous years	2,933	(1,191)	**1,742**
Change in the scope of consolidation		0	**0**
31 December 2011	**6,797**	**13,388**	**20,185**

16. EMPLOYEE SEVERANCE INDEMNITY

Movements in liabilities relating to employee severance indemnity in 2011 are shown below, compared with movements in the previous year.

(in thousands of Euro)	Year ended	
	31 December 2011	31 December 2010
As at 1 January	**29,537**	**35,645**
Increases due to business combinations	3,894	241
Service costs	351	390
Financial charges on obligations assumed	1,399	1,724
Curtailment	443	940
Settlements	0	475
Benefits paid	(4,912)	(6,721)
Actuarial gains (losses) on obligations	436	215
Other movements	208	(3,372)
As at 31 December	**31,356**	**29,537**

The increases due to business combinations refer mainly to the acquisition of Telepost S.p.A. (€ 3,290 thousand), plus acquisitions made by sub-group MIA S.p.A. (€ 468 thousand).
The curtailment amounted to € 443 thousand and relates to the benefits of the companies Telepost S.p.A. (€ 230 thousand) and Energy Project S.p.A. (€ 213 thousand), adjusted to take account of changed actuarial assumptions as a result of restructuring plans launched at the end of 2011.

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.

Other movements, totalling € 208 thousand, are represented by the value of ESI of employees in the SEC business unit, in respect of which the Group chose not to keep classified under assets and liabilities held for disposal (see note 14).
As at 31 December 2010, the item included the value of ESI relating to subjects transferred to FIAT, as part of the retrocession of business units and foreign companies to said entity (€ 2,966 thousand) and the amount of ESI of employees relating to the SEC business unit and Gestin Polska Sp.Zo.o. (totalling € 406 thousand), reclassified under liabilities associated to assets held for disposal.

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	
	31 December 2011	**31 December 2010**
Curtailment	443	940
Social security cost (service costs)	351	390
Financial charges on obligations	1,399	1,724
Net cost of the benefit recorded in the income statement	**2,193**	**3,054**
Actuarial gains/losses (transferred to shareholders' equity)	436	215
TOTAL NET COST OF THE BENEFIT	**2,629**	**3,269**

The main assumptions used in determining the obligation relating to ESI are illustrated below:

(in percentage)	**31 December 2011**	**31 December 2010**
Discount rate	4.25%	4.80%
Rate of inflation	2.00%	2.00%
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 the actuary we appointed for the actuarial estimate of the liability used different turnover rates 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 2011	**FY 2010**
Executives	66	75
Office employees	1,598	1,641
Manual workers	12,022	11,010
EMPLOYEES	**13,685**	**12,726**

In 2010, the average number of leased personnel employed, including those shown in the table, stood at 588 (2010: 599).

17. PROVISIONS FOR RISKS AND CHARGES

The breakdown and movements in the provisions for risks and charges in 2011 are shown below:

(in thousands of Euro)	Risks on equity investments	Risks on job orders	Ongoing legal proceedings	Tax dispute	Supplementary indemnity for customers	Employee termination benefits	Employee bonuses	Other risks and charges	Total
As at 1 January 2011	**243**	**6,086**	**6,811**	**1,152**	**98**	**18,683**	**2,011**	**77**	**35,161**
Increases due to business combinations	0	0	800	0	0	0	0	135	935
Provisions	45	4,338	2,527	141	21	10,212	2,399	0	19,683
Uses	0	(1,285)	(1,052)	(217)	0	(8,708)	(135)	(8)	(11,405)
Releases	0	(237)	(873)	(11)	0	(6)	(48)	0	(1,175)
Other	120	679	(225)	0	0	0	61	0	635
As at 31 December 2011	**408**	**9,581**	**7,988**	**1,065**	**119**	**20,181**	**4,288**	**204**	**43,834**
31 December 2011:									
Short-term	408	8,468	1,295	1,065	0	20,181	1,631	0	33,048
Medium/long-term	0	1,113	6,693	0	119	0	2,657	204	10,786
31 December 2010:									
Short-term	243	5,729	1,603	1,152	0	18,683	81	0	27,491
Medium/long-term	0	357	5,208	0	97	0	1,930	77	7,669

Provision for equity investment risks

The item, amounting to € 408 thousand as at 31 December 2011, includes the provision for unrecoverable future losses of Group companies and relates to Consorzio Sermagest in liquidation, for a total of € 250 thousand, to the consortium company Co.S.I.S. in liquidation (€ 1 thousand) and to the subsidiary Alisei S.r.l. in liquidation (€ 37 thousand). These companies are consolidated using the equity method. The commitment to re-establish the share capital of MACO S.p.A. was also recorded, in order to bring it back to the legal limit of € 120 thousand.

Provision for job order risks

The provision includes, at consolidated level:

› estimated risks relating to potential disputes with customers, regarding the reporting of works
› the estimate of penalties charged by customers
› estimated costs to finish job orders, in respect of which no additional revenues will be paid.

The value of the provision at the end of the year stood at € 9,581 thousand, in respect of allocations of € 4,338 thousand, uses and releases totalling € 1,522 thousand and reclassifications amounting to € 679 thousand, relating to the SEC business unit previously stated under liabilities associated to assets held for disposal.

The allocations were made for works performed by MFM S.p.A. (€ 1,874 thousand), MP Facility S.p.A. (€ 259 thousand), EnergyProject S.p.A. (€ 1,449 thousand) and SMAIL S.p.A. (€ 756 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 2011, the provision was increased due to allocations of € 2,527 thousand, plus the addition of two new shareholdings of the company Telepost S.p.A. (€ 800 thousand).

The allocations were recorded primarily to cover the risks of MFM S.p.A. (€ 2,176 thousand) and MP Facility S.p.A. (€ 192 thousand).
Uses and releases in the period, totalling € 1,925 thousand, refer to the use of the provisions recorded in previous years to settle disputes with suppliers and legal proceedings with other parties.

Tax dispute provision

As at 31 December 2010, the item came to € 1,152 thousand, and was previously recognised in respect of the companies Altair IFM S.p.A. and Gestin Facility S.p.A., later incorporated into the parent company MFM. The provision covered ongoing disputes with the Tax Authorities, relating to the payment of excise duty on the consumption of electricity. In 2011, uses totalled € 217 thousand and releases came to € 11 thousand, as a result of the conclusion of some tax assessments. The provision was also adjusted by € 141 thousand.

Provision for employee termination benefits

The provision was set up to include amounts due in termination benefits and employee redundancy costs, as part of the vast restructuring project involving some Group companies over the last few years.
In fact, more pronounced difficulties in certain markets and the rationalisation of the production processes led to a series of operations which took the form of trade union agreements for the launch of redundancy schemes and procedures involving the extraordinary *Cassaintegrazione Guadagni* (Extraordinary Wages Guarantee Government Fund).
Therefore, against a provision of € 18,683 thousand allocated as at 31 December 2010, of which € 6,397 thousand at MFM S.p.A. and € 12,199 thousand at MP Facility S.p.A., the Group recorded uses of € 8,708 thousand (of which € 6,392 thousand at MFM S.p.A).
As at 31 December 2011, the Group launched similar plans at subsidiaries Energy Project S.p.A. and Telepost S.p.A., and allocated provisions of € 3,033 thousand and € 7,145 thousand respectively. These plans should be completed within the next two years.

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 2011 comprise new allocations of € 2,399 thousand and uses and releases of € 183 thousand. Other movements refer to the effects of discounting on long-term provisions.

Other provisions for risks and charges

As at 31 December 2011, the item amounted to € 204 thousand, marking an increase as a result of the acquisition of equity stakes in the new subsidiaries of the sub-group MIA S.p.A.

18. FINANCIAL LIABILITIES FOR NON-CURRENT DERIVATIVES

The pooled loan with BNL/BNP (described in note 19) 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 € 81,000 thousand as at 31 December 2011, 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 € 1,429 thousand as at 31 December 2011, compared to a value of € 1,560 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 2011. 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 financial liabilities are provided below:

FINANCIAL LIABILITIES

(in thousands of Euro)	Total	31 December2011		
	31/12/2011	within 1 year	between 1 and 5 years	after 5 years
BNL/BNP loan	99,000	99,000		
C.C.F.S. loan	29,981		29,981	
Unicredit (formerly Teckal) loan	10,829	5,261	5,568	
BPCI-UBI Group loan	11,954	2,981	8,973	
BPV loan	49,820	11,870	37,950	
MPS loan	17,191		13,745	3,446
BPER loan	12,694		12,694	
Banco San Geminiano e San Prospero loan	11,468	7,607	3,861	
B.Pop. VR mortgage	31	31		
Other Bank loans	199	158	41	
S.Paolo IMI loan	460		424	36
Banca Bo - photovoltaic	465	17	101	347
Obligations deriving from financial leasing	3,240	845	2,178	217
Current account overdrafts, advances and hot money	42,341	42,341		
Loans from shareholders (minorities)	2,272	662	1,531	79
Loan from parent company Manutencoop Cooperativa	25	25		
Collections on behalf of assignees of trade receivables	21,101	21,101		
Payables due to Factoring companies	1,565	1,565		
Payables for the purchase of equity investments/business units	5,447	4,147	1,300	
Potential payables for the purchase of equity investments/business units	24,059		24,059	
Gymnasium c.s to be paid	5	5		
Financial liabilities valued at fair value in the income statement	211	211		
Prepaid expenses on short-term financial interest	(46)	(46)		
Accruals on interest expense due within 12 months	459	459		
Payables for dividends due to other Shareholders	259	259		
TOTAL FINANCIAL LIABILITIES	**345,030**	**198,499**	**142,406**	**4,125**

FINANCIAL LIABILITIES

(in thousands of Euro)	Total	31 December 2010		
	31/12/2010	within 1 year	between 1 and 5 years	after 5 years
BNL/BNP loan	131,013	131,013		
C.C.F.S. loan	30,012	30,012		
Unicredit (formerly Teckal) loan	15,826	4,864	10,962	
BPCI-UBI Group loan	15,000	3,000	12,000	
Banco San Geminiano e San Prospero loan	18,947	7,492	11,455	
B.Pop. VR mortgage	60	30	30	
Other Bank loans	460	275	185	
S.Paolo IMI loan	536	113	290	133
Banca Bo - photovoltaic	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 Cooperativa	176	176		
Collections on behalf of Assignees 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 FINANCIAL LIABILITIES	**393,320**	**302,990**	**89,703**	**627**

BNL/BNP (MFM) loan

In order to meet the financial requirements resulting from the purchase of Pirelli IFM S.p.A. (then Altair IFM S.p.A. and now merged in MFM), in December 2008, MFM took out a pooled loan with Banca Nazionale del Lavoro as Agent Bank, for a residual exposure of € 99,000 thousand as at 31 December 2011.

As already amply detailed in the explanatory notes to the financial statements and consolidated financial statements for the year ended 31 December 2010 and in the explanatory notes to the condensed consolidated financial statements as at 30 June 2011, the value of one of the financial parameters whose contract subordinates the maintenance of the time limit, was not complied with as at 31 December 2011.

Despite the Company still not having signed the waiver letter proposed by the banks at the start of 2011, the directors of the Management Board, also considering that (i) the preliminary analysis conducted on the basis of the results of the financial statements shows that said parameters were observed as at 31 December 2011 and that, in particular, (ii) in 2011 and in the first few months of 2012, no request for repayment of the loan was received, believe that the non-satisfaction of a financial parameter as at 31 December 2010 is in no way susceptible to modifying the contractual relations between the Company and the pool of lending banks.

Nevertheless, since formal proof has still not been acquired of the banks' desire not to assert their rights to the immediate return of the capital that will be due to them based on non-compliance with the parameter as at 31 December 2010, in application of the applicable accounting standards, the Company continued to classify the entire debt in question among short-term debts.

As at 31 December 2011, the financial parameters were respected.

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). The loan has variable interest rates plus a spread, and expires on 29 July 2013.

Unicredit (MFM formerly Teckal) loan

During the acquisition of incorporated company Teckal S.p.A. (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 2011, the carrying amount of the latter was € 10,829 thousand.

BPCI-UBI Group (MFM) loan

On 30 November 2010, the Group stipulated a loan 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 and expires on 30 November 2015, with a half-yearly repayment plan. The loan agreement also makes provision for the verification of financial parameters to be calculated on an annual basis on the consolidated financial statements.

As at 31 December 2011, the financial parameters were respected.

As at 31 December 2011, the residual debt was € 11,954 thousand.

Banca Popolare di Vicenza (MFM) loan

The loan of € 50 million was stipulated with Banca Popolare di Vicenza and expires on 31 December 2015, and envisages repayments in half-yearly instalments. The loan has variable interest rates equal to the one month Euribor plus a spread.

As at 31 December 2011, the residual debt was € 49,820 thousand.

MPS (MFM) loan

The loan with Banca Monte Paschi comprises a long-term credit line at a variable rate plus a spread amounting to € 25 million, used partially, and expiring on 22 December 2017. The loan agreement also makes provision for the verification of financial parameters to be calculated on an annual basis on the consolidated financial statements. As at 31 December 2011, the financial parameters were respected.

As at 31 December 2011, the residual debt was € 17,191 thousand.

Banca Popolare Emilia Romagna (MFM) loan

The loan of € 12.75 million was stipulated with Banca Popolare Emilia Romagna and expires on 23 June 2016, and envisages repayments in half-yearly instalments, at variable interest rates. The loan agreement also makes provision for the verification of financial parameters to be calculated on an annual basis on the consolidated financial statements. As at 31 December 2011, the financial parameters were respected.

As at 31 December 2011, the residual debt was € 12,694 thousand.

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 expected maturity is 30 June 2013 and, as at 31 December 2011, the balance was € 11,468 thousand.

Current account overdrafts, advances and hot money

Bank overdrafts, advances and hot money are not secured by guarantees.

Manutencoop Società Cooperativa financial account

This is a financial account on which transactions with the Parent Company Manutencoop Società Cooperativa are settled. As at 31 December 2011, the balance was € 25 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 sub-group Sicura S.r.l.. 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 and Banca IMI

The debt balance relates to receivables transferred as part of the securitisation of trade receivables carried out by the Group, collected on behalf of the assignee in the last few days of 2011 and still not paid as at 31 December 2011.
The total balance as at 31 December 2011 stood at € 21,101 thousand (€ 6,620 thousand as at 31 December 2010) and includes not only payables due to Credit Agricole Corporate & Investment Bank but also accounts opened as a result of the new contract signed with Banca IMI during the year.

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 € 5,447 thousand as at 31 December 2011 (€ 1,111 thousand as at 31 December 2010), relate to amounts of consideration still not paid to the transferor in the business combinations carried out during the year.
In particular, MIA S.p.A. has commitments for the payment of *escrow* amounts totalling € 2,006 thousand, of which € 1,300 thousand relating to the equity investment in Lenzi S.p.A., € 373 thousand relating to the equity investment in Unilift S.r.l., € 23 thousand relating to the equity investment in CMA Pentade and € 310 thousand relating to the equity investment in Nettuno S.r.l..
As at 31 December 2011, Gruppo Sicura S.r.l. also has short-term financial liabilities totalling € 50 thousand, to be paid to the counterparty for the acquisition of Stablum S.r.l..
Lastly, commitments were recorded for business unit purchases by MP Facility S.p.A. (€ 48 thousand) and MFM S.p.A. (€ 3,050 thousand). It should be noted that, as a result of the already described reclassification

under operating assets of assets and liabilities held for disposal relating to the SEC business unit, the latter item also includes the financial payable for the purchase of the business unit, not paid to the transferor in 2009 following the transaction (€ 2,990 thousand).

Potential payables for the purchase of equity investments/business units

Potential payables for the purchase of equity investments and business units amounted to € 24,059 thousand, and relate to:

- the estimate of the present value of the *earn-out* to be paid, relating to the Sicura Group, estimated at a total of € 12,473 thousand. In 2011, an advance was paid on said liability, agreed at € 10,867 thousand. During the year, financial charges from discounting of € 953 thousand were also booked to the income statement;
- estimate of the present value, amounting to € 8,287 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 of € 647 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;
- estimate of the present value, amounting to € 400 thousand, of the *Put option* held by the minority shareholder of Unilift S.r.l. (acquired by MIA S.p.A. at the start of 2011), relating to the 20% stake in share capital they still own;
- the estimate of the present value of the *earn-out* to be paid, relating to the equity investment already acquired by Lenzi S.p.A., estimated at a total of € 293 thousand.

20. TRADE PAYABLES AND OTHER CURRENT PAYABLES

Details of the breakdown of the item for the years ended 31 December 2010 and 31 December 2011 are shown below:

(in thousands of Euro)	31 December 2011	31 December 2012
Trade payables	416,633	425,772
Trade payables due to third parties	**416,633**	**425,772**
Trade payables due to Manutencoop	10,434	5,626
Trade payables due to Group companies	28,621	24,784
Intercompany trade payables	**39,055**	**30,410**
Advances from customers and payables for works to be performed	7,135	21,957
Trade payables and advances from customers	**462,823**	**478,139**
Fees to be paid to directors/statutory auditors	430	257
Payables due to Tax authorities	59,980	57,027
Social security payables due within 12 months	9,682	9,228
Collections on behalf of temporary association of companies	23,069	22,833
Payables due to personnel with 12 months	42,515	39,471
Other payables due within 12 months	5,836	3,093
Property collections on behalf of customers	2,177	2,178
Other current operating payables due to third parties	**143,689**	**134,087**
Other current payables due to Manutencoop Cooperativa	99	0
Payables due to Associates within 12 months - Other payables	702	1,013
Other current operating payables due to the Group	**801**	**1,013**
Accrued expenses	619	125
Deferred income	2,415	1,286
Accrued expenses and deferred income	**3,034**	**1,411**
Other current operating payables	**147,524**	**136,511**

Terms and conditions of the liabilities listed
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 a decrease of € 15,316 thousand as at 31 December 2011, when compared to the previous year.
The item *Trade payables due to Group companies*, amounting to € 28,621 thousand as at 31 December 2011, is composed mostly of amounts due to Roma Multiservizi (€ 8,545 thousand), payables due to Global Riviera totalling € 2,785 thousand and amounts due to Bologna Multiservizi amounting to € 5,665 thousand.

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. 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 on a voluntary basis, make reference to the Strategic Business Units in which the Group operates, described in paragraph 1.1, to which reference should be made.

Information on the operating segments for the years ended 31 December 2010 and 2011 is shown below:

REVENUES AND RESULTS BY SECTOR FOR THE YEAR ENDED 31 DECEMBER 2011

31 DECEMBER 2011 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Cancellations	Consolidated
Revenues and results for the year ended 31 December 2011					
Sector revenues	916,081	128,013	27,127	(2,468)	1,068,753
Sector costs	(854,697)	(114,704)	(34,189)	2,468	(1,001,123)
SECTOR EBIT	**61,385**	**13,308**	**(7,062)**		**67,630**
Income (charges) from associates valued using the equity method	1,334	92			1,426
Net financial income (charges)					(23,192)
PRE-TAX PROFIT/LOSS					**45,864**
Income taxes					(33,408)
Income from discontinued operations	(227)				(227)
NET INCOME FOR THE YEAR ENDED 31 DECEMBER 2011					**12,229**

ASSETS AND LIABILITIES BY SECTOR AS AT 31 DECEMBER 2011

31 DECEMBER 2011 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Cancellations	Consolidated
Assets and liabilities as at 31 December 2011					
Sector assets	652,960	120,210	34,645	(4,322)	803,493
Goodwill	399,185	12,810			411,995
Equity investments valued using the equity method	15,775	2,361	34		18,170
Assets held for disposal					
Financial assets and relating to taxes					110,739
ASSETS	**1,067,921**	**135,381**	**34,678**	**(4,322)**	**1,344,397**
Sector liabilities	584,749	69,122	22,740	(4,315)	672,296
Liabilities held for disposal					
Financial liabilities and relating to taxes					379,347
LIABILITIES	**584,749**	**69,122**	**22,740**	**(4,315)**	**1,051,643**

OTHER INFORMATION BY SECTOR FOR THE YEAR ENDED 31 DECEMBER 2011

31 DECEMBER 2011 *(in thousands of Euro)*	Facility Management	Laundering Sterilisation	Complementary Activities	Consolidated
Other sector information as at 31 December 2011				
Investments in sector assets	11,026	26,685	44	37,755
Amortisation/depreciation and write-downs of sector assets	19,031	18,084	617	37,732

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 INCOME 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 FOR OPERATING SECTORS 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

Geographical areas

As regards the information concerning the geographical areas, it should be noted that the activities performed abroad by the Group in the previous years related to companies Altair France and Gestin Polska, both transferred as part of the transaction relating to the FIAT business unit as at 31 December 2010.
As at 31 December 2011, these Group secondary activities generated revenues of € 430 thousand.
The information by geographical area required by IFRS 8 is shown below, for the years ended 31 December 2010 and 2011.

INFORMATION BY GEOGRAPHICAL AREA AS AT 31 DECEMBER 2011

(in thousands of Euro)	Italy	Abroad	Cancellations	Consolidated
Revenues	1,068,323	430		1,068,753
Non-current operating assets	515,757			515,757

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

22. SALES AND SERVICE REVENUES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Revenues from product sales	14,807	14,107
Service revenues	881,510	950,357
Revenues from building activities and plant construction	142,536	133,898
Other sales revenues	27,043	38,244
TOTAL	**1,065,896**	**1,136,606**

As at 31 December 2011, the item *Sales and* service *revenues* amounted to € 1,065,896 thousand, marking a decrease of € 70,710 thousand compared to 2010.

However, the trend in turnover is linked to external factors which affected the Group's performance.

In the first place, in 2011 the Group recorded lower revenues from Private customers amounting to € 96 million, as a result of the termination of the facility management contract with the FIAT Group at the end of 2010: excluding this, in 2011 Group revenues would register an increase of around € 26 million (+2.5%) in absolute terms.

In addition, in 2011, together with natural growth relating to its commercial and development activities, the Group implemented measures to achieve external growth. These acquisitions contributed roughly € 12 million to Group revenues.

23. OTHER OPERATING REVENUES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Grants	47	34
Capital gains - fixed assets	231	282
Recovery of costs - seconded personnel	26	12
Recovery of other costs	0	642
Reimbursement of damages	262	1,433
Revenues for leases and rentals	3	6
Other revenues	2,288	74
TOTAL	**2,857**	**2,485**

In the year ended 31 December 2011 the item *Other operating revenues* recorded an increase of € 372 thousand compared to the previous year. As at 31 December 2011, the balance was € 2,857 thousand, compared to a figure of € 2,485 thousand in 2010.
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.
The item "other revenues" includes an amount of € 1,250 thousand relating to the compensation paid on a pro-quota basis for the Group to the company Malaspina Energy S.c.a.r.l. (in which MFM S.p.A. holds a 50% stake) and by Trixia S.r.l., as a result of a settlement agreement signed during the year for the definitive resolution of previous disputes. The item also includes additional revenues deriving from the energy management of some facilities.

24. CONSUMPTION OF MATERIALS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Change in inventories of fuels and raw materials	(2,088)	(3,868)
Consumption of fuels	64,858	48,426
Consumption of raw materials	57,046	56,812
Purchase of semi-finished/finished products	7,634	5,843
Purchase of auxiliary materials and consumables	13,659	18,697
Packaging	2,182	1,889
Other purchases	3,267	3,698
TOTAL	**146,558**	**131,497**

As at 31 December 2011, the item amounted to € 146,558 thousand, compared to a figure of € 131,497 thousand as at 31 December 2010. The increase of € 15,061 thousand is attributable mainly to the increase in the consumption of fuels, relating to integrated service job orders.

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 2011:

(in thousands of Euro)	FY 2011	FY 2010
Third party services	288,785	375,912
Consortia services	13,471	15,169
Equipment maintenance and repair	7,643	6,532
Professional services	45,561	44,502
Statutory Auditors' Fees	867	685
Transport	8,098	12,918
Advertising and promotion	2,058	2,656
Bonuses and commissions	2,178	1,917
Insurance and sureties	6,466	7,520
Banking services	396	348
Utilities	17,316	25,165
Travel expenses and reimbursement of costs	4,153	4,669
Personnel services	8,084	8,956
Other services	6,120	7,331
Costs for services	**411,196**	**514,280**
Rent expense	21,825	24,723
Rentals and other	2,047	2,218
Costs for the use of third party assets	**23,872**	**26,941**
TOTAL	**435,068**	**541,221**

For the year ended 31 December 2011, the item *Costs for services and use of third party assets* totalled € 435,068 thousand, marking a decrease of € 106,153 thousand compared to 2010.
The decrease is due mainly to the maintenance job orders of the FIAT business unit which, as already mentioned, was given back to said FIAT Group at the end of 2010 in relation to contractual agreements reached prior to the conclusion of said contract. Benefits were also recorded relating to efficiency drives the Group implemented in recent years, through the rationalisation of production sites and the reduction of fixed costs connected with the management of certain Group sites, not deemed to be essential for the performance of company activities.
Lastly, for the purpose of clearer disclosures, in 2011, the Group showed Fees paid to the Statutory Auditors of the Group companies and fees paid for other professional services separately. Subsequently, the table showing the comparative data for the previous year was adjusted.

26. PERSONNEL COSTS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Wages and salaries	224,519	217,758
Social security costs	71,617	68,830
Personnel lease costs	34,546	36,488
ESI paid to INPS (National Social Security Institute), and to funds	13,430	12,850
Directors' Fees	3,111	3,483
Other personnel costs	887	893
Current benefits	**348,110**	**340,302**
Provision for employee severance indemnity	2,430	3,472
Other post-employment benefits	9	57
Post-employment benefits	**2,439**	**3,529**
Termination benefits	2,363	652
Termination benefits	**2,363**	**652**
TOTAL	**352,912**	**344,483**

The year ended 31 December 2011 recorded a total increase in personnel costs of € 8,429 thousand compared to the previous year, up from € 352,912 thousand to € 344,483 thousand.
More specifically:
> current benefits increased by € 7,808 thousand, mainly due to higher costs for salaries and wages and Social security costs totalling € 9,548 thousand and lower costs for personnel leasing of € 1,942 thousand.
> as regards post-employment benefits, a decrease was recorded in the provision for employee severance indemnity, amounting to € 1,042 thousand. For more details, see the comments to the item Employee Severance Indemnity.
The general increase in personnel costs is primarily attributable to the increase in the average work units of the Group, owing to both greater use of the workforce on newly acquired job orders, and in respect of the workers acquired as part of company acquisitions completed during the year.

Lastly, for the purpose of clearer disclosures, in 2011, the Group showed Fees paid to the Directors of Group companies and costs incurred for other work performed separately. Subsequently, the table showing the comparative data for the previous year was adjusted.

27. OTHER OPERATING COSTS

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Capital losses on disposal of assets	46	92
Losses on receivables	4	144
Other taxes	1,676	1,570
Fines and penalties	2,358	1,435
Credit discount on transfers of receivables	1,399	928
Other operating costs	4,775	3,212
TOTAL	**10,258**	**7,381**

Other operating costs amounted to € 10,258 thousand as at 31 December 2011, marking an increase of € 2,877 thousand compared to the previous year.
This increase is attributable mainly to the items Fines and penalties (€ 923 thousand) and *credit discount* (€ 471 thousand). The latter item relates to non-recourse transfers of trade receivables (€ 481 thousand) carried out during the year, as part of the new contract with Banca IMI.

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 2011:

(in thousands of Euro)	FY 2011	FY 2010
Amortisation of intangible fixed assets	10,165	10,171
Depreciation of property, plant and machinery	22,275	21,612
Write-backs of assets	(4)	(202)
Impairment of consolidation differences	0	234
Write-down of receivables	4,650	6,923
Write-down of equity investments	252	254
Write-down of intangible fixed assets	308	1,871
Other write-downs	86	79
TOTAL	**37,732**	**40,942**

The item amortisation/depreciation, write-downs and write-backs of assets fell from € 40,942 thousand as at 31 December 2010, to € 37,732 thousand in 2011.
A reduction of € 2,273 thousand was recorded in the item *Write-down of receivables*.
The item "Write-down of intangible fixed assets" includes write-downs made by the subsidiary EnergyProject S.p.A. of its assets as a result of the withdrawal from development projects regarding company systems.

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 2011:

(in thousands of Euro)	FY 2011	FY 2010
Dividends	114	398
Capital gains from disposal of equity investments	1,234	
TOTAL	**1,348**	**398**

Servizi Ospedalieri S.p.A realised capital gains on equity investments amounting to € 1,230 thousand, as a result of the sale of ZBM Lavanderia Industriale S.r.l., in which it held a non-strategic minority shareholding.

30. FINANCIAL INCOME

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Interest on bank current accounts	196	128
Interest on non-proprietary and intercompany current accounts	427	518
Interest on trade receivables	699	1,176
Interest from discounting of non-interest bearing loans	682	111
Interest and other income from securities	71	2
Other financial income	8	28
TOTAL	**2,083**	**1,963**

The item *Financial income* registered an increase of € 120 thousand compared to the previous year, due to the increase in the implicit interest from discounting non-interest bearing loans, only partially offset by the decrease in interest on trade receivables.

31. FINANCIAL CHARGES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	2011	2010
Bank loans and current account overdrafts	493	2,811
Other loans	13,050	8,081
Financial charges for financial leasing	79	70
Financial charges on Group financial accounts	42	43
Interest discount on transfers of receivables	9,563	2,997
Interest on trade payables	50	5
Expenses from derivatives	415	21
Other financial charges	2,928	2,406
TOTAL	**26,620**	**16,434**

The item *Financial charges* increased by € 10,186 thousand in 2011, when compared to the previous year. In fact, the increase of € 4,969 thousand in interest on *Other loans* is higher than the reduction in financial charges on bank loans and current account overdrafts amounting to € 2,318 thousand: this effect is due to a different mix of loan capital used by the Group as at 31 December 2011 and the interest rate trend. As at 31 December 2011, the Group recorded interest discount costs on transactions involving the non-recourse factoring of trade receivables totalling € 9,563 thousand, of which € 5,366 thousand relating to the new contract signed with Banca IMI.
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 € 1,600 thousand (€ 1,859 thousand as at 31 December 2010).

32. CURRENT, PREPAID AND DEFERRED TAXES

The breakdown of the item is shown below, for the years ended 31 December 2010 and 2011:

(in thousands of Euro)	FY 2011	FY 2010
Current IRES	22,911	21,805
Current IRAP	14,103	13,528
Corporate tax - foreign companies	0	553
(Income)-charges from tax consolidation	(937)	(818)
Adjustment to current taxes of previous years	1,592	(513)
Current taxes	**37,669**	**34,555**
Prepaid/deferred IRES	(3,085)	(7,589)
Prepaid/deferred IRAP	(331)	(690)
Prepaid/deferred taxes relating to previous years	(846)	17
Prepaid/deferred taxes	(4,262)	(8,262)
CURRENT, PREPAID AND DEFERRED TAXES	**33,407**	**26,293**

The Group recorded taxes totalling € 33,408 thousand in 2011, marking a decrease of € 7,115 thousand in the net balance compared to the previous year.

More specifically, the main changes are as follows:

> An increase of € 1,106 thousand for IRES taxes
> An increase of € 575 thousand for IRAP taxes
> An increase of € 119 thousand in income from tax consolidation
> Recognition of a net income of € 4,262 thousand, relating to the total balance of prepaid and deferred taxes. Net income totalled € 8,262 thousand in the previous year. Said income was determined mainly by the allocation of prepaid taxes in respect of the provisions for risks and charges amounting to € 1,076 thousand and employee incentives totalling € 844 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 € 1,776 thousand.

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 2011 to pre-tax profit is as follows:

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRES RATE

	31 December 2011		31 December 2010	
	(in thousands of Euro)	%	(in thousands of Euro)	%
Pre-tax profit	**45,864**		**32,071**	
Ordinary rate applicable		27.50%		27.50%
Effect of increases (decreases):				
> Temporary differences	13,227	7.93%	28,857	24.74%
> Permanent differences	20,818	12.48%	15,389	13.20%
IRES taxable income	**79,909**		**76,317**	
Tax / Effective rate	**21,974**	**47.91%**	**20,987**	**65.44%**

The value shown as effective current IRES (€ 21,974 thousand) is represented by the current IRES shown in the previous table, amounting to € 22,911 thousand, net of income from tax consolidation of € 937 thousand.

The reconciliation between the effective and theoretical IRAP rate is shown below.

RECONCILIATION BETWEEN THEORETICAL AND EFFECTIVE IRAP RATE

	31 December 2011		31 December 2010	
	(in thousands of Euro)	%	(in thousands of Euro)	%
Pre-tax profit	**45,778**		**32,071**	
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	352,912		340,163	
- Balance from financial management	23,189		5,456	
- Other differences between taxable base and pre-tax result	(84,227)		(54,518)	
IRAP taxable income	**337,652**		**323,172**	
- of which at 2.98%	1,373		1,877	
- of which at 3.44%	4,447		34	
- of which at 3.90%	229,083		225,431	
- of which at 4.73%	8,425		7,240	
- of which at 4.82%	73,243		44,494	
- of which at 4.97%	21,081		44,096	
Tax / Effective rate	**14,103**	**30.81%**	**13,528**	**42.18%**

In 2011, Group companies did not pay income taxes in areas other than Italy.

Deferred and prepaid taxes

As at 31 December 2011, the Group recorded prepaid tax assets of € 22,966 thousand, net of deferred tax liabilities of € 13,237 thousand, as shown below:

DETAILS OF PREPAID AND DEFERRED TAXES

(in thousands of Euro)	Tax effect - balance sheet		Tax effect - income statement	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Prepaid taxes:				
Long-term costs	560	736	175	323
Financial leasing	22	22		
Maintenance exceeding deductible limit	10	20	9	33
Presumed losses on receivables	4,909	4,114	(655)	(949)
Deferred taxes - fair value				
Provision for risks and charges	11,005	9,304	(1,076)	(5,867)
Write-downs of assets	279	218	(85)	(161)
Discounting of receivables	28	35	7	2
Fees of Directors, Statutory Auditors and Independent Accounting Auditors	559	241	(342)	99
Services not completed	19	26	6	344
Amortisation/depreciation	1,983	1,614	(181)	705
Adjustment of job order margin	73	233	160	184
Interest expense	181	88	(92)	(47)
Employee benefits and length of service bonuses	249	197	(15)	54
Substitute tax	1,385	1,385		
Employee incentives	901	471	(844)	401
Tax losses relating to previous years	20	33		5
Up-front fees on contracts for the transfer of receivables	32		(32)	
Request for Irap reimbursement				(194)
Consolidation adjustment to Cross business unit		95		95
Valuation of cash flow hedge	393	429	36	(136)
Deduction of costs - cash	23	41	5	(10)
Other temporary differences	335	45	(359)	17
Other consolidation adjustments				
TOTAL PREPAID TAXES	**22,966**	**19,347**	**(3,190)**	**(5,197)**
Deferred taxes:				
Tax amortisation	(254)	(371)	(62)	(947)
IFRS valuation - works in progress	(58)	(86)	(1)	(40)
Leasing for tax purposes	(219)	(291)	(57)	(12)
Discounting of employee benefits	(1,319)	(1,224)	35	(195)
Amortisation of goodwill	(6,546)	(5,807)	847	646
Purchase Price Allocation (PPA)	(4,409)	(5,185)	(1,776)	(2,468)
Capital gains - deferred taxation				
Undistributed profits	(256)	(102)	160	(35)
Other temporary differences	(176)	(206)	(218)	(14)
Other consolidation adjustments				
Compensation of prepaid/deferred taxes at legal entity level				
TOTAL DEFERRED TAXES	**(13,238)**	**(13,272)**	**(1,072)**	**(3,065)**
NET PREPAID (DEFERRED) TAXES	**9,728**	**6,075**	**(4,262)**	**(8,262)**

Temporary differences excluded from calculation of taxes prepaid/(deferred):	31 Dec. 2011	31 Dec. 2010
> Tax losses that can be carried forward	143	184
TOTAL TEMPORARY DIFFERENCES EXCLUDED	**143**	**184**

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 MFM Group, are 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	
	2011	**2010**
Net profit attributable to shareholders (in thousands of Euro)	11,124	7,743
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)	**0.102**	**0.071**

	Year ended 31 December	
	2011	**2010**
Net profit deriving from continuing operations (in thousands of Euro)	12,456	8,077
Net profit /(loss) deriving from continuing operations pertaining to minority interests (in thousands of Euro)	(1,105)	(134)
Net profit deriving from continuing operations pertaining to the Group (in thousands of Euro)	11,351	7,943
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)	**0.104**	**0.073**

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

	2011	**2010**
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 2011		31 December 2010	
	Rents	Current value of rents	Rents	Current value of rents
Within one year	963	845	882	822
After one year, but within five years	2,342	2,178	1,075	950
After five years	221	217	59	40
TOTAL LEASING FEES	**3,526**	**3,240**	**2,016**	**1,812**
Financial charges	(286)		(204)	
Current value of leasing fees	**3,240**	**3,240**	**1,812**	**1,812**

Guarantees given

As at 31 December 2011, the Group granted sureties to third parties for:

- guarantees in favour of associates amounting to € 15,095 thousand (2010: € 15,241 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 € 1,182 thousand (2010: € 212,721 thousand);
- in favour of Credit Agricole Corporate & Investment Bank amounting to € 13,995 thousand (2010: € 13,993 thousand) and in favour of Banca IMI for € 5,000 thousand, to guarantee the necessary compliance of the contract for the transfer of trade receivables.

The sureties issued on transactions involving the non-recourse factoring of trade receivables cover a financial risk. For said reason, the risk was valued at *fair value* and recorded as a financial liability for € 211 thousand (see notes 12 and 18).

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 Financial Administration believes 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

Terms and conditions of transactions between related parties

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are 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 2011, 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, companies controlled by Manutencoop Società Cooperativa, with the latter and its subsidiaries, 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 Società Cooperativa 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 € 1,685 thousand, to be paid in 12 monthly instalments.
- Subsidiary company Manutencoop Immobiliare S.p.A. leased to MFM S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The lease expires on 30 June 2013, except in the event of termination by one of the parties. Annual rent is expected to be € 337 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 Cooperativa, 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 Cooperativa set out the conditions that regulate any future contracts for the leasing of shareholding personnel of Manutencoop Cooperativa, and the operating rules for establishing and resolving said contracts.
- Manutencoop Cooperativa 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 Cooperativa and its subsidiaries, for the provision of tax consultancy services.

Details of the balances relating to the Parent Company's transactions with related parties are provided in annex III to the Consolidated financial statements.

Management and coordination activities

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 2010**	**31 December 2009**
BALANCE SHEET		
ASSETS		
A) Subscribed capital, unpaid	151	243
B) Fixed assets	300,420	300,217
C) Working capital	41,175	51,576
D) Accruals and Deferrals	2,968	3,078
TOTAL ASSETS	**344,714**	**355,114**
LIABILITIES		
A) Shareholders' equity:		
Share capital	13,523	13,992
Reserves	252,398	251,664
Profit/(Loss) for the year	1,903	1,967
B) Provision for risks and charges	3,380	3,101
C) Employee Severance Indemnity	3,067	3,454
D) Payables	69,666	80,135
E) Accruals and deferrals	777	801
TOTAL LIABILITIES	**344,714**	**355,114**
MEMORANDUM ACCOUNTS	**86,355**	**133,237**
INCOME STATEMENT		
A) Value of production	39,103	40,580
B) Costs of production	(42,884)	(43,953)
C) Financial income and charges	4,207	5,509
D) Value adjustments to financial assets	(338)	(216)
E) Extraordinary income and charges	1,252	31
Income taxes for the year	563	16
PROFIT/(LOSS) FOR THE YEAR	**1,903**	**1,967**

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 2011	31 December 2010
Board of Directors/Management Board		
Short-term benefits	2,382	1,868
Post-employment benefits (E.S.I.)	0	0
BOARD OF DIRECTORS/MANAGEMENT BOARD TOTAL	**2,382**	**1,868**
Executives with strategic responsibilities		
Short-term benefits	2,758	2,091
Post-employment benefits (E.S.I.)	102	99
TOTAL OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,860**	**2,190**
Board of Statutory Auditors / Supervisory Board		
Short-term benefits	491	338
TOTAL BOARD OF STATUTORY AUDITORS / SUPERVISORY BOARD	**491**	**338**

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 € 775 thousand in the 2011 consolidated income statement.

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

The 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 2011:

FINANCIAL ASSETS

	31 December 2011	Financial assets available for sale	Loans and receivables
Non-current financial assets			
Other equity investments	2,239	2,239	
Non-current financial receivables	14,796		14,796
Other non-current assets	1,772		1,772
Total non-current financial assets	**18,807**	**2,239**	**16,568**
Current financial assets			
Trade receivables and advances to suppliers	682,271		682,271
Current tax credits	9,182		9,182
Other current operating receivables	18,366		18,366
Receivables and other current financial assets	7,786		7,786
Cash and cash equivalents	42,656		
Total current financial assets	**760,261**	**0**	**717,605**
TOTAL FINANCIAL ASSETS	**779,078**	**2,239**	**734,173**
Financial income (charges)	**3,431**	**1,348**	**2,083**

FINANCIAL LIABILITIES

	31 December 2011	Financial liabilities at fair value in the income statement	Financial liabilities designated at amortised cost
Non-current financial liabilities			
Non-current loans	146,569		146,569
Financial liabilities for non-current derivatives	1,429		1,429
Other non-current liabilities	14		14
Total non-current financial liabilities	**148,012**	**0**	**148,012**
Current financial liabilities			
Trade payables and advances from customers	462,823		462,823
Current tax payables	6,398		6,398
Other current operating payables	147,522		147,522
Loans and other current financial liabilities	198,461	211	198,250
Total current financial liabilities	**815,204**	**211**	**814,993**
TOTAL FINANCIAL LIABILITIES	**963,216**	**211**	**963,005**
Financial income (charges)	**(17,056)**	**(73)**	**(16,983)**

The same information for the year ended 31 December 2010 is shown below:

FINANCIAL ASSETS

	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

	31 December 2010	Financial liabilities designated at fair value in the income statement	Financial liabilities valued 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)**

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

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's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimise delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management.

Acquisitions in previous years have involved the entry of large Italian industrial Groups (in particular thanks to the acquisition of the Altair Group) to the private sector portfolio mix and, although to a lesser extent, to the retail sector portfolio mix (through the acquisition of the Sicura Group and MIA Group companies).

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 2011	**31 December 2010**	**31 December 2011**	**31 December 2010**
FINANCIAL ASSETS				
Cash and cash equivalents	42,656	51,583	42,656	51,583
Receivables and other current financial assets	7,751	7,955	7,751	7,955
Other equity investments - minority interests	2,239	3,233	2,239	3,233
Non-current financial receivables	14,796	14,916	14,796	14,916
FINANCIAL LIABILITIES				
Loans:				
> Variable rate loans	314,295	348,573	314,295	348,573
> Fixed rate loans	465	480	465	480
Other current financial liabilities	30,270	44,267	30,270	44,267
Financial liabilities for non-current derivatives	1,429	1,560	1,429	1,560

Interest rate risk

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

In 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":

(in thousands of Euro)	**UNICREDIT CORPORATE BANKING**	**BNP PARIBAS**	**BANCA AKROS**
Notional value from 23/12/2011 to 23/6/2012	24,000,000	27,000,000	12,000,000
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 6th half-yearly hedge period

The financial instruments of the Group exposed to interest rate risk are those listed in note 19 (to which reference should be made) like *Loans*, as well as balance sheet items recorded under cash and cash equivalents, *and Receivables and other current financial assets* (note 13) and 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.

	Increase/decrease	Effect on profit before taxes *(in thousands of Euro)*
Year ended 31 December 2011	+150 basis points	(10,087)
	-30 basis points	2,032
Year ended 31 December 2010	+100 basis points	(6,093)
	-30 basis points	1,872

Exchange rate risk

The Group operates predominantly in the national market, where it is not exposed to exchange rate risk.

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 2011	31 December 2010
Provision for Employee Severance Indemnity	31,356	29,537
Interest-bearing loans	314,760	349,053
Trade payables and advances from customers	462,823	478,139
Other current payables	147,522	136,511
Other current financial liabilities	30,270	44,267
Cash and cash equivalents	(42,656)	(51,583)
Other current financial assets	(7,751)	(7,955)
Net debt	936,324	977,969
Group shareholders' equity	279,512	269,602
Undistributed net profit	(11,124)	(7,743)
TOTAL EQUITY	**268,388**	**261,859**
Equity and net debt	**1,204,712**	**1,239,828**
Debt/equity ratio	**77.7%**	**78.9%**

No significant change was recorded in the debt/equity ratio compared to 31 December 2010.

37. EVENTS AFTER THE CLOSE OF THE YEAR

On 24 January 2012, the shareholders' meeting of SERENA S.r.l. resolved to wind the company up early and place it into liquidation. The resolution was filed on 26 January 2012.
On 6 February 2012, the company CMA Pentade changed its company name to MIA Servizi Torino S.r.l. and transferred its registered office from the Municipality of Rivalta di Torino (TO) to the Municipality of Turin.
On 6 February 2012, MIA S.p.A. acquired a 76.6% stake in ABM S.r.l., with registered office in Cadoneghe (PD). On 14 February 2012, MIA S.p.A. also acquired 100% of the share capital of MIND S.r.l., with registered office in Rome (RM). Both companies are active in the installation, repair and maintenance of lifts and goods lifts.

On 22 February 2012, the Parent Company MFM signed an agreement with Servizi Energia Calore S.r.l., with which it had signed an agreement in 2008 for the purchase of a business unit handling the management and maintenance of technological systems in some health care facilities in Sicily. The transfer was agreed at a price of € 2,960 thousand. However, MFM never paid this amount to the counterparty as a result of some disputes that arose, which led to arbitration proceedings against the seller in 2010, aimed at obtaining an arbitration ruling that arranged for the return of the business unit as a result of the invalidity, cancellation or termination due to non-fulfilment of the obligations of the purchase contract.
Following the operation, which saw the dispute amicably settled, the transfer price was recalculated at € 1,700 thousand, in addition to € 212 thousand in the form of the reimbursement (already provided for in the contract) of management expenses to Servizi Energia Calore S.r.l. (already provided for in the contract). At the same time, the sureties issued to secure the transaction in 2008 were returned and the parties withdrew from the ongoing arbitration proceedings.

The Chairman of the Management Board
Claudio Levorato

ANNEX I GROUP COMPANIES

PARENT COMPANY

COMPANY NAME	REGISTERED OFFICE	CITY
Manutencoop Facility Management S.p.A.	Via Poli no. 4	Zola Predosa (BO)

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

COMPANY NAME	REGISTERED OFFICE	CITY	% OWNED	TYPE
Antincendio Piave S.r.l.	Via Zamenhof no. 363	Vicenza	70%	Subsidiary
CMA Pentade S.r.l.	Via Giaveno no. 76/1	Rivalta di Torino (TO)	100%	Subsidiary
CO.GE.F. Soc. Cons. a r.l	Via Poli no. 4	Zola Predosa (BO)	80%	Subsidiary
COFAM S.r.l.	Via Pica no. 160	Modena	60.00%	Subsidiary
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Poli no. 4	Zola Predosa (BO)	66.66%	Subsidiary
Consorzio Imolese Pulizie Soc. Cons. a r.l	Via Poiano no. 22	Imola (BO)	60%	Subsidiary
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Poli no. 4	Zola Predosa (BO)	60%	In liquidation
EnergyProject S.p.A.	Via Poli no. 4	Zola Predosa (BO)	100%	Subsidiary
Evimed S.r.l.	Via Zamenhof no. 363	Vicenza	90%	Subsidiary
Firing S.r.l.	Via Luigi Meraviglia no. 31	Lainate (MI)	65%	Subsidiary
Gruppo Sicura S.r.l.	Via Zamenhof no. 363	Vicenza	80%	Subsidiary
ISOM Gestione Soc Cons.rl	Via Poli no. 4	Zola Predosa (BO)	52.97%	Subsidiary
Lenzi Group Service S.r.l.	Via Kravogl no. 6	Bolzano	100%	Subsidiary
Lenzi S.p.A.	Via Kravogl no. 6	Bolzano	49%	Subsidiary
Leonardo S.r.l.	Via Zamenhof no. 363	Vicenza	100%	Subsidiary
Mako Engineering S.r.l.	Via Ferruccio Parri no. 7	Treviglio (BG)	70%	Subsidiary
Manutencoop Costruzioni S.p.a.	Via Poli no. 4	Zola Predosa (BO)	100%	Subsidiary
Manutenzione Installazione Ascensori S.p.A.	Via Pica no. 170	Modena	100%	Subsidiary
MP Facility S.p.A.	Via Poli no. 4	Zola Predosa (BO)	100%	Subsidiary
Nettuno Ascensori S.r.l.	Via Marzocchi no. 1	Calderara di Reno (BO)	75%	Subsidiary
Palmanova Servizi Energetici Soc. Cons. a r.l	Via Poli no. 4	Zola Predosa (BO)	60%	Subsidiary
Protec S.r.l.	Via Zamenhof no. 363	Vicenza	100%	Subsidiary
S.AN.CO S.c.a.r.l.	Viale Piero e Alberto Pirelli no. 21	Milan	51.50%	Subsidiary
S.AN.GE S.c.a.r.l.	Viale Piero e Alberto Pirelli no. 21	Milan	89%	Subsidiary
Securveneta S.r.l.	Via Zamenhof no. 363	Vicenza	80%	Subsidiary
Sedda S.r.l.	Via Zamenhof no. 363	Vicenza	80%	Subsidiary
Servizi Brindisi Soc. Cons. a r.l	Via Poli no. 4	Zola Predosa (BO)	52%	Subsidiary
Servizi l'Aquila Soc. Cons. a r.l.	Via Poli no. 4	Zola Predosa (BO)	60%	Subsidiary
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Subsidiary
Servizi Taranto Soc.Cons. a.r.l.	Via Poli no. 4	Zola Predosa (BO)	60.08%	Subsidiary
Sicura S.r.l.	Via Zamenhof no. 363	Vicenza	100%	Subsidiary
Sicurama S.r.l.	Via G. di Vittorio no. 9	Casalecchio di Reno (BO)	75%	Subsidiary

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

COMPANY NAME	REGISTERED OFFICE	CITY	% OWNED	TYPE
Simagest 2 Soc. Cons. a r.l in liquidation	Via Poli no. 4	Zola Predosa (BO)	90%	In liquidation
Simagest 3 Soc. Cons. a r.l in liquidation	Via Poli no. 4	Zola Predosa (BO)	89.99%	In liquidation
Società Manutenzione Illuminazione S.p.A. (SMAIL)	Via Poli no. 4	Zola Predosa (BO)	100%	Subsidiary
Telepost S.p.A.	Via Poli no. 4	Zola Predosa (BO)	100%	Subsidiary
Unilift S.r.l.	Piazzale Giustiniani n.11/A	Mestre (VE)	80%	Subsidiary

COMPANIES CONSOLIDATED PROPORTIONALLY

COMPANY NAME	REGISTERED OFFICE	CITY	% OWNED	TYPE
Cardarelli Soc.cons.r.l.	S.S. Appia 7 bis Km. 11.900 Zona A.s.i. Aversa Nord	Carinaro (CE)	60%	Joint Venture
DUC Gestione Sede Unica Soc.cons.r.l.	Via Poli no. 4	Zola Predosa (BO)	49%	Joint Venture
Global Maggiore Bellaria Soc.cons.r.l.	Via Dell'Ospedale	Bologna	50%	Joint Venture
Legnago 2001 Soc.cons.r.l.	Via Poli no. 4	Zola Predosa (BO)	50%	Joint Venture
Malaspina Energy Soc.cons.r.l.	Via Varesina no. 118	Lurate Caccivio (CO)	50%	Joint Venture
Serena S.r.l.	Via Poli no. 4	Zola Predosa (BO)	50%	Joint Venture
Servizi Luce Soc.Cons.r.l.	Via Poli no. 4	Zola Predosa (BO)	50%	Joint Venture
Società Consortile Adanti Manutencoop a r.l.	Via Poli no. 4	Zola Predosa (BO)	50%	Joint Venture

COMPANIES CONSOLIDATED USING THE EQUITY METHOD

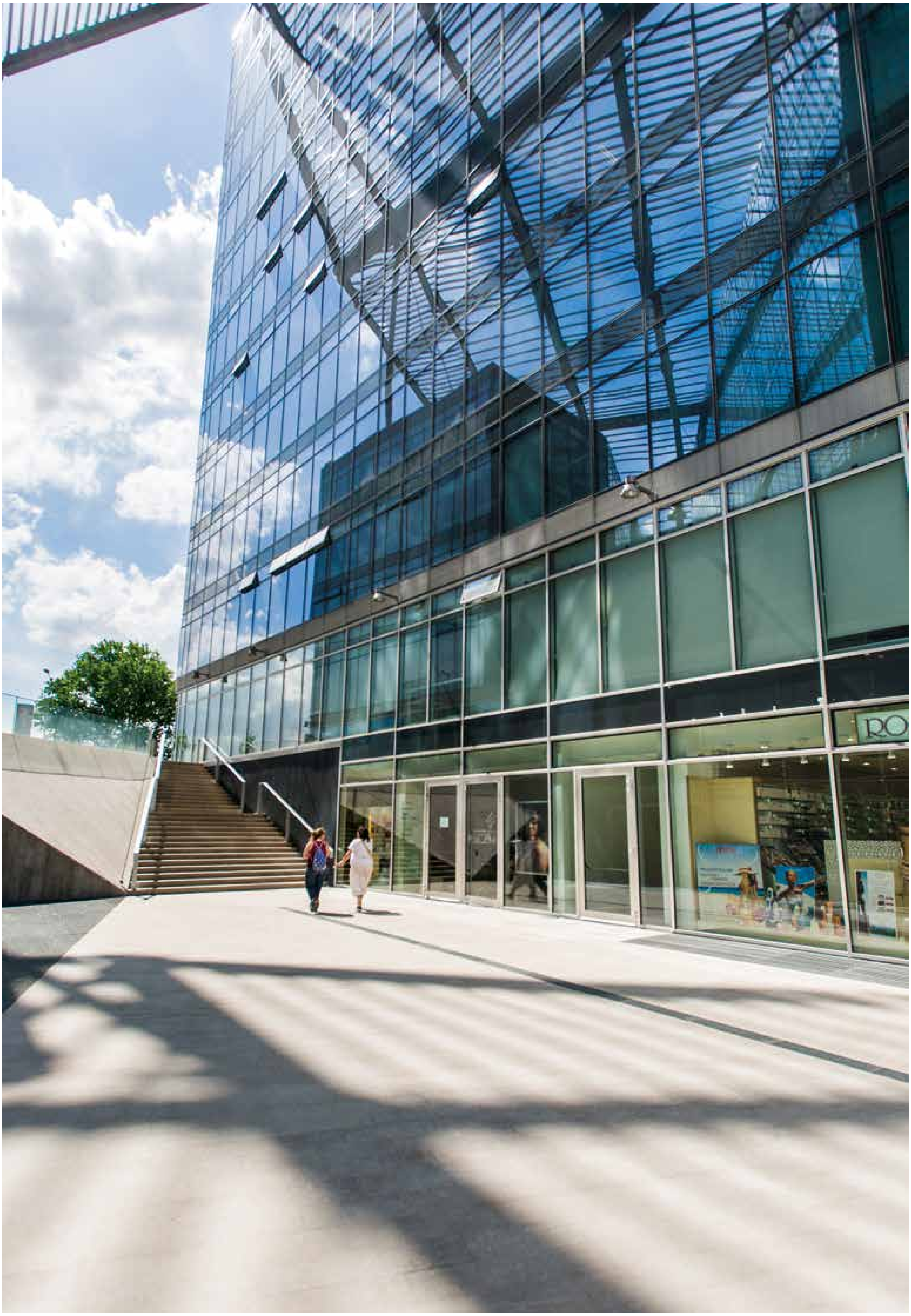
COMPANY NAME	REGISTERED OFFICE	CITY	% OWNED	TYPE
Alisei S.r.l. in liquidation	Via Cesari no. 68/1	Modena	100%	In liquidation
Bologna Gestione Patrimonio Soc.Cons. r.l.	Via della Cooperazione no. 9	Bologna	27.58%	Associate
Bologna Multiservizi Soc.Cons. r.l.	Via Del Lavoro no. 23/4	Casalecchio di Reno (BO)	39%	Associate
Bologna Più' Soc.Cons. r.l in liquidation	Via M.E. Lepido no. 182/2	Bologna	25.68%	In liquidation
CO.M.I. S.r.l. in liquidation	Piazza De Calderini 2/2	Bologna	40%	In liquidation
CO.S.I.S. a r.l. in liquidation	Via Adolfo Gandiglio no. 27	Rome	26.33%	In liquidation
Como Energia Soc.Cons. r.l.	Via Pietro Strazzi no. 2	Como	29%	Associate
Consorzio Energia Servizi Bologna in liquidation	Viale Masini no. 46	Bologna	24.25%	In liquidation
Consorzio Leader Soc.Cons. r.l. in liquidation	Via Poli no. 4	Zola Predosa (BO)	50%	In liquidation
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padua	60%	Associate
Consorzio Sermagest Soc.Cons. r.l. in liquidation	Via Filippo Corridoni 23	Rome	60%	In liquidation
F.lli Bernard S.r.l.	Stradella Aquedotto no. 21	Bari	20%	Associate
Geslotto6 Soc.Cons. r.l. in liquidation	Via Poli no. 4	Zola Predosa (BO)	55%	In liquidation
Gico System S.r.l.	Via Calari no. 16/B	Zola Predosa (Bo)	20%	Associate
Global Provincia Di Rimini Soc.Cons. r.l.	Via Poli no. 4	Zola Predosa (BO)	42.40%	Associate
Global Riviera Soc.Cons. r.l.	Via Poli no. 4	Zola Predosa (BO)	30.66%	Associate
Global Vicenza Soc.Cons.a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Associate
Gymnasium Soc.Cons. r.l. in liquidation	Via Poli no. 4	Zola Predosa (BO)	68%	In liquidation
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Associate
Livia Soc.Cons. a r.l.	Via Isonzo no. 16	Casalecchio di Reno (BO)	34.10%	Associate
MCB Emirates LLC			49%	Associate
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	24.90%	Associate
PBS Soc.Cons. r.l.	Via G. Negri no. 10	Milan	25%	Associate
Perimetro Gestione Proprietà Immobiliari S.C.p.A.	Via Garibaldi no. 60	Siena	20.10%	Associate
Piemonte Servizi Sanitari Soc.Cons.a r.l.	Corso Luigi Einaudi no. 18	Turin	24.90%	Associate
Progetto ISOM S.p.A.	Via Poli no. 4	Zola Predosa (BO)	36.98%	Associate
Progetto Nuovo Sant'Anna S.r.l.	Viale Piero e Alberto Pirelli no. 21	Milan	24%	Associate
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Associate
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Associate
Savia Soc.Cons. a r.l.	Via B. Vanzetti no. 1	Forlì	49.11%	Associate
Se.Ste.Ro S.r.l.	Via San Pietro no. 59/B	Fraz. Castellina - Soragna (PR)	25%	Associate
Servizi Marche Soc. Cons. a r.l. in liquidation	Via Poli no. 4	Zola Predosa (BO)	60%	In liquidation
Servizi Napoli 5 Soc.Cons. a r.l.	Via Poli no. 4	Zola Predosa (BO)	45%	Associate
Servizi Sanitari Treviso Soc.Cons.a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Associate
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri no. 93	Rome	50%	Joint Venture
Sesamo S.p.A.	Via C. Pisacane no. 2	Carpi (MO)	20.91%	Associate
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi no. 18	Turin	25%	Associate
Tower Soc.Cons. a r.l.	Via Zanardi no. 372	Bologna	20.17%	Associate

ANNEX II

VALUATION OF EQUITY INVESTMENTS USING THE EQUITY METHOD

(amounts in thousands of Euro)	%	Net assets 31/12/2010	Movements in the year					Net assets 31/12/2011	Value of equity investment	Provision for risks
			Equity effects	Dividends	Reval. Write-down	Provision for risks	Effects to SE			
Alisei s.rl. in liquidation	100%	(28)	12		(9)		(10)	(35)	12	(47)
Bologna Gestione Patrimonio	27.58%	6						6	6	
Bologna Multiservizi Soc.Cons. a R.L.	39%	4						4	4	
Bologna Più Soc.Cons. a R.L.	25.68%	5						5	5	
Co.S.I.S. Soc.Cons. a r.l.	26.33%	3	2		(6)			(1)	-	(1)
Como Energia Soc.Cons. a R.L.	29%	13			(9)			5	5	
Consorzio Energia Servizi BO	24.25%	3	(3)					-	-	
Consorzio Leader Soc.Cons. a r.l. in liquidation	50%	-	5					5	5	
Consorzio Polo sterilizzazione Integ.	60%	23						23	23	
Consorzio Sermagest in liquidation	60%	(205)			(35)			(240)	-	(240)
Costruzione Manutenzione Immobili	40%	91			(7)			84	84	
F.lli Bernard S.r.l.	20%	623			89			712	712	
Geslotto 6 soc. cons. a r.l.	55%	50						50	50	
GICO Systems S.r.l.	20%	31			2			33	33	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a R.L.	23.11%	9						9	9	
Global Vicenza	41.25%	4						4	4	
Gymnasium soc. cons. a r.l. in liq.	68%	7						7	7	
Headmost Division Service FM S.p.A.	25%	-	-					-	-	
IPP s.r.l.	25%	415			37			452	452	
LIVIA SOC CONS R.L.	34.10%	3						3	3	
MCB Emirates LLC	49%	-						-	-	
Newco DUC Bologna S.p.A.	24.90%	1,003			162		(781)	385	385	
P.B.S. Soc.Cons. a R.L.	25%	25						25	25	
Perimetro Gestione Proprietà Immobiliari Soc.Cons.a.r.l.	20.10%	1,111						1,111	1,111	

(amounts in thousands of Euro)	%	Net assets 31/12/2010	Movements in the year					Net assets 31/12/2011	Value of equity investment	Provision for risks
			Equity effects	Dividends	Reval. Write-down	Provision for risks	Effects to SE			
Progetto ISOM S.p.A.	36.98%	-	2,420					2,420	2,420	
Progetto Nuovo Sant'Anna S.r.l.	24%	1,321			54		(198)	1,178	1,178	-
Promoz. Impr. e Territ. Soc.Cons.	100%	110	(116)		6			0	0	
ROMA Multiservizi S.p.A.	45.47%	7,665		(1,533)	1,203		(16)	7,320	7,320	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
Savia soc.cons.a.r.l.	49.11%	5						5	5	
SE.SA.MO. S.p.A.	20.91%	829			(34)			795	795	
Se.Ste.Ro S.r.l.	25%	100	50		(42)			108	108	
Ser.San. Servizi Sanitari S.p.A.	20%	60	(60)					-	-	
Serena S.r.l.	50%	50	(50)					-	-	
Servizi Marche soc.Cons. a r.l. in liquidation	60%	-	6					6	6	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sanitari Treviso (SE.SA.TRE)	40%	8						8	8	
Servizi Sportivi Brindisi	50%	-	5					5	5	
Servizi Taranto Soc.Cons.a.r.l.	44.30%	4	(4)					-	-	
Steril Piemonte Soc. Cons. a r.l.	25%	986				14		1,000	1,000	
Telepost S.p.A.	20%	24	(24)					-	-	
Tower Soc.Cons. a r.l.	20.17%	20						20	20	
NET CARRYING AMOUNT		**14,392**	**2,243**	**(1,533)**	**1,426**	**9**	**(995)**	**15,523**	**15,811**	**(288)**



ANNEX III RELATED PARTY TRANSACTIONS

PARENT COMPANY

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Manutencoop Cooperativa	31-Dec-2010	242	36,349	0	43	73	2,052	5,634	4,603
	31-Dec-2011	283	36,271	0	42	97	4,725	10,585	3,358

ASSOCIATES

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Roma Multiservizi S.p.A.	31-Dec-2010	2,018	5,749	0	0	1,065	1	8,893	0
	31-Dec-2011	1,739	7,102	0	0	2,360	0	8,568	0
Gico Systems S.r.l.	31-Dec-2010	7	331	0	0	5	0	154	0
	31-Dec-2011	7	332	0	0	7	28	207	0
Se.Sa.Mo. S.p.A.	31-Dec-2010	4,553	9	41	0	5,097	606	31	1
	31-Dec-2011	4,629	(23)	41	0	4,496	710	5	0
Global Provincia di RN Soc.Cons.a r.l.	31-Dec-2010	455	1,682	0	0	273	170	816	0
	31-Dec-2011	459	1,719	0	0	375	170	1,030	0
Bologna Più Soc.Cons.a r.l.	31-Dec-2010	0	0	0	0	(2)	90	3	0
	31-Dec-2011	0	41	0	0	(2)	39	3	0
Global Riviera Soc.Cons.a r.l.	31-Dec-2010	1,630	5,539	0	0	1,212	0	3,511	0
	31-Dec-2011	1,685	5,161	0	0	1,282	136	3,020	0
Como Energia Soc.Cons.a r.l.	31-Dec-2010	0	1,229	0	0	0	0	1,883	0
	31-Dec-2011	0	912	0	0	0	0	735	0
NEW DUC Soc.Cons.a r.l.	31-Dec-2010	243	850	0	0	2,696	0	725	0
	31-Dec-2011	251	169	0	0	1,367	0	26	69
Cons.Energia Servizi Bologna Soc.Cons. a r.l.	31-Dec-2010	0	22	0	0	54	0	28	0
	31-Dec-2011	0	0	0	0	0	0	0	0
P.B.S. Soc.Cons. a r.l.	31-Dec-2010	4	48	0	0	343	502	299	0
	31-Dec-2011	(32)	(68)	0	0	311	0	(23)	0
Tower Soc.Cons. a r.l.	31-Dec-2010	2	2,195	0	0	0	0	0	0
	31-Dec-2011	0	6	0	0	0	35	31	0
Bologna Multiservizi Soc.Cons. a r.l.	31-Dec-2010	1,325	3,989	0	0	1,566	0	3,319	0
	31-Dec-2011	1,970	4,529	0	0	3,059	0	5,665	0
Global Vicenza Soc.Cons. a r.l.	31-Dec-2010	397	1,903	0	0	131	0	919	0
	31-Dec-2011	327	2,021	0	0	520	0	811	0
Bologna Gestione Patrimonio Soc.Cons. a r.l.	31-Dec-2010	75	146	0	0	24	0	104	0
	31-Dec-2011	280	148	0	0	308	0	266	0
Progetto Sant'Anna	31-Dec-2010	5,668	180	354	0	5,606	4,932	180	0
	31-Dec-2011	13,261	104	170	0	5,691	5,154	45	0
Steril Piemonte Soc. cons. a.r.l	31-Dec-2010	0	703	5	0	0	1,255	178	0
	31-Dec-2011	0	930	24	0	5	1,274	253	0

ASSOCIATES

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
HEADMOST	31-Dec-2010	725	0	0	0	1,455	0	0	0
	31-Dec-2011	0	0	0	0	1,054	0	0	0
IPP	31-Dec-2010	55	70	1	0	28	100	70	0
	31-Dec-2011	148	245	2	0	180	101	293	0
Alisei s.r.l. in liquidation	31-Dec-2010	1	1	0	0	1	0	0	0
	31-Dec-2011	1	1	0	0	3	0	1	0
San Martino 2000 Soc.Cons. r.l.	31-Dec-2010	1,763	3,205	0	0	785	0	597	0
	31-Dec-2011	1,769	3,370	0	0	1,273	211	963	0
Livia Soc. cons. a r.l.	31-Dec-2010	244	1,021	0	0	331	0	1,203	0
	31-Dec-2011	161	1,034	0	0	468	0	1,435	0
Gymnasium Soc. cons. a r.l	31-Dec-2010	0	6	0	0	1	7	28	5
	31-Dec-2011	0	5	0	0	1	7	33	5
Geslotto 6 Soc. cons. a r.l	31-Dec-2010	0	4	0	0	6	20	26	0
	31-Dec-2011	0	8	0	0	6	20	34	0
Fr.lli Bernard s.r.l.	31-Dec-2010	38	145	0	0	107	0	117	0
	31-Dec-2011	36	368	0	0	107	0	148	0
SESATRE	31-Dec-2010	10	4,103	99	98	0	5.686	2,013	0
	31-Dec-2011	10	4,193	111	111	394	4.066	2,210	919
Savia Soc. Cons. a r.l	31-Dec-2010	474	0	0	0	498	0	0	0
	31-Dec-2011	898	2,213	0	0	415	0	1,191	0
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-2010	0	0	0	0	77	0	4	0
	31-Dec-2011	0	0	0	0	77	0	4	0
Se.Ste.Ro S.r.l.	31-Dec-2010	2	30	0	0	2	0	32	0
	31-Dec-2011	9	387	0	0	14	100	355	0
Napoli 5 Soc.Cons. a r.l.	31-Dec-2010	1,307	1,224	0	0	1,266	0	229	0
	31-Dec-2011	1,373	1,234	0	0	2,536	0	1,259	0
Servizi Marche Soc. Cons. r.l. in liquidation	31-Dec-2010	0	0	0	0	0	0	0	0
	31-Dec-2011	3	1	0	0	12	0	5	0
Consorzio Leader Soc. Cons. a r.l. in liquidation	31-Dec-2010	0	0	0	0	0	0	0	0
	31-Dec-2011	3	0	0	0	13	0	6	0
Perimetro Gestione Proprietà Immobiliari Soc. Cons. p.A.	31-Dec-2010	0	0	0	0	0	0	0	0
	31-Dec-2011	335	0	0	0	165	0	0	0

MANUTENCOOP COOPERATIVA SUBSIDIARIES

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Manutencoop Immobiliare S.p.A.	31-Dec-2010	1,310	2,178	0	0	688	0	36	0
	31-Dec-2011	1,912	1,957	0	0	564	267	437	0
Manutencoop Servizi Ambientali S.p.A.	31-Dec-2010	75	50	0	0	15	0	40	0
	31-Dec-2011	36	9	0	0	34	0	14	5
Sies S.r.l.	31-Dec-2010	1,876	0	0	0	543	0	154	0
	31-Dec-2011	451	0	0	0	88	0	23	12
Cerpac S.r.l.	31-Dec-2010	0	0	0	0	1	0	0	0
	31-Dec-2011	0	0	0	0	1	0	0	0

ASSOCIATES OF MANUTENCOOP COOPERATIVA OR OTHER GROUP COMPANIES

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
Consorzio Cooperativo Karabak Soc.a r.l.	31-Dec-2010	49	0	0	0	4	0	2	0
	31-Dec-2011	65	0	0	0	20	0	2	0
Consorzio Karabak Tre Società Cooperativa	31-Dec-2010	2	0	0	0	2	0	0	0
	31-Dec-2011	0	0	0	0	0	0	0	0
Consorzio Karabak Quattro Società Cooperativa	31-Dec-2010	1	0	0	0	1	0	0	0
	31-Dec-2011	0	0	0	0	0	0	0	0
Consorzio Karabak Cinque Società Cooperativa	31-Dec-2010	3	0	0	0	3	0	0	0
	31-Dec-2011	0	0	0	0	0	0	0	0
Sacoa S.r.l.	31-Dec-2010	5	37	0	0	3	0	36	0
	31-Dec-2011	71	70	0	0	72	0	151	0

		Revenues	Costs	Financial income	Financial charges	Trade receivables	Financial receivables and other	Trade payables	Financial payables and other
GENERAL TOTAL	**31-Dec-2010**	**24,559**	**72,998**	**500**	**141**	**23,960**	**15,421**	**31,264**	**4,609**
	31-Dec-2011	**33,331**	**77,357**	**348**	**153**	**28,750**	**16,384**	**41,945**	**3,709**

MANUTENCOOP

INDEPENDENT ACCOUNTING AUDITORS' REPORT

ERNST & YOUNG

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Independent accounting auditors' report
pursuant to art. 14 of Legislative Decree no. 39 of 27.1.2010

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

1. We performed an audit of the consolidated financial statements of Manutencoop Facility Management S.p.A. and its subsidiaries ("Manutencoop Facility Management Group") for the year ended 31 December 2011, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and the explanatory notes. The directors of Manutencoop Facility Management S.p.A.'s Management Board are responsible for drafting the financial statements in compliance with the International Financial Reporting Standards adopted by the European Union. Our responsibility is to express a professional opinion on the financial statements, based on our audit.

2. Our audit was performed in accordance with the auditing principles issued by the National Institute of Chartered Accountants and recommended by Consob. In compliance with such principles, the audit was planned and performed so as to obtain all elements necessary to assess whether the consolidated financial statements are free from material misstatements and whether, on the whole, they can be considered reliable. The audit procedure involves a sampling-based examination of elements in support of the balances and information contained in the financial statements, an assessment of the adequacy and accuracy of the accounting policies used and the fairness of estimates calculated by the Directors of the Management Board. We believe that the tasks completed form a reasonable basis on which to express our professional opinion.

   With regard to the opinion on the previous year's consolidated financial statements, whose data are provided for comparative purposes, reference should be made to the report we issued on 13 April 2011.

3. In our opinion, the consolidated financial statements of the Manutencoop Facility Management Group for the year ended 31 December 2011 conform to the International Financial Reporting Standards adopted by the European Union; therefore, they have been drafted with clarity and provide a true and fair view of the financial position, the economic result and cash flows of the Manutencoop Facility Management Group for the year ended at said date.

4. The Directors of the Management Board of Manutencoop Facility Management S.p.A. are responsible for drafting the report on operations in compliance with legal provisions. It is our job to express an opinion on the consistency of the report on operations with the financial statements, as required by law. To this end, we have carried out the procedures indicated in auditing principle 001 issued by the National Institute of Chartered Accountants and recommended by Consob. In our opinion, the report on operations is consistent with the consolidated financial statements of the Manutencoop Facility Management Group for the year ended 31 December 2011.

Bologna, 11 April 2012

Reconta Ernst & Young S.p.A.

Alberto Rosa
(Shareholder)

Reconta Ernst & Young S.p.A.
Registered Office: 00198 Rome – Via Po, 32
Share Capital € 1,402,500.00 fully paid in
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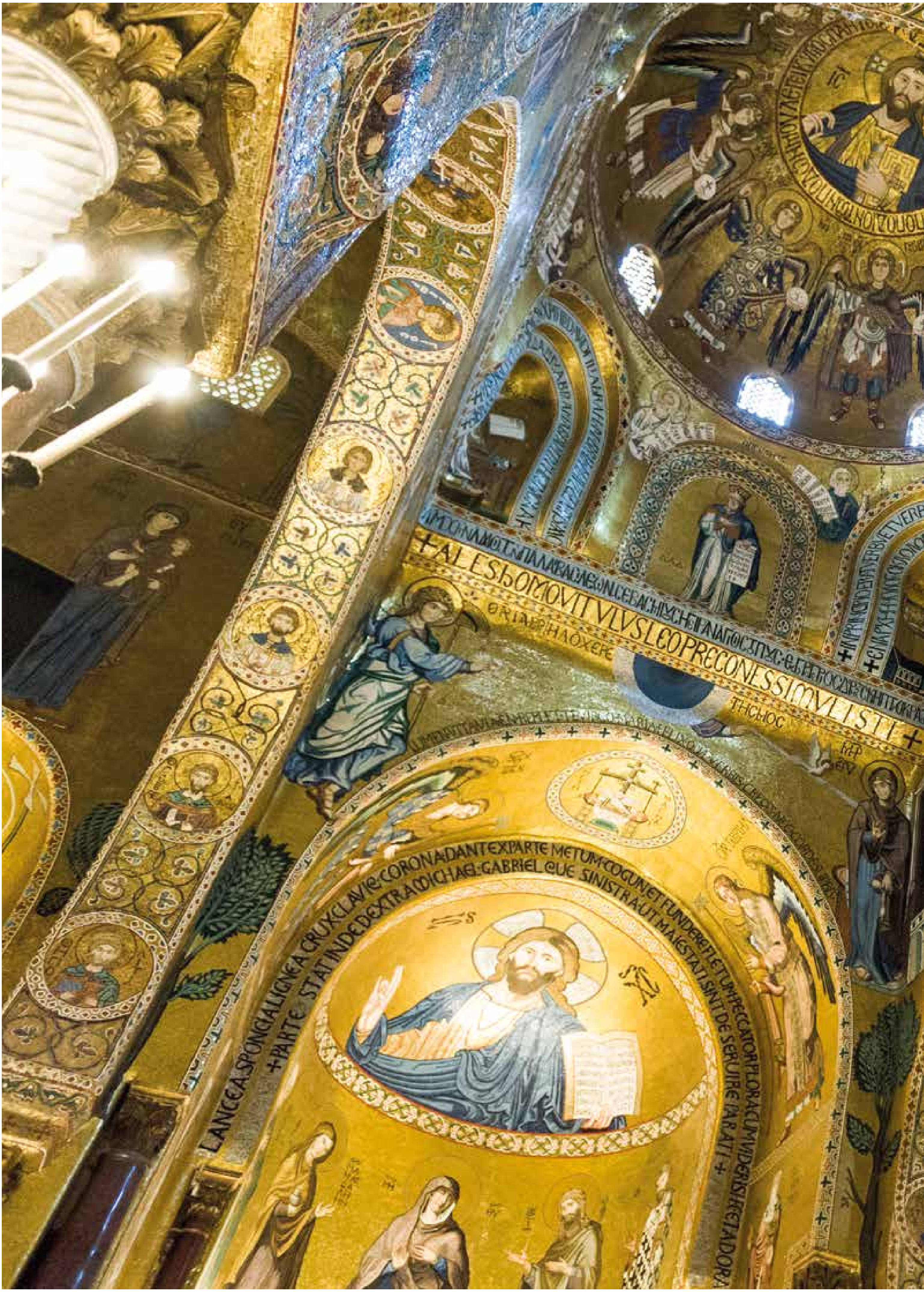
LANCEA SPONGIA LIGNEA CRUX CLAVI E CORONA DANT EX PARTE METUM COGUNT ET FUNDERE FLETUM PECCATOR PLORA CUM VIDERIS
+PARTE STAT INDE DEXTRA MICHAEL GABRIEL QUE SINISTRA UT MAIESTATI SINT DE SERVIRE PARATI +

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Companies Registry of Bologna
Share capital € 109,149,600.00 fully paid in
"Company subject to the management and
coordination activity of Manutencoop Società
Cooperativa Zola Predosa (BO)"